



LEGAL MONITORING OF SERBIAN MEDIA SCENE

Report for June 2011



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I FREEDOM OF EXPRESSION

In the period covered by this Report there were several cases pointing to possible violations of freedom of expression.

1. Threats and pressures

1.1. On Thursday, June 9, 2011, the company Ringier Axel Springer announced in a press release that the Editor-in-Chief of the daily “Alo!” Antonije Kovacevic was dismissed from that post over divergent views about the further course of development of that newspaper. The General Manager of the company Jelena Drakulic-Petrovic said that the decision came into effect immediately. The Journalists’ Association of Serbia (UNS), which condemned Kovacevic’s dismissal, said in a press release that it came just three days after the now former Editor-in-Chief had openly stood up to the pressure of the Serbian President on the editorial policy of his paper. In an interview for the daily “Frankfurter Allgemeine Zeitung”, reported by the Serbian media on June 3, the German journalist asserted that Boris Tadic’s efforts regarding Serbia’s cooperation with the Hague Tribunal were criticized by certain nationalist media, including the tabloid “Alo!”, owned by Ringier and Axel Springer, which, in the opinion of Frankfurter Allgemeine Zeitung, was promoting extremist views. Asked if the political climate in Serbia was a turn-off for foreign investors in Serbia, Tadic replied: “Unfortunately, certain people investing in Serbian media are not overly concerned for the political and social consequences of their activities. They do not care about profit. I am very worried by this.” “In the nineties”, Tadic added, “when we fought against Milosevic’s regime and were exposed to many threats of the then government, I harbored the illusion that a pro-European Serbia would be built as soon as the media were democratized and with the arrival of foreign capital. Today, we face the absurd situation that the newspapers owned by investors from EU and partner countries – in this case Germany and Switzerland – are the pillars of anti-European sentiment in Serbia. It’s completely paradoxical”, Tadic concluded. “Alo!” reacted to the President’s interview by issuing a press release saying that it was exposed to pressure from the President Boris Tadic and his cabinet. According to the press release, “the President, had understood he was unable to control their editorial policy and had hence decided to try to silence one of the rare media not under the direct control of the Democratic Party and him personally”. The tabloid went on saying it was an obvious attempt of muzzling, primarily aimed at the foreign owners of the newspaper, sending a clear message that any attempt to write anything unpleasant for Mr. Tadic was undesirable! “Alo!” rejected with indignation the allegations of extremism. “If ‘extremism’ and ‘anti-Europeanism’ include criticizing in good faith the government and blowing the whistle on lies, crime, corruption, tycoons, poverty, hunger and

failed promises, then this newspaper will remain an extremist one”, the press release concluded.

According to the Public Information Law, it is prohibited to restrict, directly or indirectly, the freedom of public information, especially by abuse of state power, influence or in any other way suitable for restricting the free flow of ideas, information and opinions. President Tadic’s words may be understood as interfering with a newspaper’s editorial policy. A particular concern, however, is the fact that the President directly called out the owners of the media. Since Antonije Kovacevic, the Editor-in-Chief of the daily “Alo!”, was sacked only few days after Tadic’s interview, one can reasonably conclude that even large European media corporations, such as Ringier Axel Springer, as the joint venture of the Swiss Ringier and Germany’s Axel Springer, active on the markets of Poland, the Czech Republic, Slovakia and Serbia, are not able to resist to the intensity of the political pressure on the media that exists in Serbia.

1.2. On June 20, the Management Board of “Magyar Szo”, the only daily newspaper in Hungarian language in Serbia, adopted, by the majority of votes, the decision to propose to its founder – the National Council of the Hungarian Ethnic Minority – the dismissal of the Editor-in-Chief Csaba Pressburger. Pressburger was criticized over the fact that the newspaper had allegedly neglected in its reports the work of the Speaker of the Vojvodina Assembly Sandor Egeresi. His critics also said that Magyar Szo journalists have failed to show up at several press conferences held by the Association of Vojvodina Hungarians (SVM) and that the paper did not publish press releases issued by that political party. Csaba Pressburger said that Magyar Szo did not want to become the mouthpiece of a political party. “We believe that the essence of public information in minority languages is to report about events significant for the community, the activities of politicians, but also to criticize them. Some people from the National Council of the Hungarian Ethnic Minority and the Association of Vojvodina Hungarians are unable to accept that and that is the cause of the present move. Elections are coming, they need a media that will promote a single political party and omit any shortcomings in the policy of the said party. For obvious reasons I cannot accept that”, Pressburger said. The National Council of the Hungarian Ethnic Minority upheld on a session, held on June 23, the initiative of Magyar Szo’s Managing Board and dismissed Pressburger with 18 votes. Six members of the board voted against Pressburger’s sacking, while five were abstained. Although the session was open to the public, the journalists of “Magyar Szo” were introduced to the conference room only after the live transmission of the session on Pannon TV ended. The Independent Journalists’ Association of Serbia (NUNS) and the Independent Journalists’ Association of Vojvodina (NDNV) issued a press release saying that the decision of Magyar Szo’s Managing Board was a flagrant and overt attempt of political pressure on the media and on freedom of expression. They called on the newspaper’s journalists to “stand up to the arrogant conduct of the founders, who aim at transforming the paper into a nondescript

mouthpiece of a political party and, to make matters worse, are not hiding their intentions.” The South East European Media Organization (SEEMO) joined Serbian associations in condemning Pressburger’s dismissal.

According to the Public Information Law, public information shall be free and in the interest of the citizens. It is prohibited to restrict in any way freedom of public information, especially by abuse of state power, influence or in any other way suitable for restricting the free flow of ideas, information and opinions. In the above case, the statements of the members of “Magyar Szo”’s Managing Board on the session of the National Council of the Hungarian Ethnic Minority make it abundantly clear that Pressburger’s sacking was purely political. For instance, member of “Magyar Szo”’s Managing Board Zoltan Siflis said that “Magyar Szo” not only failed to report from the Association of Vojvodina Hungarians’ press conferences, but also reported about events relevant for the Hungarian community, namely the readers, ‘with insufficient sympathy’’. According to Siflis, the newspaper “poisoned” the community, instead of supporting it. Istvan Bodzoni, also a member of the Managing Board, asserted that, instead of being the daily of the Hungarian community, “Magyar Szo” had become the newspaper of the democratic and liberal public in Serbia, in the Hungarian language. Pressburger’s dismissal has laid bare the fatally flawed concept, under which the founding rights to state media in minority languages have been transferred to national councils and has shown once again that political parties – in this case the Association of Vojvodina Hungarians – have retained and are still using the mechanisms of political control over state media.

2. Legal proceedings

2.1. The Higher Court in Belgrade passed a first-instance verdict upholding the claims of the non-governmental organization “Gay-Straight Alliance” (GSA) against the daily “Press”. The verdict said that the readers’ comments, published on July 2, 2009 on Press’ website, represented hate speech against the LGBT population and that Press has discriminated LGBT persons by enabling such comments to be posted on its website. GSA’s press release said that this was the first verdict in the history of the Serbian judiciary for hate speech against LGBT persons and one of the first sentences delivered under the Anti-Discrimination Law. GSA pressed charges against Press for allowing the publication of readers comments on the text “I will be a Gay Icon”, also released in the print edition of the daily. According to the GSA, these comments contained hate speech against the LGBT population. Most of the comments contained harsh insults, calls for murder, slaying and threats against the life and property of LGBT persons. According to the explanation of the verdict reached by the Chamber of the Higher Court in Belgrade, presided by Judge Predrag Vasic, these comments containing insults against LGBT persons, saying that these persons should be “put into a ghetto”, “shot”, calling them “sick, in need of treatment”, “perverted”, “inciting hate and violence against LGBT

persons and the discrimination thereof”, represent hate speech. By publishing such comments, the defendant violated the ban on expressing ideas, information and opinions representing hate speech, in the concrete case against LGBT people, in the media, under Article 11 of the Anti-Discrimination Law and Article 38 of the Public Information Law. Furthermore, the defendant published the comments, despite the fact that he had previously warned, in the rules for using the portal, that comments containing hate speech would not be published. Press was ordered by the court to “publish the verdict at its own expense and in its entirety, without any comment or delay and no later than in the second edition of the newspaper after the verdict becomes final.”

Article 38 of the Public Information Law says that it is prohibited to publish ideas, information and opinions inciting discrimination, hate or violence against persons or a group of persons over their affiliation or non-affiliation to a particular race, religion, nation, ethnic group, gender, or due to their sexual orientation, regardless of whether a criminal offense has been committed by publishing such opinions or not. According to Article 39 of the same Law, charges may be pressed for hate speech against the author of the information and the responsible editor of the public media that has published the information, by the person the said information relates to as a member of a group and by a legal person, whose goal is to protect freedoms and rights of citizens, as well as by organizations protecting discriminated groups. The legal action may request a ban on the further publishing of hate speech and the publishing of the verdict at the expense of the defendant. Article 11 of the Anti-Discrimination Law says that it is prohibited to publish ideas, information and opinions inciting discrimination, hate or violence against persons or a group of persons over their personal attributes, in public and other media, on rallies and places accessible to the citizens, by writing or displaying messages or symbols or otherwise. Press claimed in a press release that the comments in questions were removed as soon as they were seen by the website administrator. The press release, however, did not say if the period, during which the comments remained on the website, was to be measured in minutes, hours, days or weeks. What is undisputed in this whole affair is that the comments represent hate speech and that, in that sense, the Higher Court in Belgrade did deliver a verdict in accordance with the Law. What is also undeniable is that the opportunities Internet provides to the media, including, among other things, opening new communication channels with the viewers/readers and the possibility for the latter to participate in the creation of media content, are often used irresponsibly. The existing legal framework in Serbia is already out of step with the technological changes, which has led to an absence of concepts applicable to the websites of traditional media, which in turn means that a great deal will have to be managed by case law. Interestingly enough, the Draft Strategy for the Development of the Public Information System in the Republic of Serbia until 2016, which was submitted by the working group to the Ministry of Culture, Media and Information Society in early June, contains a concept which the aforementioned verdict is founded upon. The Draft

Strategy namely says that, since public media are traditionally regulated as print and broadcast media, subject to different rules and in view of the rapidly changing new media platform that must not be hampered, the Republic of Serbia will, when it comes to the Internet editions of print and broadcast public media, insist on the respect of the relevant principles governing press, radio and television. On the other hand, the Draft Strategy stipulates that various forms of expression on the new platforms will be subject to rules depending on the circumstances of each particular case, especially bearing in mind the editorial content control. This practically means that, with regard to the internet portals of daily newspapers, such as Press online or those of television and radio stations, the level of responsibility for readers' comments must correspond to the level of responsibility for content created by the journalists of these newspapers and/or television and radio stations. Accordingly, the comments need to be moderated prior to being posted online, i.e. it is not sufficient to remove controversial comments only when the administrator notices them. The level of responsibility in the case of other forms of expression on the Internet, other than online editions of print media or web portals of radio and television stations, could be lower, depending on the circumstances of each particular case.

2.2. The Misdemeanor Court fined Mileta Dzopalic from Aleksandrovac with 5000 dinars for physically assaulting the correspondent of "Blic" Gvozden Zdravic on September 26, 2010, at the commerce and tourism fair "Zupska berba" in the aforementioned town.

In our Report for September 2010, we wrote about this case, as an episode in a series of attacks Zdravic was exposed to in a short period of time. When describing the incident, the reporter said that Dzopalic had threatened him not to make photographs of the fair, while mentioning local municipal officials. Only two days later, according to media reports, Dzopalic again attacked Zdravic, preventing him from reporting from the meeting of the Union of Winegrowers and Winemakers of Serbia. Finally, Zdravic was attacked for a third time on September 30, in front of the courthouse in Aleksandrovac, where he had come to report about a dispute between the Municipality of Aleksandrovac and the Socialist Party of Serbia. According to media reports, Zdravic was beaten up by Cedomir Cirkovic, the driver of the Mayor Jugoslav Stajkovac. After the incident Zdravic said he believed that Stajkovac had ordered the attack, infuriated over the correspondent's texts about irregularities in municipal budget spending. If the media reports are correct, as the Misdemeanor Court in Krusevac dealt with an isolated incident and not with the series of attacks on Gvozdic in a span of just a couple of days and since the background of this episode remains unsolved, one may not be satisfied with such epilogue. The Serbia judiciary has failed, as usual, to shed light on all relevant facts and particularly on the role of high municipal officials in Aleksandrovac, invoked by Dzopalic when he attacked the reporter. The fact that the Court has found that "there was no obvious reason for the attack" seems more like pushing things under the rug than trying to solve them.

II MONITORING OF THE IMPLEMENTATION OF EXISTING LAWS

1. Public Information Law

1.1. The implementation of the Public Information Law has partly been elaborated on in the section about freedom of expression.

2. Law on Local Self-Government

On June 14, 2011, the Ministry of Culture, Media and Information Society of the Republic of Serbia and the Ministry for Human and Minority Rights, Public Administration and Local Self-Government of the Republic of Serbia released their recommendations for local self-government units (LSGU) regarding the allocation of budget funds for the system of public information. The aim of these recommendations is to improve the realization of LSGU's powers to manage public information of local interest and ensure the conditions for public information in Serbian language and the language of ethnic minorities used on the territory of the municipality, in accordance with Article 20, paragraph 1, subparagraph 34) of the Law on Local Self-Government. Under these recommendations, part of the budget for these purposes shall be allocated under non-discriminatory conditions, on open competitions. ANEM, NUNS and Local Press, at whose initiative the recommendations were adopted in the first place, said in a joint statement that the text of the recommendations was in itself a step in the good direction, albeit a modest and insufficient one. The key problem of that text was the fact that the recommendations, on top of being non-binding by nature, were further devalued, since they applied not to all budget allocations for public information from local budgets, but only to the share of these allocations that is not pre-determined. Such concept has left the door open for the media to be funded outside of open competitions – as it was already the case – and outside of clear and pre-determined criteria, in unclear proceedings, which in turn lead to further decline of free market competition and support for obedient media and those controlled by local government, the statement said.

The expectations from the long-prepared recommendations for the financing of media were high. Unfortunately, by replacing one single word from the text proposed by the media associations, these recommendations were completely devalued. The associations namely insisted on having the total budget of local self-governments for funding the media – including the budget allocated for the funding of non-privatized local public media – allocated in a transparent procedure, on open competitions for the co-financing projects providing information, namely media content of local relevance in Serbian language and languages of

ethnic minorities used on the territory of the local self-government in question. In the text adopted by the ministries, the phrase “total funds” was replaced by “part of the funds”. Hence, the government has again avoided to provide a level playing field for the business of both private and state-owned media. The second major difference between the final text and the one proposed by the association was observed in the part of the recommendations pertaining to the commissions that would decide about the allocation of funds. The associations insisted on independent commissions, while according to the ministries’ proposal, these commissions will include representatives of local governments. In view of all this, we may already conclude that the recommendations for the financing of media, in the form adopted by the ministries and received by the municipalities, have failed the expectations. It is obvious that the government avoided to make any substantial changes in the model of financing and opted to keep in place the mechanisms guaranteeing the control and influence of local oligarchies on non-privatized public media companies.

3. Law on Free Access to Information of Public Importance

On June 8, 2011, the Commissioner for Free Access to Information of Public Importance and Personal Data Protection issued a press release, expressing his concern over the high and increasing number of requests for the protection of the right to free access to information of public importance he was receiving from journalists, the media and the citizens. In 2009, the number of registered cases with the Commissioner, related to free access to information, was 1865. A year later, in 2010, that number increased by 55% to 2898. Finally, in the first five months of 2011, more than 1700 cases were registered, which could lead to a total number of 4000 by the end of the current year, if such trend should continue. Flooded by such a number of requests, the Commissioner is unable to proceed within the legally set deadlines. All this, in the Commissioner’s view, reflects serious problems that exist in the communication between the authorities and the citizens. A particular concern, he said, was the fact that the bulk of the complaints relates to the denial of access to information about various forms of expenditure of public money and public resources.

III MONITORING OF THE PROCESS OF ADOPTION OF NEW LAWS

In the period covered by this Report, the Parliament of the Republic of Serbia did not adopt any regulations of relevance for the media sector.

IV MONITORING OF THE ACTIVITIES OF REGULATORY BODIES, STATE AUTHORITIES AND COLLECTIVE ORGANIZATIONS FOR THE PROTECTION OF COPYRIGHT AND RELATED RIGHTS

REGULATORY BODIES

1. REPUBLIC BROADCASTING AGENCY (RBA)

In the period covered by this Report, the RBA Council held three sessions. The session held on June 1, 2011 was attended by the members of the Managing Board of Radio Television Vojvodina (RTV), who came to discuss the problems and the situation in broadcasting in general on the territory of Vojvodina. The Council also examined the applications for the public competition for the issuance of radio broadcasting licenses for local areas, which was called on December 28, 2010. The list of applicants who had submitted complete and timely applications was ascertained and the proper department was tasked with publishing the list in the same way as it had called the public competition for the issuance of radio and/or television broadcasting licenses. According to the list, nine applicants have submitted their applications for seven radio broadcasting licenses for local areas (Lebane, Nis, Trgoviste, Negotin, Razanj, Arilje and Kovin), while two applications have been submitted in Nis and Kovin, respectively. On the session held on June 15, 2011, the Council reviewed objections voiced over the appointment of Dalibor Bubnjevic for member of the Managing Board of RTV. The main criticism concerning Bubnjevic concerned his alleged involvement on the promotion of the book "The Case of Nacionalni Stroj", authored by Goran Davidovic "The Fuhrer", sentenced to a prison term for instigating ethnic, religious and racial hatred. The RBA Council ruled that there was no grounds whatsoever to initiate a procedure to dismiss Bubnjevic, in view of the verdict of the Court in Zrenjanin ordering the publisher of the aforementioned book to pay Bubnjevic damages for unauthorized use of his name. The Council also reviewed the annual report about the compliance of RTV with its statutory programming obligation. However, that report has not been posted on the website of the RBA or that of RTV and its content was not disclosed in much detail either in the brief press release issued after the session. The Council also announced that it had issued a warning to the "017" television station from Vranje for political advertising outside of the electoral campaign. In accordance with the provisions of the Broadcasting Law, that decision was not posted on the RBA website and thus may not be commented. However, it is indisputable that the said Law prohibits the advertising of political organizations outside of the electoral campaign and provides for warning to be issued (but not published) for the first non-compliance with any of the obligations provided for by the Law or acts of the RBA.

On a session held on June 29, the Council reviewed and adopted the report of the Supervision and Analysis Department about compliance with statutory and programming obligations of commercial television broadcasters holding a national license. Unfortunately, this report has not been posted on the RBA website either. The RBA Council also launched proceedings against the “Prva” television over the content aired in the talk show “Evening with Ivan Ivanovic”. The reason was the open letter addressed to the Chairman of the RBA Council Bishop Porfirije by the Democratic Union of Croats (DZH), voicing concern over the insults uttered against the Catholic Church and hate speech against the Croatian people. DZH found that in the aforementioned talk show on April 29 and May 6, the host Ivan Ivanovic had uttered insulting statements against the Catholic Church and “called on Al Qaeda to wait for Croatia to enter the European Union before planting an atomic bomb, with clear insinuations as to where to put it”. With regard to the reporting of RTS about the alleged media connections between “Prva” and “TV B92”, the RBA Council stated that no connection had been established between the owner of “Prva” and other television stations in Serbia.

STATE AUTHORITIES

2. THE MINISTRY OF CULTURE, MEDIA AND INFORMATION SOCIETY

On June 3, 2011, the Ministry of Culture, Media and Information Society posted on its website the text of the Draft Strategy for Development of Public Information System in the Republic of Serbia until 2016. A few days later, on June 8, the initial program of the public debate about the Draft was released. The program involved a series of round tables in Kragujevac, Novi Pazar, Novi Sad, Nis, Belgrade and Cacak. Although the public debate was initially foreseen to last until June 25, it was extended until July 15.

The text of the Draft Strategy for Development of Public Information System in the Republic of Serbia until 2016 greatly departs from the current situation in the media in Serbia. Firstly, for the first time, it offers a clear definition of the public interest in the media sphere. Secondly, it insists on the continuation of privatization and withdrawal of the state from media ownership more consistently than it has been the case until now with the applicable provisions of the Public Information Law. The Draft Strategy namely foresees that the obligation of the state to withdraw from the media will also apply to news agencies. Regarding the transparency of media ownership, the concepts from the Draft consistently rely on the Recommendation Rec (2007)2 of the Committee of Ministers of Council of Europe member countries on media pluralism and diversity of media content. With regard to concentration of media ownership, the Draft proposes the introduction of testing the public interest as a specific corrective in relation to the general competition rules. With regard to the press, provides for affirmative

discrimination measures, while concerning broadcast media, it foresees the issuance of licenses on a platform neutral basis, under predetermined and non-discriminatory conditions, adapted to the type of service, namely different conditions for linear and non-linear services. Furthermore, the Draft Strategy stipulates that the licenses will typically be issued on request, with retaining open competitions for terrestrial broadcasting only. Procedures will also be introduced to precede the issuance of new licenses for terrestrial digital broadcasting, which would involve the analysis of needs, the market and effect of licensing new content providers, in order to avoid to again have the situation of an artificially created saturation with broadcast media, hampering development and resulting in reduced service quality. For the first time in Serbia, the Draft Strategy proposes the introduction of *must carry* and *must offer* regulation. With respect to public service broadcasters, the Draft insists on strengthening the responsibility to the public and increasing transparency in the work of these broadcasters. Under the proposed concepts, the revenue will be separated on an accounting basis by financing ground, in order to prevent the proceeds from the fee to be used for commercial purposes. Concerning the legitimate needs of the citizens on the local and regional levels to receive information that are specific for their region or information about the characteristics of a certain region, municipality or town, the Draft provides such needs to be financed on a project-basis, through the funding of content, aired by commercial broadcasters, corresponding to the standards of the public broadcasting service, but also through imposing regulatory obligations to commercial broadcasters accordingly (making the issuance of licenses for terrestrial broadcasting conditional on assuming the obligations to air, in a certain part of the program, content realizing the function of regional public service broadcasters). Similar concepts, containing even more favorable conditions for project-based funding, are also proposed for media on minority languages. Relative to media based on new technological platforms, the Draft provides for the institutional merger of regulatory bodies from the field of broadcasting and electronic communication, taking into account specific regulatory needs in both sectors. Concerning state aid to media, the Draft foresees a model for the co-financing of public interest in the media sector, under a unique methodology, regardless of the aid provider in each concrete case, in a transparent procedure, under equal and non-discriminatory conditions, on open competitions for the co-financing of projects. The Draft also provides for certain specific incentives, such as a drastic reduction of the VAT rate on newspapers and magazines, news agency services and media content, the production of which has been project-financed with state aid funds; the reduction, namely the scrapping of customs duties on raw material, spare parts and fixed assets that need to be serviced, which are not manufactured/services are not rendered in the Republic of Serbia; encouraging the employment in the media sector by releasing the employer from paying part of the taxes and benefits on newly-employed staff and tax on author fees; providing support to public media, journalists' and media associations, for professional development of journalists in various areas (economy, defense, minority rights, internal affairs, agriculture, new technologies...); imposing the obligation to state authorities to buy advertising space in the media freely and

directly from the public media, without any intermediaries; releasing local public media from a part of local taxes and charges, such as taxes for business signs, taxes for the use of building land and the like.

The public debate on the Draft and particularly the round tables were held, were burdened by the fact that the Ministry of Culture, Media and Information Society itself had taken an entirely ambivalent stance towards the Draft. The impression was that the Ministry had tabled the Draft Strategy for public debate merely as yet another contribution to the drafting of the Strategy and not as a text it firmly supported and was ready to defend. During all round tables, the Ministry remained mainly a silent observer, without any input as to which of the proposed concepts it preferred. Due to such an indifferent position of the Ministry, the round tables were unsurprisingly moderated in such a way that no attention was dedicated to particular segments of the Draft and the discussion mainly focused on just two items – privatization and regional public service broadcasters.

The position of the Draft, under which the withdrawal of the state from media ownership is a necessary precondition, in the situation where the media market is undeveloped and a considerable dependence exists from public revenue, for ensuring an equal rights of the media, transparent expenditure of budget resources and control of state aid, which, in turn, is expected to result in economic recovery of the media, media pluralism, a complete realization of the citizens' needs for diverse media content, renewal of the professional reputation of journalists and the journalist profession and consistent respect of media freedoms, was attacked with poor arguments. Critics said that only state ownership in media or regional public service broadcasters could guarantee the survival of media and satisfy the needs of the citizens for relevant local and regional information or for information in minority languages. At that, the advocates of regional public service broadcasters were not willing to accept any single argument. Their proposal to ensure the financing of regional public service broadcasters from fees is completely out of sync with the reality that collection rate of even the current fee is problematic, as well as with the fact that the revenues from the fee remain insufficient for the funding of existing public service broadcasters. The alternative proposal – to earmark the funds for financing of regional public service broadcasters from local self-government, namely by signing financing contracts with them – would reactualize the same problems that have produced the current situation in the media unsustainable. Such proposal would lead to an unequal position of the media, favoring some media at the expense of others, lack of transparency in the expenditure of budget money and keeping the mechanisms of media control by centers of political power. At the same time, the proposed models for curbing the influence of local politicians on the editorial policy of such media, namely the establishment of independent bodies to be elected on the local and regional levels, have proven to be ineffective in other transition countries that tried to implement a similar idea.

It remains to be seen what conclusions will the Ministry put forward after the public debate and what text of the Strategy it will propose to the Government. Unfortunately, the doubts about the public debate have proven true. On one hand, we have seen the lack of political will to finally part with the tragically unsuccessful public media policy in Serbia, as evidenced by the Ministry's reluctance to take any clear and principled positions in the public debate, which has relativized the concepts over which the same Ministry organized the debate in the first place. On the other hand, the managers and editors of the unprivatized media were reluctant to renounce their privileged position on the market, which was, again, supported by political players that did not want to give up well-oiled and efficient mechanisms for controlling the media, enabling them to control the media scene as a whole.

3. COMMISSION FOR COPYRIGHT AND RELATED RIGHTS

Proceedings have continued before the Commission for Copyright and Related Rights for obtaining the opinion about the proposed tariffs of collective organizations. We remind that the Law on Copyright and Related Rights stipulates that these tariffs will be determined by mutual agreement with the representative association of users and that, if no agreement is reached, the proposed tariffs shall be set by the managing board of the collective organization and sent to the Commission for Copyright and Related Rights for opinion. The opinion of the Commission should contain an assessment about whether the proposed tariff includes the rights for which the organization holds the license for collective realization issued by the Intellectual Property Office, as well as whether the fee was set in accordance with the rules for determining the tariff prescribed by the Law on Copyright and Related Rights. In the part concerning radio and television, these rules stipulate that the tariff must be appropriate, that it typically must be set as a percentage of the revenue generated by the user by performing the activity in the framework of which it uses the protected object, as well as that this amount must be proportionate to the significance of the exploitation of the protected object for the revenue of the user. The tariff will be set with consideration of the tariffs of collective organizations in countries whose GDP is similar to that of the Republic of Serbia. If the Commission in its opinion finds that the proposed tariff involves the rights for which the collective organization that has proposed the tariff possesses the license for collective realization, as well as that the fee has been set in keeping with the rules for determining the tariff prescribed by Law, the tariff will be published in the „Official Gazette of the Republic of Serbia“ and become effective. In the contrary case, if the Commission finds that the proposed tariff does not involve the rights for which the collective organization that has proposed the tariff possesses the license for collective realization, namely that the fee has not been set in keeping with the rules for determining the tariff prescribed by Law, the Commission shall return the tariff to the collective organization, which will, within the next 30 days, renegotiate with the representative users' association, or shall submit the new proposed tariff to the Commission for opinion. Only if in the second

instance the Commission finds that the fee has not been set in keeping with the rules for determining the tariff prescribed by Law, it will independently pass a decision about the tariff.

Concerning the request of SOKOJ to the Commission to issue an opinion about the proposed tariff for the fees for airing music works, the Commission completed the consultations with the users in early June. The Commission's opinion has never been released, but we have learned off the record that the Commission found that the tariff was not set in keeping with the rules prescribed by Law and that it was thus returned to SOKOJ for new negotiations with the representative users' association. With respect to OFPS' request for an opinion about the proposed tariff, the users' association is yet to issue its opinion. What is known is that OFPS' proposal of the tariff is less favorable than the currently applicable tariff for television, since the fee under the current tariff ranges from 1% to 2%, while the new proposal, tabled to the Commission, foresees a range of between 1 % and 2.5%. The proposed new tariff for radio, for most radio stations, does not involve any changes, since the current 3.5%, which was a fixed amount, will remain in force for most of the stations, while the lower fee amounting to 2.5% or 3% would be applicable for a few stations with less music in their program.

V THE DIGITALIZATION PROCESS

In the period covered by this Report, there were no activities pertaining to the digitalization process, which is a major concern, since, under the Government's Digitalization Strategy, only nine months remain until the planned complete digital switchover is supposed to take place.

VI THE PRIVATIZATION PROCESS

1. On June 1, 2011, the Anti-Corruption Council presented the Report on the privatization of the News and Publishing Company "Novosti", submitted to the Government on May 17. In the memo accompanying the Report, the Council proposed a meeting in order to examine the options to remedy the consequences of irregularities in the privatization of Novosti and limit the damage suffered by the state. The representatives of the Council said on a press conference that they had not received any response from the Government. "We waited two weeks for a response and expected we would be talking about the report as we speak, as the number of irregularities that have marred the privatization of "Novosti", would set off the alarm with any government", said the Chairman of the Council Verica Barac. She added that the aforementioned report would be a test for the Prosecutor. "If the Prosecutor's Office fails to see

the reasons for prosecution and if it fails to see elements of organized crime in this case, then we have no chances whatsoever to defeat corruption“, Barac said. Council member Jelisaveta Vasilic explained that the privatization of “Novosti” had begun in 1991, under the then Law on Public Capital and that the procedure was finished with the decision of the Assets Assessment Directorate from July 19, 1999, which verified the value of the capital and the ownership structure, according to which 70% of “Novosti” were in private property and 30% of capital was public. However, such decision by the Directorate was repealed by the verdict of the Higher Commercial Court on February 16, 2000, after which the Directorate annulled, on February 29, all its previous decisions, all decisions of “Novosti” and public calls for subscription of shares. In the Council’s opinion, this means that, at the time of the passing of Privatization Law in 2001, “Novosti” were not privatized under previous regulations and a lawful privatization procedure could have been implemented only by the Privatization Agency under the Privatization Law. Nonetheless, on October 12, 2002, “Novosti” passed a decision on determining the total capital and of the ownership structure by rewriting the same ratio as in the repealed decision of the Assets Assessment Directorate, while the Commercial Court in Belgrade performed the registration on the basis of such decision by “Novosti” from October 12, 2002. After that, on May 17, 2005, an offer was tabled for the acquisition of the shareholders company by a company affiliated to the German WAZ-Mediengruppe. However, the Government passed a decision concluding that the ownership structure had not been determined. After the passing of the said decision, the Commission suspended the acquisition procedure. On February 16, 2006, the Government adopted a decision to make an audit of the assessment of the value of “Novosti”’s capital and ownership structure and ordered the Ministry of Economy to implement that procedure. The Ministry failed to comply with the Government’s order and remained non-compliant, even when “Novosti” embarked, on May 27, 2006, on the procedure of putting its shares on the market. Within 8 days, almost all small shareholders sold their shares. The shares were bought by the companies STADLUX REALESTATE PTY LTD, Belgrade and ARDOS HOLDING GmbH Austria. The Securities Commission did not react to the reports by almost all relevant media in Serbia that businessman Milan Beko was in fact behind the companies that had purchased the shares of “Novosti”. After ARDOS HOLDING GmbH had reduced its stake to below 25% and STADLUX REALESTATE had sold its shares, the following ownership structure was established: ARDOS HOLDING 24.89%, TRIMAX INVESTMENTS 24.99%, KARAMAT HOLDINGS 12.55%, the Republic of Serbia 29.52%, the Pension and Disability Fund 7.15% and other shareholders 0.90%. It was not until November 2010, when Milan Beko confirmed, while being interviewed in the program “Between the Lines” on RTV B92, that ARDOS HOLDING, TRIMAX INVESTMENTS and KARAMAT HOLDINGS were his companies, claiming that it was never a controversy. Finally, on June 16, 2011, the Anti-Corruption Council pressed criminal charges with the Higher Public Prosecutor in Belgrade against seven persons suspected of abuse of power, fraud, document forging and association in order to commit criminal offenses. According to media reports, charges were pressed against high profile individuals, including

the former Economy and Privatization Minister Predrag Bubalo, the majority owner of “Novosti” Milan Beko, the President of the Securities Commission Milko Stimac, members of the Commission Dejan Malinic, Djordje Jovanovic and Dusan Bajec, as well as the Director of “Novosti” Manojlo Vukotic. We have repeatedly elaborated on the “Novosti” case in earlier reports, including when WAZ-Mediengruppe unsuccessfully tried to acquire it. The findings from the report of the Anti-Corruption Council warrant a detailed investigation of the case, while an additional concern voiced in the aforementioned report is that certain media are blatantly ignoring the “Novosti” story by failing to report anything about it. This illustrates the continued strong influence of certain centers of political and economic power on the media and the way they report about issues of undeniable interest for Serbian citizens.

2. Insistence in the Draft Media Strategy on the continuation of privatization and withdrawal of the state from media ownership, something we have already mentioned in this Report, has caused heated reactions among the opponents of privatization. The Draft Strategy was criticized by the municipal assembly of Kragujevac. The assembly is also the founder of the public company Radio Television Kragujevac, which, under the Draft Strategy, should also be privatized. The daily “Blic” reported that other municipal radio and television stations, funded from municipal budgets, also feared that privatization would lead to their demise, which was indeed the case in most of the media privatized to date. At the same time, few speak about the undeniable fact that the financing of public media from municipal budgets has created unequal market conditions, which have caused many private and privatized media to disappear. The leader of the Association of Hungarians of Vojvodina (SVM) Istvan Pastor and the President of the National Council of Hungarians Tamas Korhec have also voiced their opposition to the privatization of media reporting on minority languages, the daily “Danas” reported. Korhec even told the daily “Magyar Szo” they would try to indirectly wreck the Strategy, together with SVM’s members of the Serbian Parliament and other minorities, if the objections of the National Council to the Draft Strategy were not accepted. Otherwise, the National Council of Hungarians, which the founding rights to the state-owned “Magyar Szo” were transferred to, has dismissed the editor-in-chief of that newspaper Czaba Pressburger, as mentioned earlier in this Report. Pressburger was namely criticized for having insufficiently reported about the work of the Speaker of the Vojvodina Parliament Sandor Egeresi, a SVM member, as well as for failure to report from press conferences organized by the SVM and to air that political party’s press releases. The leader of the SVM and the President of the National Council of Hungarians, however, failed to propose any mechanisms for the protection of the editorial policy of state-owned media from situations like the one that happened to Czaba Pressburger and “Magyar Szo”. The Government of Vojvodina also insisted that multilingual media ought to remain the property of local governments, explaining that “the experience of privatization has so far demonstrated that the existence of minority language media has almost in each case been jeopardized”. Unfortunately, “the experience of privatization so far” is a term that is often used as a form of speculation. According to the data of the Privatization Agency, a total of 56 media

have been privatized in Serbia since the adoption of the Broadcasting Law and the Public Information Law. In 18 of these 56 media, privatization contracts were terminated. The Draft Strategy for Development of Public Information System is far from being a perfect text without any flaws. However, the critics of privatization are typically people who have a personal interest in this process and who are not offering any solutions that would systemically protect non-privatized media from the influence of the state, or that of local governments that own these media, on the editorial policy. The only proposal for that came from the Kragujevac Initiative, which suggested that Advisory Boards should be set up, the members of which would be proposed by local councils from a concrete region, the NGO sector and religious communities and minorities. Such Advisory Boards would be in charge of appointing and dismissing the managing boards of state media. That proposal might have seemed incomplete and may rightfully be criticized, but it was the only suggestion put forward by the privatization opponents, when it came to mechanism of the protection of state-owned media from the influence of the state, as an owner, on their editorial policy.

VII CONCLUSION

In late June, the media reported about the results of the survey “Profession at the crossroads: journalism at the threshold of the information society”, conducted by the research team of the Center for Media and Media Research of the Faculty of Political Sciences between July 2010 and June 2011. This research was conducted in the scope of the Regional Research Promotion Program in the Western Balkans, with the assistance of the Swiss Development and Cooperation Agency. Two hundred and sixty journalists and editors and 51 media owners and directors were interviewed. Group interviews with 30 journalists were conducted in the second phase. The results of the survey show that one quarter of journalists in Serbia believe that the strongest pressure on the media comes from ruling coalition political parties, followed by big business, local self-government officials and owners of private media. More than 11% of respondents believe that advertisers are putting pressure on media, while less than five percent claim media are under pressure from the Government, opposition political parties and PR agencies. Half of the interviewed journalists cited undefined criteria for media aid and state inspections and controls as the most frequent forms of pressure, while 14% of them also mention deliberate obstruction of media content distribution. The findings of the survey have also shown that more than 30% of the media revenues come from advertising, another 30% from own income, while 18% of the revenues are donations. The problems faced by the media in the month of June seem to confirm the findings of the survey. Two editors-in-chief have been dismissed due to political pressure. In the case of the editor-in-chief of the newspaper “Alo!”, Antonije Kovacevic, it is difficult to accept the official version (divergent views as to the further course of development of the newspaper with the publisher, the company “Ringier Axel

Springer”) outside of the context of President Tadic’s dissatisfaction with the editorial policy of “Alo!”. The dismissal of Czaba Pressburger, the editor-in-chief of Magyar Szo, is also a blatant example of pressure and the ambition of the Association of Hungarians of Vojvodina to have their activities reported about with “sympathy”. As to pressure coming from big business, the best example is the warning of the Anti-Corruption Council that certain media have imposed a blackout on the privatization of a big media company – Novosti. In Krusevac, local authorities are putting pressure on journalists by tolerating the failure of the courts and prosecutors in that city to thoroughly investigate last year’s attacks on Blic correspondent from Aleksandrovac Gvozden Zdravic and especially to look into the potential involvement of the officials of the Aleksandrovac municipality in these attacks. At the same time, a positive example is the verdict of the Higher Court in Belgrade and the willingness thereof to condemn the instigation of hatred and violence against the LGBT population and the discrimination thereof in the media. Unfortunately, that move is overshadowed by the reluctance of the government to part with the tragically failed public media policy in Serbia. The said reluctance was best observed during the public debate about the Draft Strategy for Development of Public Information System in the Republic of Serbia until 2016. The reluctance and unwillingness of the authorities on all levels of government to renounce well-oiled and effective mechanisms of media control is unfortunately threatening to hamper the adoption of the Media Strategy or at least to prevent any meaningful changes to take place after its adoption. The Draft Strategy is in danger of suffering the same fate as the long-prepared Recommendations for the Financing of Media this month. The importance of these Recommendations was confirmed by the findings of the aforementioned survey, according to which the media rely for 30% of their revenues on advertising, while almost 20% come from the budget. The Recommendations that were supposed to introduce some order in the manner in which this extremely important source of financing affects the media market, have been revalued to the extent that they have ultimately failed to bring any substantial change at all.