

V THE DIGITALIZATION PROCESS

The Ministry of Culture, Media and Information Society announced in mid-July that a test network for the digital signal broadcasting would be put into operation by the end of 2011. The Ministry claims that it has found the way to start earlier with the test broadcasting in order to enable smoother transition from analogue to digital broadcasting. Furthermore, the Ministry stated that the possibility to change the date for the complete digital switchover, as well as to change the Digitalization Strategy is being considered. We remind that the deadline for the complete digital TV switchover in Serbia was initially set for April 4, 2012. The daily Danas reported that the said deadline could be extended until the beginning of 2013, because the Strategy agenda, with the exception of the test digital signal, was not possible to fulfill. In late July, in an interview for the daily Danas, Vladimir Homan, the Director of the public company Broadcasting Equipment and Communications, explained that the start of the test broadcasting was planned for mid-November this year. Until then, he said, a network with 15 terrestrial locations would be set up, covering the major cities and smaller towns. Homan also said that the digital signal in the said test network would not have its full strength in order to avoid overlapping with the analogue signal, which would be aired simultaneously with the digital one. Homan said that the goal of this trial phase was to see how the transition to digital broadcasting would function in practice. The outcome will be used by the Ministry of Culture, Media and Information Society and the Government of Serbia to assess if they would keep the initial digital switchover strategy.

We remind that the current Digital Switchover Strategy in Serbia does not provide for simulcast, namely a period of simultaneous analogue and digital broadcasting. In our earlier reports, we have warned about the worrying extent of the delays with respect to the deadlines set in the Action Plan accompanying the Digitalization Strategy. The said delays would most definitely result in the postponement of the complete digital TV switchover. The announced putting into operation of the test network for the broadcasting of digital signal could also mean that the Ministry has opted for setting realistic goals, although mid-November is also very ambitious.

VI THE PRIVATIZATION PROCESS

The Securities Commission has confirmed that the three companies of businessman Milan Beko are the majority owners of the Novosti company, as Beko himself previously told B92.

Beko's companies possess 62,42 % of the shares, the Republic of Serbia owns 29,51 %, the Pension and Disability Insurance Fund 7,15 % and small shareholders 0,92 %. The Commission has passed a temporary measure limiting the managing rights of Beko's companies Ardos, Trimaks and Karamat to 25 % of the total managing votes, which measure will be effective until the announcement of the offer for taking over the minority packing, or until the sale of the shares. Beko now has two options: to announce the offer for taking over the remaining shares of Novosti or to sell part of his package and reduce his share to one quarter. Namely, the Law stipulates that if a company reaches more than 25 % of the shares, the owner must issue a public offer for taking over up to 100 % of the shares or to sell all shares above the 25 % limit and until the sale is effective his voting rights for all shares above 25 % may be revoked. Milan Beko told B92 that he has been actively working with the Securities Commission, together with the legal representatives of Ardos, Trimaks and Karamat and that he would make the decision as to what option to choose after consultations with the WAZ media company. The Austrian company, member of the WAZ media group, requested last January from Competition Protection Commission the approval for taking over 62,4 % of the shares of the Novosti company. Beko namely had an agreement with the WAZ media group on the resale of the shares of Novosti.

The decision of the Securities Commission merely confirmed what was already known and what Beko himself has never denied – that he owned more than 62 % of the shares of Novosti. However, this has solved only one of the controversies regarding the privatization of Novosti. We remind that in our previous report we have written about the criminal charges pressed by the Anti-Corruption Council against Milan Beko, the Economy and Privatization Minister Predrag Bubalo, the President of the Securities Commission Milko Stimac, members of the Commission Dejan Malinic, Djordje Jovanovic and Dusan Bajec, as well as against the Director of NIP Novosti Manojlo Vukotic. The Supreme Public Prosecutor's Office in Belgrade did not publicly react to these charges. The Council filed the charges over the suspected criminal offenses of abuse of office, fraud, document forgery and association with the purpose to commit criminal offenses, all in relation to the privatization of Novosti.

2. A total of 56 media have been privatized in the last eight years in Serbia. In 18 of these cases, the sales contract has been terminated, according to the data of the Privatization Agency, Danas reports. Of the public media foreseen for sale, 53 remained non-privatized. In the latter group, privatization has been suspended in seven cases, interrupted in 37 cases, while in the case of eight media outlets three failed auctions in each case were held. At the present time, according to Privatization Agency data, only one media is currently being privatized and there is no pending public call for sale. Most of the media in Serbia were privatized in 2007, while only four public media outlets were sold in 2010.

The general public predominantly views the process of media privatization as a failed one. There is an absence, however, of serious analysis as to the reasons that have led to the failure of a number of privatizations. In our reports we have repeatedly pointed to the problem of having too many media in Serbia, while at the same time having an underdeveloped media market. At the same time, the high number of still non-privatized media, their privileged position and their non-transparent financing are putting at risk the survival of privatized media and those who were commercial from the very beginning. The above problems discourage investors and hence the number of failed auctions should not come as a surprise. Their complexity, however, means that a comprehensive solution ought to be found so as to ensure even conditions for commercial media on the market, including transparent and non-discriminatory expenditure of budget funds in the media sector, due to the substantial impact of these funds in the current situation of a weak advertising market.