

## **V THE DIGITALIZATION PROCESS**

Announcements made during the summer from the Ministry of Culture, Media and Information Society and Public Company “Broadcasting Equipment and Communications” – that the possibilities of changing the date of complete switchover to digital broadcasting and amending the Digitalization Strategy are under consideration, and that the test network for broadcasting digital signal shall be commissioned by the end of 2011 – have not been realized yet. As a reminder, initially the date of complete switchover to digital television signal broadcast was planned to be April 4, 2012, and the media reported on considerations about pushing it to the beginning of 2013. A testimony that pushing back digitalization is not exclusively a Serbian phenomenon is that only Croatia and Slovenia of all our neighboring countries successfully transitioned from analogue to digital broadcasting, while Bulgaria and Romania pushed back the transition for 2015. What is also – however, still only unofficially – announced is that amendments to the Digitalization Strategy, instead of switching off analogue broadcasting and shifting to digital broadcast in a day, shall provide for a phased switch-off by regions or individual distribution zones. To that extent, the announced commissioning of the test network for broadcasting digital signal should contribute to examining selected network parameters and testing new equipment bought partially by utilizing IPA funds and the equipment that remains to be acquired with funds from a loan backed by the state.

## **VI THE PRIVATIZATION PROCESS**

In accordance with information collected for the needs of working on the Draft Media Strategy, according to the data from the Privatization Agency, 56 of the total of 109 public media in Serbia eligible for privatization – of which 81 were electronic and 28 printed media – were privatized. A total of 18 privatization agreements were terminated and these media await new auctions. For 37 media, the privatization process was stopped by citing provisions of the Law on Local Self-Government and/or the Law on the Capital that have – contrary to the provisions of the Public Information Law and Broadcasting Law – left the option to municipalities to remain owners of television and radio stations to report in minority languages and to the capital to remain the owner of a television and radio station, newspaper and other media. Of the remaining 16 state-owned media, 7 have ceased to exist by decisions of municipalities as their founders and no bidders appeared at auctions for the remaining 9. This data is subject to various interpretations and while some draw from them the conclusion that privatizations proved to be a failure, others point out that one of the reasons behind

failed privatizations and generally unfavorable business conditions for commercial media is the fact that the state, by continuing to finance municipal media, violates regulations on controlling state aid, leads municipal media into a more favorable position in relation to commercial media, therefore harming competition in the market. This understanding represents the primary reason why the media and journalists' associations insist on continuing privatization and a new model of state funding for the media based on transparent and non-discriminatory funding for projects in the fields of public interest in the media sphere; independent commissions would decide on public competitions on awarding these funds. Data gathered for the needs of working on the Draft Media Strategy testify on the size of the funds in question. Namely, this data – although not comprehensive – being collected from nearly 90% of municipalities, show that the state gave more than € 21 million to the media in 2010 and that over € 25 million have been allocated for the same purpose in 2011. Of the whole sum, nearly 5 million were allocated at the level of the Republic of Serbia, nearly 3.5 million at the level of the Autonomous Province of Vojvodina, and over 16.5 million at the level of cities and municipalities. Numerous closed commercial media and numerous cancelled privatization contracts testify to the extent that the disposal of these funds – largely non-transparent and discriminatory – harms the media market. However, the state is neither ready to assume responsibility nor to regulate state funding for the media in an acceptable and legal manner.