

VI THE PRIVATIZATION PROCESS

The privatization process remains at a standstill, waiting for the new government and the position it will take as to the fate of the remaining state-controlled media. There were disturbing hints, however, by the leader of the parliamentary majority about the sale of the state's interest in the publisher of the daily "Politika". Namely, in the context of the announced withdrawal of the German media group WAZ from Serbian media (in addition to a share in "Politika", WAZ has one in "Dnevnik" from Novi Sad, while it has tried and failed to acquire "Novosti"), the media reported in mid-July that the German company sold 50% of its share in the company "Politika novine i magazini" to the Moscow-based "East Media Group" for a total of 4.7 million euros. The sale took place after the state owned "Politika" a.d., which controls the remaining 50% of the shares in "Politika novine i magazini", failed to use its right of first purchase. The controversy was created by the fact that the "East Media Group" from Moscow is a completely unknown company, which lead to doubts that it served as a cover for a Serbian tycoon connected to the Democratic Party, now in the opposition after having lost the elections. The sale of WAZ's share in Politika may be observed from two angles. One concerns the transparency of media ownership. We remind that a public debate was held back in 2008 and 2009 about the Law on the Transparency and Illicit Concentration of Ownership of Public Media, but the prepared draft never entered the parliamentary procedure. That draft foresaw that the nominal owners and persons for which the nominal owners held shares in the media, be considered as connected persons, as well as that data about the persons which the nominal owners held shares for in the media ought to be entered in the media register. Since the said draft never became the law, the obligation to register the persons which the nominal owners hold the shares for never came into effect. In that sense, even if the "East Media Group" is merely the nominal co-proprietor of "Politika", it is not obligated to disclose the information which it is holding the shares for. However, while on one hand, the fact that media ownership transparency in Serbia is objectively not sufficiently ensured, what is disturbing about the reaction of the leader of the new parliamentary majority to the sale of WAZ's share in "Politika" is that this majority shows the ambition to control even the transactions related to the already privatized stakes in the media. If the new government is so worried about the already privatized 50% stake in "Politika" being passed on from one private foreign company to another, outside of the control of the state, one may ask how will that same government (obviously wanting to exercise absolute control over who possesses shares in the media) reconcile itself with the privatization of the remaining 50% of "Politika", i.e. the loss of the state share in it (entailing the loss of control in "Politika", as well as in the remaining unprivatized media in general). It seems that we are facing the hard task of achieving the right balance between the justified need to ensure the transparency of media



ownership on one hand and, the ambition of the ruling oligarchy to ensure (under the guise of transparency requirements) that only their potential political allies may become owners of media, on the other.