

V THE DIGITALIZATION PROCESS

On April 19, 2010, the Assistant Minister for Telecommunications Irini Reljin told the daily *Danas* that Serbia's legal framework for digital television broadcasting was practically non-existent. Reljin said she expected the Draft Law on Electronic Communications, that was to replace the Law on Telecommunications and that would be dedicated to digital television, to be adopted at a session of the Government. The Assistant Minister added that the Broadcasting Law, as well as the Law on Telecommunications, contained no provisions about digital television and that the amendments to the Broadcasting Law were currently in the works; she also said that it was necessary to pass the proper rules that would further regulate the domain of digital television. The costs of digitalization, in the part concerning the subsidizing the subscribers for the purchase of set top boxes alone, would amount to between 20 and 50 million Euros, while the broadcasting equipment would cost, as estimated in the Digitalization Strategy, about 75 million Euros. Irini Reljin confirmed that certain activities, envisaged by the Strategy, were late, but that Ministry was nevertheless intent on respecting all deadlines. She said that the biggest problem was the fact that the company “Broadcasting Equipment and Communications”, which was separated from RTS, still didn’t have a Director and might not start any activities. “The realization of the Action Plan that is the integral part of the Strategy for switching from analog to digital radio and television broadcasting in Serbia has started. A working group was set up for monitoring of the digitalization process, which has already begun and we will soon start with the drafting of the conceptual design of the distribution network”, Reljin explained.

In our previous monitoring reports, we have reiterated several times our concern over the delay with the activities provided for in the Digitalization Strategy. The Assistant Minister has confirmed such delay, while at the same time underlining the clear intention of her Ministry to adhere to the deadlines. She pointed to the biggest issue being the failure to appoint the director of the newly established company “Broadcasting Equipment and Communications”, which was separated from RTS. This omission is difficult to understand, since there is no apparent reason for the delay in appointing the said director. The rights and obligations of commercial broadcasters in the transition from analog to digital broadcasting were supposed to be already defined in the first quarter of 2010; moreover, the proposed designs of the distribution network (on the basis of the conceptual design, which is also yet to be proposed or adopted), have not been drafted; the decision on the allocation of the digital dividend has not been passed, and so on. Notwithstanding the resolved of the Ministry to adhere to the deadlines, it is evident that precious time has been lost and that the overall digitalization process has been threatened.

VI THE PRIVATIZATION PROCESS

1. The Privatization Agency has announced the sale of the assets of the information company “Ibarske novosti” from Kraljevo – in bankruptcy – for which written bids were to be submitted until May 20. “Ibarske novosti” possess a radio broadcasting license with local coverage. The estimated value of the company’s assets is 42.7 million RSD and the deposit for participation in the tender is 8.56 million. The most valuable part of Novosti’s assets is an 84 m² building. The public opening of bids will take place on May 20 and the administrative receiver shall, if the highest bid submitted is less than 50% of the estimated value, seek the approval of the Board of Creditors for accepting such bid. The Creditors’ Assembly passed in March the decision on bankruptcy, according to which “Ibarske novosti” owe about 60 million RSD. The biggest creditors are the employees, most of which have in the meantime left the company in the scope of a social program. The creditors also include the Tax Administration, Banca Intesa and others. Ibarske novosti were sold in November 2007 to Dragica Tomic from Veternik, near Novi Sad, for 70 million dinars. The representatives of the trade union in the company, as well as the owner herself, filed a request for termination of the sales and purchase agreement in August 2008. Ibarske novosti included a weekly magazine, radio and television station.

2. After the second auction organized by the Privatization Agency on April 23, Radio Pirot has still not found a taker. The action failed because there were no interested buyers. The initial price was 2.9 million RSD, down from 4.3 million at the first auction, when there were also no takers. Radio Pirot has been in existence for 32 years and remains the only media in that city that has not been privatized.

3. The Privatization Agency has cancelled the auction for the sale of the assets of the public company Radio Medvedja from Medvedja. Such decision was passed in accordance with Article 23, paragraph 4 of the Regulation on Selling Capital and Assets by Public Auction. The said Article stipulates that the Agency may call off the auction if the principle of free market competition has been infringed on.