

## **V THE DIGITALIZATION PROCESS**

Concerning the digitalization process, no visible positive developments were registered as to the outstanding tasks identified by the Action Plan accompanying the Digitalization Strategy. We hereby remind that, according to that Plan, we were supposed to already have adopted or at least proposed: the Rules on the transition from analog to digital broadcasting; concepts of changes to the existing licenses; designs of the distribution network; the decision on the allocation of the digital dividend; a financial plan for the purchase and distribution of set top boxes; measures for encouraging domestic STB producers and manufacturers of equipment for the distribution network; a financial plan for the realization of the digital broadcasting network of the Republic of Serbia and the dynamics of the implementation of investments; an internet portal about the digitalization process; a plan of the information and promotion campaign and the campaign itself, including posters and brochures with important information about the digitalization process. All these activities are significantly delayed and the extent of the delay is seriously putting at risk the viability of the planned date for the transition to digital broadcasting in the Republic of Serbia – April 4, 2012.

## **VI THE PRIVATIZATION PROCESS**

1. The media reported in August about the problems of the still not privatized public media. The daily Danas wrote about how Radio Pirot failed to find a buyer after the third consecutive auction and will remain the only not privatized media outlet in town. The Municipal Assembly of Pirot has announced it would reduce the budget funds earmarked for the said radio station for next year, which is compromising its survival. The employees of Radio Pirot hope they will remain a public service broadcaster. On the other hand, the President of the Pirot Municipality Vladan Vasic hopes that the next session of the Municipal Assembly of Pirot will adopt a budget revision in order to earmark additional funds for Radio Pirot. However, Vasic claims it does not mean that the local authorities have given up privatization, pointing to the examples of the newspaper “Sloboda” and TV Pirot, which have been privatized and saying it shouldn’t be any different with Radio Pirot. In the meantime, the Politika daily reported that Radio Valjevo, one of the oldest radio stations in Serbia, also failed to find an owner after three failed auctions. In order to avoid its liquidation, the founder and financier of the station, the city of Valjevo has decided, in agreement with the employees, to remedy the situation by cutting the number of employees. To that end, the Management Board of Radio Valjevo decided to transfer its property – a 200 sqm building, two hectares of land and other property worth several million dinars – to the founder, the city

of Valjevo. A social program is also underway, which 16 of 26 employees have opted for so far, provided they are paid 200 Euros for each year of services. The city of Valjevo will allot seven million dinars from the budget for that purpose.

Reality has shown that on a poor and unregulated media market, the possibility to become the owner of a local media outlet in Serbia through privatization is not attractive for investors. However, a particular concern is the attitude exemplified by the insistence of the employees of Radio Pirot on remaining in the status of what they call “public service broadcaster”, which in reality amounts to merely extending direct state funding. At the same time, nobody is interested in fulfilling the function of the public service broadcasters, the needs it has to meet, independence from the local authorities, etc. On the other hand, reduced funding from the local budgets, which typically ensue after a media outlet is expected to be privatized, is contrary to the provisions of the applicable Law on Self-Government. The Law namely stipulates that local self-governments must attend to public information of local interest and ensure the conditions for public information in the Serbian language and languages of ethnic minorities used on the territory of the municipality. In that sense, the privatization of a particular media outlet should not amount to relieving the local self-government of the obligation to deal with public information of local interest and ensure the conditions for public information on the territory of the municipality, as it is often understood by these local authorities. The example of Valjevo clearly shows that certain local self-governments are considering rationalizing their operations. It remains to be seen what will be the effect of such rationalization and to what extent Radio Valjevo will be able to sustain the conditions of the market with less employees and after having assigned its building and other property.