

V THE DIGITALIZATION PROCESS

On March 24, 2011, in an interview published in the daily “Danas”, Assistant Telecommunication Minister Irina Reljin announced that the experimental broadcasting of digital TV program would start in the middle of the year, in order to perform the necessary measurements and tests. Reljin said that the available channels with limited transmitter power would be used at certain transmitter sites, as well as temporary antennae, while the permanent ones will be mounted in the meantime. Referring to the important steps that have already been taken in order to have a successful digital switchover, Reljin mentioned the separation of the broadcasting equipment from RTS. The Assistant Minister also spoke in the interview about the project of support to digital broadcasting. “The Ministry of Telecommunications and Information Society has applied for a project financed from EU pre-accession funds. The project has been approved and a 10.5 million-Euro grant was awarded from the IPA funds for the purchase of broadcasting equipment and consulting services in the digitalization process. Some of the equipment has already arrived, while the consulting team from the BBC World Service, which was awarded the contract under the tender, is already working in Belgrade”, Irina Reljin said.

As for the legal framework, Reljin said that what remained to be done was to adopt the Media Development Strategy and the Law on Electronic Media, which were in the pipeline. In her words, these regulations must be passed in order to have a successful digitalization of terrestrial television. “A promotional campaign also needs to be organized, in order to raise the awareness of the citizens as to what they must do in order to continue to watch television normally after April 4, 2012. The plan under which the campaign will be implemented is in its final stage. According to that plan, the digital switchover will be promoted six months prior to the complete shutdown of the analog signal”, Reljin stressed.

In earlier reports, we have pointed several times to the extent of the delay in the implementation of activities foreseen under the Action Plan accompanying the Digitalization Strategy, which has compromised the success of the switchover. In that sense, Reljin’s interview could be interpreted as a sign that the Ministry has accepted the reality that certain activities foreseen under the Action Plan are unfeasible and that problems the switchover is facing must be addressed in a different way. Reljin’s reference to the adoption of the Media Development Strategy and the adoption of the Law on Electronic Media in the context of activities preceding the switchover could be indicative of an attempt to resolve media problems differently. Namely, the Action Plan fails to mention the Media Development Strategy at all. At the same time, the Plan provides that the Rule Book on the Transition from

Analog to Digital Radio and Television Broadcasting and Multiplex Access in Terrestrial Digital Broadcasting will define the rights and obligations of commercial broadcasters in the digital switchover, with respect of the rights these broadcasters were entitled to under the licenses, whose term exceeds the deadline for the shutdown of the analog signal. Furthermore, the Action Plan provides for a replacement of the existing licenses with multiplex access licenses. However, the aforementioned Rule Book on the Transition from Analogue to Digital Television Broadcasting and Multiplex Access in Terrestrial Digital Broadcasting, which were published in the Official Gazette of the Republic of Serbia no. 12/11 dated February 25, are not as comprehensive a document as they should have been pursuant to the Action Plan. It was quickly discovered that the issue of defining the rights and obligations of commercial broadcasters in the digital switchover was not something that might be resolved with a mere set of rules. According to Irina Reljin's interview, the Ministry is seemingly expecting the issue of digital switchover to be resolved with the Media Development Strategy. Unfortunately, the Ministry does not seem yet to consider probably the easiest and simplest option – to engage in direct negotiations with license holders in order to agree upon the said rights and obligations.

VI THE PRIVATIZATION PROCESS

No advances have been observed in the field of media privatization during the period covered by this Report. The media did, however, report about the controversial argument between the VAC media group, the Government of Vojvodina and the management of “Dnevnik Holding”, in relation to the previously announced departure of VAC from the Serbian media market and from the joint company “Dnevnik Vojvodina pres”, where VAC holds a 55% stake (the remaining 45% are owned by “Dnevnik Holding”, a company established by the Executive Council of Vojvodina. VAC expressed, in September 2010, the readiness to assign its 55% shares free of charge to the employees of “Dnevnik Vojvodina pres”. However, in late March, VAC announced it was renewing the negotiations with other parties interested in acquiring their share in “Dnevnik Vojvodina pres”. “This is our reaction to the irresponsible tactic of feet dragging that has been blocking our offer, a gift to the employees that is, for more than 4 months now,” said Peter Lange, member of the VAC management and the representative of that media group for Serbia. The President of the Executive Council of Vojvodina Bojan Pajtic said that he was disappointed by the fact that the management of “Dnevnik Holding” was “unaware and failed to recognize the fact the extent to which the transfer of VAC's share to the employees of “Dnevnik Vojvodina pres” is the best solution for the future”. Pajtic said that the Province would not suspend the financial assistance program, because the newspaper

“Dnevnik” is particularly important for Vojvodina and its citizens. Asked how it was possible for the management of “Dnevnik Holding” to override the decision of the Government of Vojvodina, which has previously given the green light for the paper to be transferred to the hands of the employees, Pajtic hinted that measures would be taken. “I have to say this is the first time that we have such a situation, that the management of “Dnevnik Holding” is ignoring not only the decision of the provincial but the republic government as well. We will decide about the steps that need to be taken,” Pajtic said, without giving any more details. The management of “Dnevnik Holding” however claims to have received the opinion of the Privatization Agency in relation to VAC’s offer on March 30 only, in the early morning hours, as well as that the session of the managing board, on which positions will be taken, was scheduled for April 4, 2011. The management of “Dnevnik Holding” claims it is not opposed to the intended “gift” of the VAC Media Group to the employees of “Dnevnik Vojvodina pres”, but stresses that it believes that the structures of “Dnevnik Holding” may not be asked to decide on renouncing from the indisputable claims towards “Dnevnik Vojvodina pres” and VAC, as a precondition for the realization of the said “gift”, because in the contrary case, the “donor” will be Holding and not VAC.

The Novi Sad-based “Dnevnik” is one of the Serbian media where, in spite of the de facto majority stake of private companies, the state has retained a significant part of the shares. Aside the question whether VAC’s offer is merely an elegant way to avoid repaying the debts towards the state, namely the state-owned “Dnevnik Holding”, as the minority co-owner in a joint-venture, this example too illustrates the problems that are constantly escalating in the media, where the state has retained a share – even a minority one – and the necessity to systemically address the issue of state ownership in the media.