

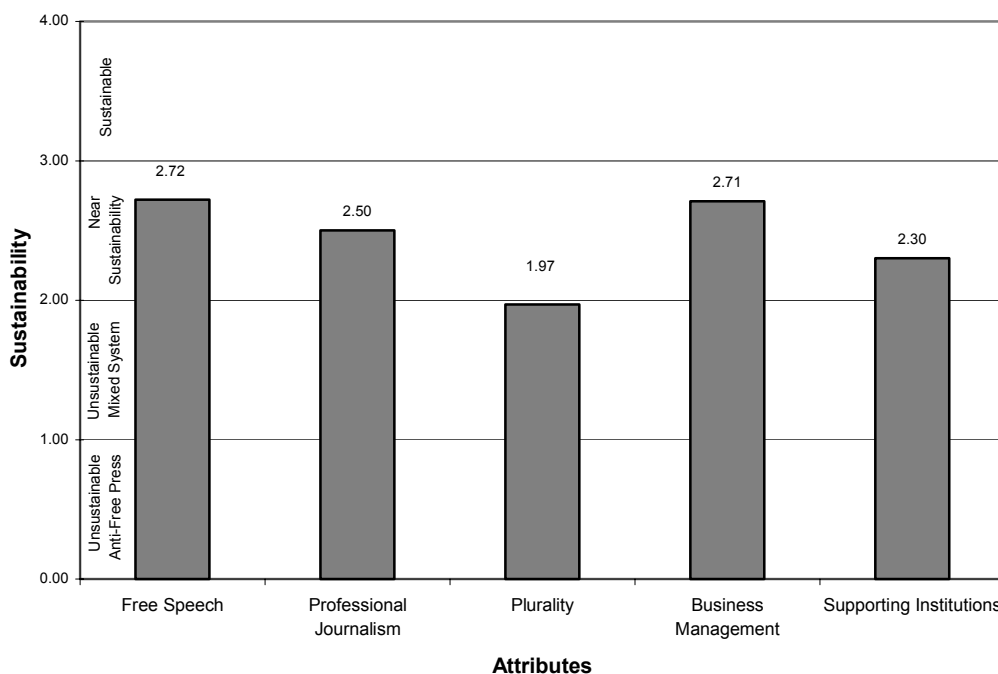
Croatia

Introduction

The parliamentary and presidential elections in January and February 2000 dramatically changed the Croatian political environment and impacted the country's relations with the international community. Within a span of a few months, a country that was a semi-pariah under former president Franjo Tudjman's rule became a respectable international partner in promoting regional stability and implementing basic democratic values. Altering the political environment, as well as the profound change of the government's political course, did not translate into immediate democratization of every important segment of society. Proximity to the West and a general tendency to accept and implement democratic values does not necessarily mean that the country is in fact a democracy. Probably the best manifestation of the discrepancy between proclaimed principles and the situation on the ground is found in the media sector.

After a decade of repression by the late President Tudjman and his associates, most journalists expected that a new, democratic government would make changing the media environment one of its first political priorities. Indeed, as expected, open repression and suppression of media stopped immediately after the elections. But profound change in the legal and business environments has not yet occurred. Also, there are many signals pointing to the government's deliberate or possibly naïve misunderstanding of the media's role in a democracy. Less than two months after the elections, one of the highest government officials said that he was disappointed by the critical attitude of the media, since he expected media to be an "ally of the new government" in promoting its initiatives. He characterized media activity as "dirty work," identifying "only problems and failures but not the achievements" of the new government. This was a visible attempt to reinforce the role of the state in controlling media, by expecting media to act as pro-government propagandists. Compounding this bad start is the lack of government initiative to change the legal and business framework in order to provide for a Western-style environment for independent media.

Media Sustainability Index - Croatia



Scoring System

- 0** = Country does not meet indicator; government or social forces may be actively opposed to its implementation.
1 = Country minimally meets aspects of the indicator; forces may not be actively opposed to its implementation but business environment may not support it and government or profession not fully and actively supporting change.
2 = Country has begun to meet many aspects of indicator but progress may be too recent to judge or still dependent on current government or political forces.
3 = Country meets most aspects of indicator and implementation of indicator has occurred over several years and/or change in government, indicating likely sustainability.
4 = Country meets the aspects of the indicator; has remained intact over multiple changes in government, economic fluctuations, changes in public opinion and/or changing social conventions.

The scores for all indicators are totaled and averaged for each objective.

Each of the objectives can receive a score from 0 to 4:

Above 3: Sustainable and free independent media

2-3: Independent media approaching sustainability

1-2: Significant progress remains to be made; society or government not fully supportive

0-1: Country meets few of indicators and government/society actively opposing changes

The government has not solved the problem of Tisak, the national newspaper distribution network. In the spring of 2000, the government turned down a healthy offer made by an internationally recognized distribution company to buy Tisak, explaining that the distribution system is of “strategic importance for the national economy” and therefore not for sale to a foreign firm. In the meantime, the government has not done much to solve the current distribution problem. Beginning in April 2001, the government imposed a value-added tax (VAT) on newspaper returns, which is a new and substantial financial burden on publishers. The government still owns and heavily subsidizes one national daily paper, recently adding a second to its portfolio. Its policy toward electronic media, especially TV, is a different matter. The state broadcaster in Croatia is still a main source of information for almost two-thirds of the population, which clearly indicates its importance to the administration, regardless of political orientation.

In early February 2001, after an almost 12-month delay, the parliament adopted the Law on State TV (HTV). Government maneuvering during the process indicated that it did not want to make a profound change in HTV, along the lines of Western public broadcasting. Instead, it modified the concept of a government-controlled broadcaster and subjected HTV to the strict control of parliament. It was not until the intervention of international institutions, only a few days before the actual adoption of the law, that the government changed some of the provisions in the draft. Even with the last minute changes, the new HTV law allows for more political control over state television than a true public service broadcast would tolerate. Recent political decisions (the unique case of granting HTV a VAT-exempt status and pardoning the US \$20 million of accumulated and non-paid VAT) indicate that the government wants firm control over the state broadcaster. Tax exemptions, mandatory subscription fees (“tax on TV sets”), and direct government subsidies have enabled HTV to practice a dumping policy on advertising and therefore to distort the advertising market at the expense of private broadcasters.

The government has shown a lack of initiative to finalize the telecommunications law, crucial for independent broadcasters. In the fall of 2000, a draft telecommunications law was released which would have seriously limited networking and news sharing among independent stations, and in effect would have extinguished networks. After pressure from local broadcasters, supported by some international institutions, the government promised to change this provision. But the telecommunications law remains in draft form, seriously limiting the normal business practice of independent broadcasters and the one non-state television network. Potential foreign and domestic investors are not seriously considering investing money in the one existing commercial network until the new law is finalized.

The government has done little to make the licensing procedure for private broadcasters more transparent. Almost half of the private TV stations and one-third of the radio stations have expired licenses or licenses that are about to expire. Without strict regulations on license renewal, they are operating in legal uncertainty, which directly affects their business results.

Croatia has one authorized institution responsible for setting rates and collecting fees for copyright and music rights. Broadcast media outlets are required to pay fees for the music they use and these fees tend to be extremely expensive. One analysis has shown that a local radio broadcaster in the city of Split (population 250,000) pays almost the same copyright and music fees as a station in Milan, Italy, which provides coverage for approximately 3.5 million. Similarly, the local TV broadcaster in Zagreb pays about 20 times more for music rights than a comparable broadcaster in Trieste, Italy. This obviously is a heavy burden to broadcasters but the government has not yet responded to the numerous initiatives made by broadcasters' associations to change the laws.

It would be unfair to conclude that the new Croatian government continues to put pressure on the independent media. However, it is apparent that the Croatian government does not want to give up the idea and practice of controlling the media.

Attribute #1: Legal and social norms protect and promote free speech and access to public information

Indicators
1. Legal/social protections of free speech exist and are enforced
2. Licensing of broadcast media is fair, competitive, and apolitical
3. Market entry and tax structure for media are fair and comparable to other industries
4. Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare
5. State or public media do not receive preferential legal treatment, and law guarantees editorial independence
6. Libel is a civil law issue, public officials are held to higher standards, offended party must prove falsity and malice.
7. Public information is easily accessible; right of access to information is equally enforced for all media and journalists
8. Media outlets have unrestricted access to information; this is equally enforced for all media and journalists
9. Entry into journalism profession is free and government imposes no licensing, restrictions, or special rights for journalists

The tactics of the Tudjman regime were subtle and attacks on the media were indirect: rarely did they make such bold moves against them as seizing newsroom equipment or taxing newsprint. Economic and legal pressure helped the state control the media. The new government has been slow to make changes in the past year and economic pressures continue to weigh heavily on media. Few people can afford a newspaper, yet over half of the average newspaper's revenue is from the cover price.

The legal framework for free speech does exist, but the social norms have not yet changed. In many ways the media is not even aware of the amount of self-censorship they practice. The MSI discussion panel agreed that Croatia is a country in transition, slowly developing its democratic and free market standards. Croatia has laws and regulations on free speech, most of which also existed during the Tudjman period. One of the panelists commented, "I think free speech is protected, there are laws and regulations, but they are only partially enforced."

At the same time, the public's awareness of their rights to free speech and access to public information is low: a panelist noted, "we are a country in transition and we are slowly grasping the idea that the whole society should react to freedom of speech problems." Another panelist expressed fear about the stability of legal regimes in a country undergoing such profound political, economic, and social transitions. Access to public information is provided in the law but improvements could be made. One of the main problems is the lengthy time period needed to receive requested information: by law, a request does not have to be fulfilled for 30 days. However, the panel mentioned that since the 1970s, media outlets have almost always had unrestricted access to international news outlets.

The fairness of media licensing and taxation is improving, but with each step forward there seems to be another step backward. Politicians do not dominate the new Telecommunications Council and they are slowly developing procedures for distributing licenses. Yet the Council relies on the administration for information and support. In many cases these are the same persons who, in the past, strictly enforced the rules with some media outlets and looked the other way when pro-government media broke the rules. The MSI panel agreed that there have been legal improvements to the licensing process, but there is not any evidence that things have changed in practice. The government has been working on the Telecommunications Law since spring 2000, but the first drafts are far from perfect.

MSI panelists agreed that due to Croatia's poor economy, it is difficult for everyone to succeed in business, including media. The panel also discussed differences in establishing print and electronic media outlets, concluding that it is quite complicated to launch an electronic media outlet. The tax framework is the same for all media outlets, but there are exceptions to the rule, such as the recent government decision to pardon the state-owned HTV's VAT debt or the "special" status given to the daily *Vjesnik*, which is also owned by the state.

There is no dispute that HTV receives preferential legal and other kinds of treatment as compared to independent media. When the new parliament was seated, only HTV cameras were allowed on the floor of the Sabor. The biggest advantage the state television still enjoys from its days as a monopoly is its huge staff, with branch offices throughout the country and extensive links between Zagreb and regional centers. HTV does not need to consider expense when dispatching correspondents domestically or internationally, as the government covers its costs. In fairness, the panel stated that occasionally select private media also receive special treatment from the government.

Crimes against journalists in Croatia have been rare. As one panelist mentioned, "there haven't been many reported crimes against journalists. Last year was not so bad for journalists in terms of violence against them." When a photographer from the *Feral Tribune* was beaten up earlier in the year, the perpetrator was arrested. Even before the new government took over, the criminal libel law was ruled unconstitutional. There remain over 1,000 civil lawsuits against journalists or media outlets, some cases are still pending from the late 1980's. Cases are frequently delayed in the inefficient court system and there is a high level of corruption in the practice of the Croatian judiciary. However, the situation has improved in the past 18 months.

International news sources have never been restricted in Croatia and the Cable News Network (CNN), British Broadcasting Corporation (BBC), Duetsche Welle (DW), and Italian news are all available via satellite. Reuters provides news service to anyone who can afford it. Anyone can become a journalist; there are no government-imposed restrictions. Press credentials can be obtained through the Croatian Journalism Association, which checks whether journalists are legitimate before providing them with credentials. There is a journalism program at the University of Zagreb but it falls under the Political Sciences Department and does not include practical training. The university does not have TV equipment, and while they do operate a nonprofit radio station, the station does not produce news. The government does not impose any restrictions or licensing for entry into the journalism profession, although panel members expressed their concern over the lack of professional criteria and standards for journalists.

Attribute #2: Journalism meets professional standards of quality

Indicators
1. Reporting is fair, objective, and well sourced
2. Journalists follow recognized and accepted ethical standards
3. Journalists and editors do not practice self-censorship
4. Journalists cover key events and issues
5. Pay levels for journalists and other media professionals are sufficiently high to discourage corruption
6. Entertainment programming does not eclipse news and information programming
7. Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient
8. Quality niche reporting and programming exists (investigative, economics/business, local, political)

While key issues are indeed covered across the media, there is a tendency to cover press conferences rather than the story behind the press conference. Rarely do journalists see the opinions of “people on the street.” Lengthy coverage of protocol events has almost disappeared. Fact checking is spotty, and sometimes it is difficult to tell the reporter’s opinion from that of the news source. There is an increasing use of unnamed “well-informed” sources; scandals sell newspapers and the media tends to run with stories without having the complete picture.

In general, there is concern about professional standards. There are still too many cases of biased or unprofessional writing; journalists use only one news source and do not double-check facts. One panel participant wondered whether the failures in professional reporting are a result of the journalists’ lack of responsibility or the editors’ agendas: “Some [journalists] are totally irresponsible. I also wonder how much of that is the journalist’s fault and how much is really the editors changing the story. So many times I hear people complaining that editors are changing reports.” The HINA news agency and one of the leading radio stations were mentioned as examples of media with good professional journalism. Overall, the quality of reporting continues to improve; major news and events are covered and competition between stations is fierce. Poor economic conditions prevent media outlets from doing much investigative journalism.

There are strong ethical standards for journalists in Croatia, which are embodied in a code of ethics designed and promoted by the Croatian Journalist’s Association (CJA) and enforced through peer pressure. Some media outlets still ignore ethical standards or only pay them lip service; there are no methods for officially sanction journalists violating ethical standards at the present time.

Self-censorship exists in Croatian media but varies from medium to medium. Many regional and local newspapers do not report on topics that are unpopular with the local political elite, and some media outlets carry news exclusively from the state-owned news service to avoid political repercussions. Editors often remove names from a story to avoid confronting powerful officials or attracting yet another lawsuit. The CJA provides a pre-publication review service that allows journalists to check with a lawyer before publishing a story.

In general, journalists’ and other media professionals’ salaries are too low, but this is not the prime motive for corruption of journalists. Many have concerns over their employment status since media employers often avoid registering part-time employees or do not pay taxes and benefits for full-time employees.

Media outlets tend to favor entertainment programs over news in many cases, but overall entertainment programming has not eclipsed news programs. Audiences do have the opportunity to choose their information source. Niche reporting and programming do exist, but the quality is fairly low.

Technical facilities at media outlets tend to be of good quality. State broadcasting (HTV) has adequate equipment for its needs, but it is not state of the art. Private outlets often have better equipment and every newspaper is produced electronically rather than pasted up.

Attribute #3: Multiple news sources provide citizens with reliable and objective news

Indicators
1. Plurality of public and private news sources (e.g. print, broadcast, Internet) exist and are affordable
2. Citizens' access to domestic or international media is not restricted
3. State or public media reflect the views of the entire political spectrum, are non-partisan, and serve the public interest
4. Independent news agencies gather and distribute news for print and broadcast media
5. Independent broadcast media produce their own news programs
6. Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates
7. A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources

There are considerable differences in media consumption between large cities and small villages. Multiple news sources are accessible but they are not affordable or easily available to all citizens.

In Croatia there is one large news agency, HINA, which provides news stories via a Web page to radio stations, television, and newspapers. HINA is fully owned by the government and is not independent. Yet the product this agency provides is quite good and the cost of the service is relatively inexpensive (fees are based on the size of the outlet), although some outlets still cannot afford it to purchase it. During the Tudjman era, HINA refused to connect certain independent media outlets, but the outlets would eventually find a way to receive service. Under the new government, HINA held on to some of its past practices but overall the situation has changed. A small private news agency now exists in Split; it relies heavily on donor money and does not seem to focus on providing news to clients.

Panel members found it difficult to rate the country's only large news agency (HINA). As one panelist commented, "HINA is professionally respectable, but at the same time it is owned by the government and is vulnerable. In practice there are no independent news agencies." Because of HINA's unique status as the only major local news agency, it could potentially exert pressure on small local media to pay for their services or risk losing access. There is one small independent news agency, STINA, but most media cannot afford to subscribe to it.

There are approximately 130 radio stations, which may be too many to be supported by the economy. Programming is not very diverse and stations seem to appeal either to young people or to pensioners. There are many weekly and daily national papers from which to choose, and almost every county has a local paper. There are approximately 12 private TV stations and one national private TV concessionaire, which provides mostly entertainment programming and avoids most news and political coverage.

Access to other media is relatively easy through satellite dishes, community antenna TV (CATV), or cable, but it is not affordable to all citizens. Media ownership is not at all transparent and in some cases the government would prefer not to reveal ownership. While this has improved under the new government, no real transparency has been achieved. Parliament is currently in the process of developing a law on transparency to change this situation.

Under Croatian law electronic media are obliged to produce and broadcast their own news programs. However, quality cannot be legislated. In many cases the poor quality of a stations' news program reflects is self-censorship. Stations are wary of conducting investigative journalism when their concessions are up for renewal.

Minorities are represented in the Croatian parliament, and on occasion journalists seek out those representatives' opinions. There are minority-language information sources but journalists do not tend to cover minority issues.

Attribute #4: Independent media are well-managed businesses, allowing editorial independence

Indicators
1. Media outlets and supporting firms operate as efficient, professional, and profit-generating businesses
2. Media receive revenue from a multitude of sources
3. Advertising agencies and related industries support an advertising market
4. Advertising revenue as a percentage of total revenue is in line with accepted standards at commercial outlets
5. Independent media do not receive government subsidies
6. Market research is used to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences
7. Broadcast ratings and circulation figures are reliably and independently produced

The overall economic situation hurts media outlets just as it does a variety of other businesses. Many media outlets have to struggle to make profits but media managers are skilled at managing tight cash flows, sometimes at the price of transparency. Media outlets tend to have extraneous staff on the payroll, but there is social pressure not to reduce the number of employees. Donor money supported many media outlets prior to the 2000 elections, but this funding source has decreased significantly. Many marginal newspapers that fill political and cultural niche markets are 100 percent donor supported, and their survival on the market is questionable. While international donors have often made self-sustainability a requirement for assistance, media outlets have made only limited efforts toward this goal. As a result, media outlets with small and/or unsuccessful advertising sales departments might have problems surviving. Meanwhile, media outlets with high advertising revenues tend to focus only on advertising and have not tried to diversify their income source.

There are large, well-established international advertising agencies in Croatia. HTV, whose three channels and radio and television signals cover virtually all of Croatia, dominates the market. HTV has been dumping advertising, lowering rates to half of what they were two years ago.

Newspapers make between two-thirds to four-fifths of their revenue from cover sales; the rest comes from advertising. Circulation is very important to newspapers and competition to sell more papers motivates coverage of scandals and alleged conspiracies. Circulation revenue tends to be more important to European newspapers than to American papers, in which context the Croatian situation is not overly alarming. However, receiving more than 50 percent of total revenue from circulation is higher than the European norm. Selling newspapers on the streets rather than through normal channels of distribution brings cash sales, which media outlets can easily hide from authorities and use to provide tax-free cash payments to employees or vendors. This method of distribution skews circulation figures.

Croatia does not have adequate institutions to quantify broadcast ratings and newspaper circulation figures. As a panelist said, “there is not much use of market research. We use research and change some programming but to better suit the listeners, not for our market assessment.” Institutions that exist to make market measurements are still struggling with methodology and are not able to meet the needs and standards for market research.

Research companies do exist, but panelists believe their methodologies and standards are inadequate. Advertising agencies use market research, but only a few media outlets use market research as a tool to formulate their strategic plans, increase advertising revenues, and improve news products. Media has little faith in ratings research; outlets do not know how to use such studies and there is little evidence that they change programming or content on the basis of research. A new computer-assisted research center recently opened in Zagreb.

Attribute #5: Supporting institutions function in the professional interests of independent media

Indicators
1. Trade associations represent the interests of private media owners and provide member services
2. Professional associations work to protect journalists' rights
3. NGOs support free speech and independent media
4. Quality journalism degree programs exist providing substantial practical experience
5. Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills
6. Sources of newsprint and printing facilities are in private hands, apolitical, and not restricted
7. Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted

Croatia has one association for journalists, the Croatian Journalists Association, which was established in the 1920s and represents all journalists regardless of type of media or employer. It has a well-established Court of Honor used for self-regulation. CJA has developed and maintained a good reputation due to its contributions toward providing legal support for journalists and protecting the standards of the profession. The CJA owns and partially operates the International Center for the Education of Journalists in Opatija. This facility is used several times a year for various training programs. In the last year the largest publishing house paid the CJA to conduct journalism workshops. The CJA has also supported publishers in their efforts to establish their own professional association.

There are two radio associations, one large and one small. The larger association had close ties to the Tudjman regime and was indirectly responsible for political pressure placed on independent radio stations. Members of this association enjoy lower concession fees and lower music rights fees. The smaller association has lobbied for its interests and now operates a news network. There is one television association, which has been quite successful in lobbying for better laws and lower fees for music rights.

In Croatia there are no watchdog organizations or NGO's working on free speech issues. The Helsinki Committee is busy with returnee, refugee, and war crimes issues. The Organization for Security and Cooperation in Europe (OSCE) carries out only limited monitoring as part of their human rights portfolio. Therefore, the CJA has taken it upon itself to monitor pending legislation, track lawsuits against journalists, and advocate for the media.

Panel participants rated journalism education in Croatia very low, specifically the Croatian School of Journalism. Most journalism programs lack quality courses and do not include practical training components. A panellist explained: "Training is of very low quality with very little practical experience; they do not even have cameras in the School of Journalism." Only two professors at the school include practical sessions in their classes and a lack of funding makes it difficult to support student internships at working media outlets.

Journalists in Croatia complain most often about the lack of adequate domestic training and they stress the need for journalists to be trained abroad. But even those trained abroad have problems in applying new skills and knowledge in the newsroom due to their editors' old-fashioned practices. It is also difficult to motivate mid-career journalists or editors to attend journalism workshops. In addition to journalism training, management training is also needed.

Newsprint is not controlled and printing houses are open, even those which are in government hands. Concession holders can privately own transmitters, but only once a concession is granted. The state-owned HTV controls the best transmitter locations and is selective about who they allow to use their sites. The government plans to spin off the transmitter department from the rest of HTV and therefore this situation may change. Printing facilities are mostly privately owned and there are no restrictions, limitations, or control over their work. One company, Tisak, owns most newspaper kiosks. Tisak is owned by the government and has a substantial debt to independent newspapers. Tisak does not restrict the newspapers sold in its kiosks.

List of panel participants

1. Tom Rogers, USAID Zagreb.
2. Alessandro Fracassetti, Spokesperson for the Organization of Security and Cooperation in Europe (OSCE). He is the author of various OSCE media reports.
3. Anja Picelj, US Embassy Zagreb, media analyst for the Public Affairs Department for the past 10 years, familiar with all Croatian Media outlets.
4. Albert Kapović, Program Director of the Croatian Journalism Association, the only association representing journalists in Croatia.
5. Kristina Kalafatić, TV journalist from *Vjesti Danas*, the evening news program of the independent Croatian Commercial Network.
6. Silvestar Vrbanac, employee and owner of Radio 101, former General Manager.