

*“What would have happened had the media shown the same sense of solidarity on other issues, primarily on those directly related to the media industry and professional standards? Would the media environment have been better off?” the panelists wondered.*



CROATIA

The year 2013 did not start well. A long-awaited new daily newspaper, expected to serve as a balance between the two well-established and predictable national dailies, lasted for only two months. The paper, which wanted to position itself as a herald of the politics-saturated urban audience, initially raised hopes that the media environment—especially when it comes to print—still has market potential. In the end this venture was annihilated by the market itself. Dozens of journalists, probably the best available at that moment, lost their jobs and found themselves in a bitter (and humiliating) struggle to at least receive their back pay—to no avail.

Whereas previously journalists discussed their average monthly salaries during coffee breaks, now the conversation has turned to whether they received their last salary, or if they have lost their jobs. With Croatia in its fifth consecutive year of recession, and considering that the media industry is among the handful of industries that have suffered disproportionately from job cuts, this is an absolutely legitimate question. Even the lure of discussing Croatia's long-awaited EU accession did not last long. Only days after the accession, July 1, 2013, the public discourse returned to basic bread and butter issues.

Near the end of the year, a sudden burst of media solidarity delivered some optimism. Namely, initiators and organizers of the national referendum on the constitutional definition of marriage did not allow a public television crew to cover one of their final press conferences due to the public television station's "biased approach" on the issue. In a rare act of solidarity, all other media boycotted further activities of the referendum organizers. "What would have happened had the media shown the same sense of solidarity on other issues, primarily on those directly related to the media industry and professional standards? Would the media environment have been better off?" the panelists wondered.

These are purely hypothetical questions, but it is clear that 2014 is shaping up to be another tough year for the media and media-related industries in Croatia. There are no indications that circulation and advertising income will recover; on the contrary, all the relevant figures continue to be negative, with the expected consequences in terms of further deterioration of professional standards in the media industry.

For Croatia, it can no longer be explained as just a bad year. Now, it is clearly a trend that the media are underperforming.

Score-wise, Croatia remained static compared with the 2013. None of the objective scores changed by more than a tenth of a point. Croatia's score remains in the middle of the "near-sustainability" range, yet undoubtedly the profession as a whole sees untapped potential to do better.

# CROATIA at a glance

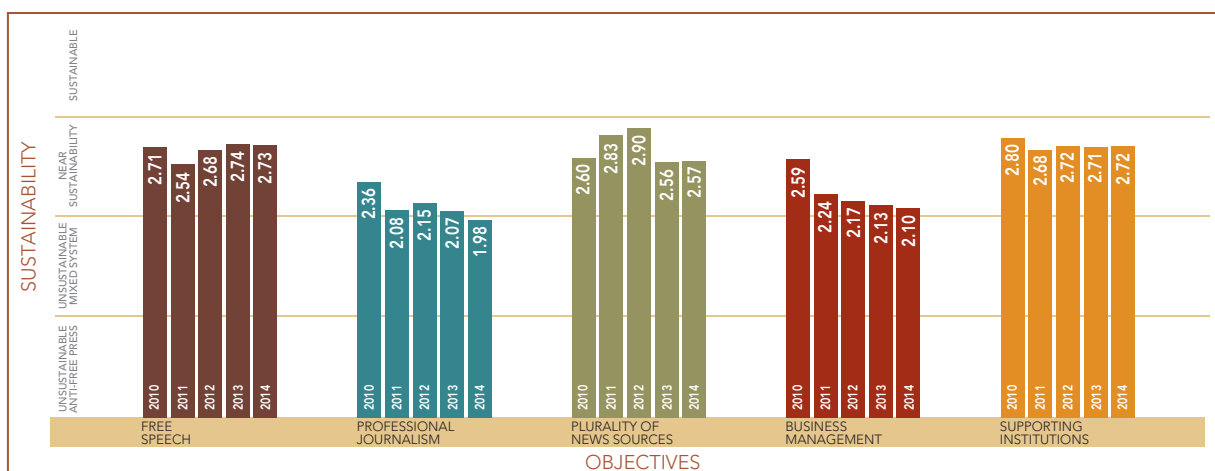
## GENERAL

- > Population: 4,470,534 (July 2014 est. *CIA World Factbook*)
- > Capital city: Zagreb
- > Ethnic groups (% of population): Croat 90.42%, Serb 4.36%, other 5.41% (including Bosniak, Hungarian, Slovene, Italian, Czech, Roma, etc.) (2011 census, Croatian Bureau of Statistics)
- > Religion (% of population): Roman Catholic 86.28%, Orthodox 4.44%, other Christian 0.3%, Muslim 1.47%, other 0.78%, none 4.57% (2011 census, Croatian Bureau of Statistics)
- > Languages: Croatian 95.6%, Serbian 1.23%, other and undesignated 3.17% (including Italian, Hungarian, Czech, Slovak, Roma, German, etc.) (2011 census, Croatian Bureau of Statistics)
- > GNI (2012-Atlas): \$57.57 billion (World Bank Development Indicators, 2013)
- > GNI per capita (2012-PPP): \$20,200 (World Bank Development Indicators, 2013)
- > Literacy rate: 98.9% (male 99.5%, female 98.3%) (2012 est., *CIA World Factbook*)
- > President or top authority: President Ivo Josipović (since February 18, 2010)

## MEDIA-SPECIFIC

- > Number of print outlets, radio stations, television stations: Print: 10 major daily newspapers; 6 major political weeklies; Radio: 158 stations; 6 of which are national; Television Channels: 31, of which 10 channels are national; Online: 119 electronic publications (June 2013)
- > Newspaper circulation statistics (total circulation and largest paper): The total circulation of daily papers is estimated at 340,000 copies a day, the top 3 being tabloid *24 sata* (circulation 105,000), *Vecernji List* (circulation 60,000), and *Jutarnji List* (circulation 45,000); the highest circulated political weekly is *Globus* (12,000 copies)
- > Broadcast ratings: Top 3 television stations: Nova TV (private/commercial), RTL Croatia (private/commercial), HRT 1 (public)
- > Annual advertising revenue in media sector: Approximately \$340,000,000
- > News agencies: HINA (public), IKA/Croatian Catholic News Service
- > Internet usage: 2.234 million users (2009 est., *CIA World Factbook*)

## MEDIA SUSTAINABILITY INDEX: CROATIA



## MEDIA SUSTAINABILITY INDEX 2014: OVERALL AVERAGE SCORES



### CHANGE SINCE 2013

▲ (increase greater than .10) □ (little or no change) ▼ (.10)

**Unsustainable, Anti-Free Press (0-1):** Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

**Unsustainable Mixed System (1-2):** Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

**Near Sustainability (2-3):** Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

**Sustainable (3-4):** Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

Scores for all years may be found online at [http://www.irex.org/system/files/EE\\_msiscorers.xls](http://www.irex.org/system/files/EE_msiscorers.xls)

## OBJECTIVE 1: FREEDOM OF SPEECH

Croatia Objective Score: 2.73

On July 1, 2013 Croatia completed its long path to the EU. During the accession process (2003 to 2013) Croatia aligned its media legislation with EU laws, especially the EU broadcast media directives, which define the framework for electronic media legislation. As the 28th EU member country, Croatia is expected to follow and actively contribute to the higher international standards involving the media industry. But EU membership, *per se*, is not a guarantee that Croatia is on an unobstructed path to observing and promoting the higher standards.

"Freedom of speech has long been recognized as the cornerstone of democracy, and it has achieved its full maturity during the process of transposition of the EU body of laws into the Croatian legislation," said Vesna Alaburić, a lawyer and internationally recognized expert in media legislation. "No one would dare to question it. This is not only a matter of the legal framework, but much more the result of accepting legal and social protection of the freedom of speech as one of the most important, most dear public values," she added. Indeed, the Constitution, the Media Law, the Electronic Media Law, and the Law on Public TV guarantee and safeguard freedom of speech. "I cannot imagine a situation in which any type of 'emergency'

### LEGAL AND SOCIAL NORMS PROTECT AND PROMOTE FREE SPEECH AND ACCESS TO PUBLIC INFORMATION.

#### FREE-SPEECH INDICATORS:

- > Legal and social protections of free speech exist and are enforced.
- > Licensing or registration of media protects a public interest and is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against media professionals, citizen reporters, and media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > The law protects the editorial independence of state of public media.
- > Libel is a civil law issue; public officials are held to higher standards, and offended parties must prove falsity and malice.
- > Public information is easily available; right of access to information is equally enforced for all media, journalists, and citizens.
- > Media outlets' access to and use of local and international news and news sources is not restricted by law.
- > Entry into the journalism profession is free and government imposes no licensing, restrictions, or special rights for journalists.

"I cannot imagine a situation in which any type of 'emergency' or 'higher interests' would block the freedom of speech," Dalibor Dobrić, a web editor and journalist at [www.net.hr](http://www.net.hr), said. "This is a truly internalized value, one that all media professionals and the public would stand up to protect," he added.

or 'higher interests' would block the freedom of speech," Dalibor Dobrić, a web editor and journalist at [www.net.hr](http://www.net.hr), said. "This is a truly internalized value, one that all media professionals and the public would stand up to protect," he added. Despite the overall negative trends in the media industry, no panelist expects deterioration of the freedom of speech standards. Maintaining this underlying support for the freedom of speech is an important prerequisite for a healthy media environment, but it is not enough on its own. "Freedom of speech and freedom of media in general is a constant process, not a goal. It is yet to be seen how Croatia will cope with development of the web and new media standards, which are by definition new standards of freedom of speech itself as well," said Toni Gabrić, a blogger and web editor at [www.h-alter.hr](http://www.h-alter.hr).

Licensing of media applies only to the media (e.g., radio, television) that use a limited public good, namely broadcast frequencies. In the 1990s and early 2000s, frequency allocation had been subjugated either to direct political control or, in the later phase, to the political and/or business lobbies' influence. In the last few years, the regulator has gained more independence and more expertise, leading to significant improvement. It is noteworthy that in 2013, the Council for Electronic Media decided for the first time to decline to allocate an available national television license on the grounds that the applications were lacking in quality. "This is a good indication that now content and quality matters as well; technical and financial preconditions will not suffice on their own," said Sanja Mikleušević Pavić, a news editor at Croatian Television and president of the Croatian Council for Media.

Croatia would have easily secured a high score on Indicator 3 (market entry, taxation), barring one hardly explainable decision made by the government in June 2013. There are no additional requirements in terms of founding capital or taxation for market entry of media entrepreneurs, compared with other industries. On the contrary, some media sectors (such as daily newspapers, for example) enjoy a reduced VAT rate of five percent (the standard VAT rate for most

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other products and services is 25 percent). In granting this reduction, the government placed a limit only on daily papers “with greater than 25,000 words published in each edition.” Although the basic idea behind this limit is understandable, to help promote high-quality content, as opposed to tabloid-style publications, this decision directly breached the related EU directives that state, “...one single VAT rate should apply to all products of the same type.” Furthermore, it would give the government the power to interfere directly in the media sector based on artificial criteria (number of words). “Although the decision was later revoked, a certain sense of arbitrary decision making remains,” said Ante Gavranović, a seasoned media analyst and founder of the Croatian Association of Publishers.

Crimes against journalists have been in decline for the past several years. “It is not about open physical attacks on media professionals anymore,” said Dobrić. But, panelists have mentioned that journalists are more commonly exposed to subtle types of pressure. “They are working under constant pressure. Journalists depend on their editors and media owners, with no guarantees that their jobs or social rights will be respected,” Gabrić said. Any open attack on media professionals would certainly provoke an immediate reaction, but more subtle forms of intimidation go on below the public radar, especially in times of crises. “Most of the population shares the same problems related to the enduring economic crisis. We should not expect them to be more sensitive when it comes to the media professionals,” said Pavić.

There is no such a thing as a best model for protecting the editorial independence of the public media. “From the late 1990s onwards, we have tried almost all models for protecting the editorial independence of the public media. None seem to be working as we expected,” Alaburić said. Still, most of the MSI panelists agreed that the current Law on Public TV is a regression compared to the previous one, especially in terms of giving the parliamentary majority

more instruments to control the public service (HRT, or Croatian Television). “Our suggestion was to introduce a two-third majority of the MP votes for appointing the Croatian Television general manager. But, the ruling party prefers a simple majority. I do not want to say that this was deliberately intended to control the public service, but it has made Croatian Television more exposed and more vulnerable to political pressure,” said Jelena Berković, spokesperson at the watchdog NGO, Gong. Zdenko Duka, president of the Croatian Journalists Association, thinks that the Croatian Television general manager has “too strong a role in the decision-making process,” but Alaburić noted that international advisors had suggested the “one captain on the boat” concept. According to Alaburić, it is not working now “...because legislation, *per se*, can work only in conjunction with the capacity of society to actively absorb and implement it,” a point it will obviously take Croatia more time in transition to reach.

Unlike many countries from the wider region, public television in Croatia enjoys a high collection rate of the subscription fee/tax (around 90 percent), which should be enough to ensure stable operations—even taking into account the considerable drop in advertising revenue. But, the non-transparent budget spending and production policy is keeping Croatian Television too close to the brink of financial collapse, which by definition makes it more exposed to outside influences and/or pressure.

Libel is a civil issue, defined in line with higher international standards. On January 1, 2013, though, the government introduced the new criminal offense of “vilification”—defined as a “systematic and deliberate” defamation case. “This is a clearly regressive act,” Alaburić said. “As it stands now, it means that journalists could be prosecuted even if they are conveying the truth to the public. Although I am not aware of such cases in judicial practice, this is unacceptable and worrisome,” she said. Other panelists added that the financial fines in libel cases are out of proportion, adding up to 150 average salaries—and create another force driving self-censorship.

“The government has erected a communication wall between itself and citizens,” commented Boris Rašeta, a journalist for the most circulated daily, *24 sata*, and a columnist for the minority weekly *Novosti* (published by the Serbian National Council in Croatia). “Twitter and Facebook posts are there only to create an illusion of communication, but the government’s intention is clearly to avoid any public exposure to criticism,” Rašeta said. Milan Živković, himself an advisor in the Ministry of Culture, believes that government officials simply do not know how to communicate to the public. “Sometimes, it is intentional. More often, it is about incompetence,” he said. “The prime minister gives



interviews to whomever he wants and when he wants. Even then, he simply refuses to answer questions he does not like. This government is manipulating the public, and wants to reduce it down to a 'recipient' of the information on the decisions made, not an active partner in the process. They deliberately avoid sharing information with the public," Berković said. This could be the result of the government feeling pressure from non-parliamentary initiatives (such as public referendums), or government reluctance to face the public with the reality of crisis and admit its shortcomings. Regardless, the end result is a visible deficit in applying democratic practice in communication, going well beyond the nominally accepted EU standards.

Access to local, national, or international news sources is completely open and unrestricted. Intellectual property and copyright standards have been observed with a bit more prominence than before (which is one of the side effects of EU accession), but they are still not in line with the higher international practice. This is especially visible in online news portals, which try to compensate for their lack of financing and staff by applying the copy-paste approach.

Entry into the journalism profession is unrestricted; no license is needed. The accreditation process should be more efficient (and for that matter less bureaucratic), but no media professionals are deliberately prevented from covering an event or issue (aside from the case with the referendum organizers mentioned above).

## OBJECTIVE 2: PROFESSIONAL JOURNALISM

Croatia Objective Score: 1.98

For many consecutive years, Objective 2 has been in decline. Most media professionals in Croatia would agree that the standards of quality have deteriorated, even if not all of them would agree on the degree and the main causes for deterioration. Paraphrasing an old saying, it would be safe to say that if the truth is the first casualty of war, then professional quality reporting is probably the first victim of the enduring financial crisis.

"Journalists have no time, no support from their editors, no money, and, I am afraid, not even any remaining personal drive to check multiple sources of information," said Dobrić. "There is neither background research nor investigative reporting. On radio and television, pasting sound bites one after another, without explaining the context or providing background information, passes for news," said Tena Perišin, a news editor at Croatian Television and a professor of journalism. "I can no longer recall anymore a good interview

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in any of our media," said Pavić. "Most often, interviews involve questions agreed-upon in advance, with no intention to dig further, to investigate, to follow-up on answers, or to ask for clarifications. This is just another form of PR," she said. Experts are consulted quite often, but the same names appear over and over again. "Experts are chosen based on what journalists think about a certain issue, not in order to clarify the background and give additional explanations," said Gabrijela Gabrić, a journalist with *Novi List* and a trade union activist. Indeed, the acceleration of the processing of news is a global trend, as Gavranović rightly pointed out, but in smaller markets such as Croatia, and especially during a financial recession, its overall impact is much deeper than what it would have been otherwise. No media sector has escaped the process of deterioration of its professional standards. "Whole pieces are often simply copied, with no interventions whatsoever. One can read exactly the same sentences and paragraphs in print, online media, even find the same piece on the evening television news. A lack of resources cannot be an excuse for that. This is about degrading the profession," said Anja Picelj-Kosak, a media specialist at the U.S. Embassy to Croatia.

## JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

### PROFESSIONAL JOURNALISM INDICATORS:

- > Reporting is fair, objective, and well-sourced.
- > Journalists follow recognized and accepted ethical standards.
- > Journalists and editors do not practice self-censorship.
- > Journalists cover key events and issues.
- > Pay levels for journalists and other media professionals are sufficiently high to discourage corruption and retain qualified personnel within the media profession.
- > Entertainment programming does not eclipse news and information programming.
- > Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- > Quality niche reporting and programming exist (investigative, economics/business, local, political).

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The Croatian Journalists Association's Code of Ethics, considered to be one of the best-detailed documents of its type, is often used as a point of reference for professional associations in transitional countries. Some of the bigger media have developed their own ethics codes, aligned with those of leading global publishers. "A majority of journalists observe these standards. But then, there is a vocal minority that is either not aware of these principles, or simply do not care about them. Unfortunately, most often the general public judges the whole profession on the example of those who deliberately breach ethical standards," said Duka. Still, Dražen Klarić, content director of *Večernji List*, believes that notable progress has been made, especially in terms of protecting children's rights in media.

A few months ago, a well-known and respected Croatian journalist (who was also a lecturer at the Study of Journalism) decided to take a job as a translator in Brussels. "She did not lose her journalist's vigor, not at all. But she simply did not want to work under the constant pressure of downsizing and restructuring of the newsroom, which are just other words for massive layoffs," one panelist explained. Indeed, the year 2013 saw continuation of the trend of seasoned professionals losing jobs and being replaced by young, inexperienced journalists, mostly working part-time, and thus totally dependent on their editors and publishers. "They simply did not get a chance to learn how to tell the difference between information and spin. They did not get a chance to learn investigative reporting techniques. They simply publish information as it comes in or as they are told," said Perišin. The number of endangered and insecure jobs in the media industry has grown. "This is perfect soil, at least, for a certain conformism, if not direct self-censorship," Živković said.

Perišin exposed yet another form of more subtle censorship. "With a bit of cynicism, one can say that there is not much left in media to be censored. By publication time, most reports have already gone through the filters of self-censorship, balanced to fit the editorial policy of media or expectations of owners and lobbies behind them," she said. "But let's not forget that top management at Croatian Television banned its journalists from discussing in public their opinion on the referendum on the 'constitutional definition of marriage' or even to discuss in public their opinion on Croatian Television management decisions. I would say this is also a powerful generator of self-censorship on Croatian Television," Perišin said.

"Media do cover all key events and issues in the country. Or, to be more precise: they cover all issues that have been served to the public. But they rarely initiate public discourse on issues that are important, but not obvious," said Picelj-Kosak. Berković agreed. "With so many media,

it is really impossible to 'stop the press.' But, I am more concerned by the fact that certain issues simply do not make their way to the media. What about the national strategy for using EU funds, for example? It is not about censorship or self-censorship; it is about media leaning toward stories they think have commercial appeal, and neglecting issues that require more space and effort to be explained," Berković said. Due to the already mentioned "conformism" of the mainstream media, web portals and social media more commonly cover sensitive issues. "There are a myriad of web media and social media channels to expose any issue or wrongdoing. But web and social media still have a limited reach, and are used more to alert the public than to give detailed background information," Rašeta commented.

"Statistically, salaries of journalists are in line with salaries in other comparable professions. But, the media sector in general suffered a much bigger drop in average salaries paid in the period 2008 to 2013 than other trades," Galić said. Indeed, in the past five years the media industry has suffered net losses equal maybe only to the construction industry. Duka estimated that the average salaries paid in the sector in 2013 are about 20 percent lower than salaries paid in 2008, for example. Unlike some other professions (government institutions, or in health or education, for example) where salaries might be lower than in media, but are paid regularly, journalists are going unpaid for months. This is a problem for all, but most severely impacts freelancers. "It is virtually impossible for freelancers to make enough for a living," Galić said.

Infotainment is a well-known concept in Croatia, accompanied in the last decade with an influx of a trivial content on all media platforms. Discussing whether the trend is changing course or at least slowing down, Živković commented, "My impression is that entertainment productions are in a kind of stagnation. It seems that the crisis and its duration have increased the appetite for news." Croatian Television recently launched two specialized, commercial-free channels, dedicated exclusively to cultural programming (HRT3) and to news (HRT4). Their ratings are far below soap opera-type programming on commercial television stations, but a more demanding audience now has another source of programming to turn to. "Information is always available. As a consumer of news and cultural programming, I can say that there is adequate information available," said Alaburić.

Facilities and equipment for gathering, producing, and distributing news are efficient and increasingly affordable. Even if newsrooms are not equipped with cutting-edge equipment, the panelists do not believe this could be used as an excuse for not reporting, recording or delivering news.

On the other hand, Klarić said, “The lack of specialized and niche reporting is devastating our profession. Journalists are trying to compensate for their own lack of knowledge by consulting experts. But, they are not doing that in order to provide additional information, but because they do not feel competent enough to present the story on their own,” Klarić said. Indeed, the list of specialized journalists (such as, according to one panelist, “journalists who covered financial markets in late 1980s, and still do, and have a PhD in economy and business, which is unthinkable nowadays,”) is reduced to the same old names. “There are no specialized journalists in the younger generation,” said Perišin. It takes time to produce a quality niche journalist. On such a small market, with ever-dwindling numbers of journalists, there is simply no place, no interest for specialized journalism, aside from sports, fashion and entertainment niches. “It’s easier to outsource the expertise. But then, it still takes an experienced journalist to present the background, and make an informed choice in outsourced expertise. We do not have that. We have experts and niche journalism on demand,” said Dobrić.

### OBJECTIVE 3: PLURALITY OF NEWS

Croatia Objective Score: 2.57

“I do not expect each media to be perfectly balanced and objective. On the contrary, I think that there should be media to advocate certain political options, to take part in civic activism, to promote values they transparently and

#### MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE, OBJECTIVE NEWS.

##### PLURALITY OF NEWS SOURCES INDICATORS:

- > Plurality of public and private news sources (e.g., print, broadcast, Internet, mobile) exist and offer multiple viewpoints.
- > Citizens’ access to domestic or international media is not restricted by law, economics, or other means.
- > State or public media reflect the views of the political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for media outlets.
- > Private media produce their own news.
- > Transparency of media ownership allows consumers to judge the objectivity of news; media ownership is not concentrated in a few conglomerates.
- > A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources
- > The media provide news coverage and information about local, national, and international issues.

“My impression is that Croatian Television journalists are simply too neutral in their reporting. There are occasions in which politicians and other public figures are simply lying directly into microphones, with no reaction from journalists whatsoever. This is not about being ‘neutral.’ This is unprofessional,” Berković said.

responsibly back,” said Alaburić, as an introduction to the Objective 3 debate. “In that regard, I think as media consumers we do have a choice between ‘left and right,’ ‘liberal and conservative,’ ‘mainstream or alternative’ media, and that is good,” she said.

With 158 active radio stations (152 local and county radio stations, and six radio stations with a national license), 31 television channels (21 local and county, 10 national television channels), ten national dailies and about the same number of relevant weekly and biweekly publications, 119 registered web portals (as of June 2013), 1.3 mobile phones per person (predominantly smart phones) and slightly over a half of the population on Facebook and Twitter, plurality of news sources is absolutely guaranteed. As it has been mentioned in the previous reports, this plurality looks more like a puzzle, where it takes more than one piece (source) to create an informed opinion on the relevant issues, but it definitely exists.

“Whoever wants to get information can find it. It is only a matter of an active approach, rather than passively receiving the news,” said Pavić. Print media (dailies, weeklies) are rather expensive (monthly subscription to a daily paper would consume up to 2.5 percent of an average salary), but there are enough free-to-access terrestrial television stations and web media available. Croatia has one of the highest percentages of households using IPTV platforms in Europe, (since recently available in all rural and remote areas via satellite). Still, a standard IPTV service (including flat Internet fee and basic package of some 50 television channels) comes at a price. “We may say that HRK 350 [about \$65] is not much for such a package. Let us look at that from a prospective of a pensioner who receives an average of \$400 per month. Is then IPTV really an affordable service?” asked Živković.

In the sense of availability, there are absolutely no restrictions to citizen’s access to domestic and international news. The panel moderator remembered the times in the



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late 1960s and early 1970s, when most of the western part of then-Yugoslavia (Slovenia, Croatia) watched Italian and/or Austrian television channels, and their schedules were regularly published in the print media. International broadcasters (BBC WS, Voice of America) have been allowed to broadcast freely even from the mid-1950s. International press has been available since the late 1960s (in the beginning to serve hundreds of thousands of foreign tourists, later on as a legal and legitimate source of information for the local readership, as well). The government does not block or restrict Internet access, VOIP services or social networks in any way. This freedom is not only because of the EU standards Croatia applies and subscribes to; any such initiative even before the EU accession would have been simply unimaginable.

Croatian Television (in Croatia, this is basically the synonym for the public television) has a specific position. In the SEE region, Croatian Television is still seen as a model of a successful transition from a state controlled to a public service media, and even as a desirable model when it comes to its financial stability. To a large degree, this "role model" image applies to its independence from the state or ruling party. But, as elaborated under Objective 1, all MSI Croatia panelists would agree that, for example, the most recent amendments to the Public TV Law have made Croatian Television more open, more vulnerable and more exposed to the political pressure.

Although, a majority of panelists would also say that this is not reflected in the daily Croatian Television programming. "It is a kind of constant reminder, but my opinion is that this government is either not interested, or not capable of putting the public service under its control," said Klarić. "If we reduce politics to political parties and their activities, than there is a balance in this type of reporting on Croatian Television, for sure. But, the social spectrum should not be reduced to political parties, and a mathematically precise allocation of time for the government and opposition parties," Živković said. "My impression is that Croatian Television journalists are simply too neutral in their reporting. There are occasions in which politicians and other public figures are simply lying directly into microphones, with no reaction from journalists whatsoever. This is not about being 'neutral.' This is unprofessional," Berković said. As a credit to the public service, and as mentioned under Objective 2, the launch of the commercial-free news channel, which is yet to be editorially and production-wise defined and fine-tuned, is also worth mentioning.

There is only one news agency in Croatia (HINA, a public news agency), and it is struggling with limited financial resources and a small market for its services. Although the service is relatively affordable, "there is nothing more in the

morning hours than announcements and protocol news," as Perišin said. The larger publishers have launched their own news and photo agencies, which is one of the reasons for degradation of the public news agency. Local radio stations, which had been regular users of the agency's services, have turned more to radio networks as sources of information. Croatian media occasionally use foreign news services, but most publishers find them too expensive to go for a full subscription.

Broadcast media in Croatia are obliged by the Electronic Media Act to produce their own news programming, regardless of the level of the coverage (local to national). In addition, at least 10 percent of the overall programming of the broadcast media should be news productions. For years, associations of local radio and television stations have tried to change this regulation, on the rationale of the increased expenses versus contracted advertising income. "The regulations are the same as ten years ago, when the advertising market was far more generous," said Miljenko Vinković, owner of the local television station and representative of the Association of the Local Commercial Television Stations in Croatia. "We are commercial broadcasters and we should not be bound by such obligations," he added. But most panelists disagreed. "Without this stipulation, most of the local broadcasters would transform themselves into platforms for airing music and soap operas only," Dobrić said. "Users of a finite public good should have more responsibilities toward the same public than, say, publishers of a commercial tabloid," he added.

All media are obliged to disclose their ownership structure, and this information is available to the public. Understanding the importance of the public disclosure of media ownership, the MSI panelists feel that transparency as such has its own limits. "It is absolutely important to insist on this legal norm. But we should be aware that a transfer of ownership is possible at any given moment and it should not be always publicly announced," Alaburić said. "We should know who the media owners are, but it would be even more important to realize who owns the owners. The answer is a simple one: two or three major foreign banks are keeping the most relevant print and some electronic media in Croatia afloat on their will," said Berković. This is not unique to Croatia. But, when it comes to the foreign capital investments in media industry, it would be fair to say that the foreign investments in media, started some 15 years ago, have not contributed much in terms of quality of content (sometimes quite on the contrary; they trivialized it), but have deserved credit for consolidating the Croatian media market and trade standards, as well as making, at least at

a nominal level, a demarcation line between politics and editorial policies.

One could say that minority issues became the headline-makers in Croatia in 2013. Indeed, the media sphere in autumn/winter 2013 was overflowing with reports and comments—first, on the referendum on the constitutional definition of marriage as relation between man and woman (excluding gay partnerships), and then on amendments on the rights of minorities on using minority language. But the opposing arguments and quite often a bitter public debate on the legal issues have left only a small space for discussing the real, everyday problems of, in this case, sexual and ethnic minorities.

The fact is that minority language media in Croatia are well established, with elaborate mechanisms to subsidize this sector (from direct government financial support, to priority in using money available through the so-called Fund for Pluralization of Media, alimeted by three percent of the subscription fee to Croatian Television). Some of these media outlets (such as the Serbian-language weekly *Novosti*) have become relevant far beyond issues concerning the minority they represent. When it comes to minority issues and the mainstream media, as Živković said, “It is more about excesses, than about systematic coverage.” As discussed under previous indicators, the mere number and structure of media guarantee a variety of information to local and national audiences. “It is more about low quality reporting, and a lack of certain forms and content—such as investigative reporting or coverage of international events—than about reflecting social interests,” said Saša Leković, a freelance investigative reporter.

#### OBJECTIVE 4: BUSINESS MANAGEMENT

Croatia Objective Score: 2.10

Financial crises have hit the media industry ferociously, leaving no sector intact. Circulation of daily and weekly papers is barely at half what they used to be five or six years ago. The advertising market shows no signs of recovery when it comes to its overall financial volume. Meanwhile, media have become more dependent on even this reduced advertising income, making the sector more vulnerable to direct and more subtle forms of control. The number of employed journalists declines year by year, reaching now more than 25 percent of the total number of media professionals. There are no fresh investments in the media sector, leaving it at the mercy of volatile, unstable and degrading market conditions.

“Despite the crisis, print media make on average some 55 percent of their income from advertising, and about 45 percent from sold copies. This is, in general terms, in line with international standards,” said Gavranović.

There is no recovery in sight, especially for the print media sector. Once, it was almost a pride of the Croatian entrepreneurship. The biggest publisher in Croatia—and, until recently, the biggest one in the SEE region, as well—started in late 1980s as a “garage-type” joint venture, founded by a group of young journalists and editors, initiated into the profession in the late 1970s in a “rebel youth” media, who did not want to miss the opportunities opened by introduction of the free market in 1989–1990. The company reached its full glory in early 2000, only to be faced now with halved circulations, a decaying advertisement market, huge tax debt and un-serviced bank loans of more than \$100 million. Other publishers are struggling for survival, as well. “If it were not for our side products, that we sell along with our papers, we would probably be in the red, as well,” said a representative of the second-largest publisher in Croatia. Gavranović, who has been analyzing data on the Croatian print sector for more than a decade, said, “The ongoing crisis is the result of a combination of the contracted advertising market, reflecting the overall financial crisis; managers incapable of coping with new market circumstances; and, the public’s sagging

#### MEDIA ARE WELL-MANAGED ENTERPRISES, ALLOWING EDITORIAL INDEPENDENCE.

##### BUSINESS MANAGEMENT INDICATORS:

- > Media outlets operate as efficient and self-sustaining enterprises.
- > Media receive revenue from a multitude of sources.
- > Advertising agencies and related industries support an advertising market.
- > Advertising revenue as a percentage of total revenue is in line with accepted standards.
- > Government subsidies and advertising are distributed fairly, governed by law, and neither subvert editorial independence nor distort the market.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor the product to the needs and interests of the audience.
- > Broadcast ratings, circulation figures, and Internet statistics are reliably and independently produced.

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trust in media—stemming from the trivialization of content, as usually the last resort of print media managers with no vision.”

Alaburić agreed, but elaborated on another aspect of the problem. “Our anti-monopoly regulations...are too strict, and to a large degree reduce market development and business options for the media companies. Why should there be restrictions for print media publishers to enter television or radio market, for example? The Croatian market could sustain, say, four media conglomerates, which should be enough to allow fair competition. Media consumers would only benefit from it. I do not want to say that these anti-monopoly restrictions are the main reason for the crisis of the media sector. They are not, but I am sure that an open market approach would have had a positive impact on the media market in general,” Alaburić said.

Media in Croatia do receive revenue from a multitude of sources—although these sources are dwindling. Consequently, media are more vulnerable and more exposed to different forms of undue influences on their editorial policies. Four or five years ago, the advertising market was dominated by a list of five or six large advertisers, and they had an almost untouchable status in the mainstream media. Nowadays, reduced advertising income makes media outlets even more dependent on the remaining advertising income. “Isn’t it strange that we had to wait to read an interview in a Slovenian paper on some delicate issues involving the main business operation of the Croatian company that is the biggest national advertiser? Why didn’t anyone in Croatia ask the same questions?” asked Berković.

“It is a kind of pyramid of fear. Journalists fear they will lose their jobs. Editors fear they will lose their positions with owners. Owners fear they will lose advertising income. This is a vicious circle. Only a steady increase of the income and a stable improvement of the market position of media could interfere with it in a positive way. But, realistically, one should not expect any tangible improvements before 2020,” said Dobrić. There are no real community media in Croatia, though at least some of the local radio stations could fit into this description. A significant percentage of them still have local governments in the ownership structure. “Direct financial arrangements with the local government help these stations to weather the crisis, but have an immediate, negative impact on quality of reporting. You cannot expect a local radio station to be paid from the local government’s budget, to use municipality owned space free-of-charge, and to criticize this same local government. In real life, it does not happen,” Leković said. But at least the national public service enjoys a steady and stable income. It is not a result

of the overall public’s satisfaction with the programming offered, but rather a consequence of well-elaborated legal norms that enable Croatian Television to block any individual bank account if the subscription fee is not paid. “It is a whole different set of questions whether these funds are used in responsible and transparent way,” Perišin noted.

Commercial radio and television stations do not enjoy such an advantage; they rely solely on advertising income. There is only one (but important) exception: all local commercial radio and television stations may apply to the Fund for Pluralization of Media for financial support for productions in the public interest and productions in minority languages. “It would be fair to say that most local commercial television and radio stations maintain their news, documentary, and other non-commercial productions mostly thanks to the support from the Fund,” said Vinković, owner of a local television station. “It amounts to about \$7 million per year, which keeps us in business,” he added. As of 2013, web portals are allowed to apply to the Fund, as well. This decision did not please local radio and television stations (the same amount is now divided to more users), but will definitely contribute to consolidation of this important media segment. “I do not ask for much. But, if the Fund can cover, say, a modest honorarium for one investigative journalist, that would be a great help to me,” Gabrić said.

The advertising market in Croatia is dominated by big international agencies such as McCann Erikson, BBDO, and Grey, for example. This is not a result of the more recent transition: McCann opened its office in Croatia back in mid-1980s. This is a solid indication of the sophistication of the Croatian advertising market. Only recently, Zagreb hosted an exhibition on 50 years of modern advertising in Croatia. Some of the campaigns launched in the early 1960s still seem fresh and innovative. The advertising market is well developed, covering the whole range of media by type (print, broadcast, web and social media) and area of coverage (local, national, regional). Barter deals between local media and small companies are ever rarer; the advertising agencies dominate the market now both in terms of connecting companies with media, and selling media to advertisers. Regardless of the sizeable market contraction—or, paradoxically, maybe exactly because of that—advertising agencies have increased their influence over media. “Media are so desperate for any advertisement that they would accept anything that goes in the package—from product placement to hidden advertising,” said Božo Skoko, a founding partner of Millenium Promocija and a media studies professor at the University of Zagreb.

“Despite the crisis, print media make on average some 55 percent of their income from advertising, and about 45

percent from sold copies. This is, in general terms, in line with international standards," said Gavranović.

Private media do not receive government subsidies or subsidies from other public sources, aside from some of the already mentioned forms (financial support from the Fund for Pluralization of Media, for example). Some other regulations (for example, the stipulation that at least 15 percent of the advertising budgets of the public companies and government campaigns should go to local commercial media) also contribute to the operational budgets of the most endangered species—local commercial media.

But, the most controversial decision in 2013 related to the flexible definition of "government subsidies" was on taxation and fiscal policy. "What else is the government subsidy, if not the government's decision to pardon accumulated taxes, as it happened with one big publisher. This comes at a price, for sure," said Rašeta. On the other hand, the same government decided to relax VAT on all daily papers, with the exception of those with under 25,000 words. "That was a stupid decision, indeed. Even more, because there is only one paper of this type on the market—and unsurprisingly, it is critical of the government," Rašeta said.

Surveys and market researches are sophisticated and follow higher industry standards. Media do use the results for their strategic business planning and for additional fine-tuning of their content, although not always or necessarily in order to increase their quality.

The leading international companies in the field of surveys and ratings (such as AGB Nielsen) have had a presence in Croatia for years, and have set standards for all market participants. Broadcast ratings are reliable and precise. Recently, presented circulation figures have been accurate within a margin of up to 10 percent.

## OBJECTIVE 5: SUPPORTING INSTITUTIONS

Croatia Objective Score: 2.72

There are a handful of trade associations in Croatia. Local media (radio stations and local print media) are organized in the Association of Local Radio and Print, while local commercial television stations form the National Association of Local Television Stations. National commercial television stations have their own association, as do print publishers. Web portals have organized themselves as well, and actively lobby for their interest. So, it would be safe to say that professional associations are well organized and their activities well elaborated.

*"To a certain degree, it was easier to be a civic activist promoting free speech in the 1990s than now. Back then, we had 'bad guys' who wanted to impose political control over media, and 'good guys,' who wanted to keep media independent and expand media freedom. In these terms, an almost unconditional support to one side was an easy choice, I'd say," Alaburić said.*

The Croatian Journalists Association (CJA) will mark its 104th anniversary this year. This alone should be enough to conclude that institutions supporting the trade have strong roots. "CJA has managed to preserve itself as the sole representative institution of journalists in Croatia. This is a remarkable achievement by itself," said Alaburić, who served as an informal (and pro bono) legal adviser of the CJA in the 1990s. Keeping one single institution to represent the voices and interests of thousands of journalists was of particular importance in the turbulent and authoritarian 1990s, but it should be at least equally important today, when journalists are struggling to keep both jobs and professional standards of quality.

And yet, the membership of the association has been in decline since 2008/2009. "Younger journalists do not perceive CJA as 'their' voice anymore. They are exposed to

### SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

#### SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of media owners and managers and provide member services.
- > Professional associations work to protect journalists' rights and promote quality journalism.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs exist providing substantial practical experience.
- > Short-term training and in-service training institutions and programs allow journalists to upgrade skills or acquire new skills.
- > Sources of media equipment, newsprint, and printing facilities are apolitical, not monopolized, and not restricted.
- > Channels of media distribution (kiosks, transmitters, cable, Internet, mobile) are apolitical, not monopolized, and not restricted.
- > Information and communication technology infrastructure sufficiently meets the needs of media and citizens.

brutal work conditions and all too often even do not dare to raise their voice; or they do only when the damage becomes irreparable," said Galić. In addition, the membership fee (\$60 per year) might also deter new members, although it offers various benefits such as discounts for restaurants, hotels, travel agencies, bookshops, and IT equipment. "It seems to me that CJA is not capable of answering the burning issues of the profession," Berković said. "CJA does not offer legal help; it does not organize trainings. No wonder membership is in decline," she said. "But CJA still remains the place to go when we want to solve issues relevant to our profession, such as media legislation," Klarić said. Rašeta added, "It would be unfair to blame CJA for the current position of the profession. CJA has no leverage when it comes to the overall negative impact of the market. The media industry in Croatia is in chaotic decay."

One panelist commented, "I have not received my salary in three months now. I feel ashamed and humiliated. Luckily enough, there is one more salary in my family, but should I feel better not to be paid for my work because of that? But I cannot blame my own professional association for that. What can CJA do to change the course of the whole industry? I am afraid little, if anything at all."

CJA should probably have done more to protect professional standards in the media, the panelists agreed, but then each journalist should ask what they personally have contributed in that regard. CJA is not a voice by itself, it works only by our own input, Klarić said. But Pavić concluded, "Journalists are resigned and disillusioned. CJA is reflection of that."

Still, CJA gathers together more than 75 percent of the active professional journalists in Croatia. The association is organized into more specialized sub-associations (investigative journalists, journalists reporting about sports, the economy, ecology, health, the IT sector, the automotive industry, then bloggers, photo reporters, etc.).

The Journalists' Trade Union works closely with CJA, and by itself is a point of reference in the region, as well.

CJA and NGOs involved in promoting free speech interact, although they tend to be less prompt in joint reactions than they were in the 1990s, for example. "To a certain degree, it was easier to be a civic activist promoting free speech in the 1990s than now. Back then, we had 'bad guys' who wanted to impose political control over media, and 'good guys,' who wanted to keep media independent and expand media freedom. In these terms, an almost unconditional support to one side was an easy choice, I'd say," Alaburić said. In the meantime, the environment has become much more complex. "Innocent advocacy is not possible any more. Many of yesterday's heroes of the independent media have become too close to one political party, and therefore are

not suitable any more for the role of 'controllers of the power.' Now, there are good and bad guys on both sides. It is about who controls the controllers, which is more demanding and, if you will, a less appealing role than in the 1990s," Alaburić said.

Regardless of this change to the overall environment, the NGO sector is active in reviewing media legislation, access to information regulations, and in other watchdog activities. It would be safe to say that they are still in the leading role in the SEE region when it comes to cooperation with international free speech and watchdog organizations.

In 2013, more than 350 journalists lost their jobs, but more than 400 students enrolled in journalism studies. "For me, this is inexplicable paradox," said Rašeta. "Why would journalism be anyone's choice, knowing that employment chances are minimal?" he said. "There are quality journalism degree programs, no doubt about that," said Perišin, speaking as a journalism professor. "But our capacities simply surpass the market needs. Besides, most media demand their employees have a degree, any degree, not necessarily a degree in journalism. So, study of journalism does not provide what would otherwise be an expected edge to our students in finding jobs," she said.

The best example of the well-organized journalism degree, panelists said, is probably Study of Journalism at the Faculty of Political Science in Zagreb. Students have at their disposal a fully equipped television studio (TV Student) and a fully licensed radio station (Radio Student). "Low absorption capacity of the media is the main problem," Perišin concluded.

The situation with short-term training opportunities has remained the same for years. Trainings are available, and there are a variety of local and international training providers, but the problem is often in gaining permission from editors/owners to participate in trainings. "My last training was a two-day workshop on investigative journalism. I could not get approval from my editor, so I took two days off to participate at training," one panelist said. The situation is even more complex with the local media. "There are not enough opportunities for their specific needs," said Pavić. "In addition, they are working in small newsrooms that can hardly afford to send a journalist away for a two or three day training program." In the 1990s, in-house trainings were much more often, exactly for the purpose of meeting the needs of local media. Nowadays, most of the trainings are centrally organized, which is detrimental to many potential participants from local media.

Sources of newsprint, printing facilities and media equipment are apolitical, privately owned and managed



exclusively as profit-making businesses. The proximity of good quality print presses in neighboring countries (Slovenia, Bosnia Herzegovina, Serbia) offering usually lower prices for services than print presses in Croatia has also contributed to the growth of more favorable market conditions in Croatia. There have been no occurrences of providing or declining services on political or any other non-business related criteria.

Distribution of content is unrestricted and exclusively business-based. Internet, IPTV, cable television, mobile phone providers, transmitters and similar services are privately owned, most of them by local branches of a large international IT and communication business conglomerates, offering professional and efficient access to all interested parties under the standard conditions. In the past 15 years, there have not been any decisions and/or restrictions in access to these services made on the base of political, or any other arbitrary affiliations.

The only problem in this segment could be assigned to the distribution of print. The biggest business conglomerate in Croatia, Agrokor, which is also the biggest advertiser in the country, owns the most important national distribution network, Tisak. So far, this segment of the media market (distribution) has been functioning as an efficient business model, but it should be noted that such a concentration of power could be detrimental, if not for clients, then certainly for any other potential investor in the sector.

ICT capacities are sufficient to meet the needs of communication platforms on the market, as well as the demands of content and communication consumers. Internet streaming of audio and video content, digital broadcasting (98 percent of households have been digitized so far), podcasting, content distribution via mobile phones, etc., are standard and regular market services, introduced in Croatia basically simultaneously with the global market.

The only discouraging element in this rather techno-optimistic vision is the price of services. In the late 1990s and early 2000s, the Internet service used to be much more expensive than in Europe or in the US, for example. At those times, a \$150 Internet bill was to be expected for a heavy user. Nowadays, the "triple package" (flat Internet, basic IPTV package and fixed phone line) starts at \$60. Is this affordable?

There is no straightforward answer to this dilemma. In times of crisis, every expense should expect to be scrutinized. Prolonged crises probably will not stop the steady growth

in usage of the high-end technologies, but would probably change a mainstream consumer's pattern. Despite contracted family budgets, communications and content receiving/sharing will certainly consume an ever-higher percentage of an average consumer's "basket."

## List of Panel Participants

**Vesna Alaburić**, lawyer, media legislation specialist, Zagreb

**Jelena Berković**, spokesperson, GONG, Zagreb

**Dalibor Dobrić**, journalist and executive editor, www.net.hr, Zagreb

**Zdenko Duka**, president, Croatian Journalists Association, Zagreb

**Toni Gabrić**, editor, H-Alter.org, Zagreb

**Gabrijela Galić**, journalist, *Novi List*; trade union activist, Rijeka

**Ante Gavranović**, founder and former president, Croatian Associations of Publishers, Zagreb

**Dražen Klarić**, content director, *Vecernji List*, Zagreb

**Saša Leković**, freelance investigative journalist, Daruvar

**Sanja Mikleušević Pavić**, editor, Croatian Television; president, Croatian Council for Media, Zagreb

**Tena Perišin**, editor, Croatian Television; professor of journalism, University of Zagreb, Zagreb

**Anja Picelj-Kosak**, media specialist, U.S. Embassy, Zagreb

**Božo Skoko**, media studies professor, University of Zagreb; founding partner, Millenium Promocija, Zagreb

**Milan Živković**, advisor, Ministry of Culture, Zagreb

*The following panelists submitted a questionnaire but were unable to attend the panel discussion:*

**Boris Rašeta**, columnist, *Novosti*, Zagreb

**Miljenko Vinković**, director, SRCE TV; deputy president, National Association of Local Television Stations, Čakovec

## Moderator and Author

**Davor Glavaš**, independent media consultant, Zagreb

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