MEDIA OWNERSHIP

Impact on
Media Independence and Pluralism in Slovenia and Other Post-socialist European Countries

SANDRA B. HRVATIN
LENART J. KUČIĆ
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PREFACE

The issues of media ownership concentration and the formulation and implementation of an effective media legislation received considerable attention in recent years. Within the Media Watch program, we drew attention to the threat these issues pose to media pluralism in 2002 based on the analysis made by Sandra B. Hrvatin and Lenart Kučič. One year later, in 2003, a regional research and advocacy project was proposed and approved. It was carried out from July 2003 to June 2004 by the Peace Institute within the South East European Network for the Professionalisation of the Media (SEENPM). Its goal was to bring together the post-socialist European countries and initiate a debate about media concentration and potential changes in public policies in this field.

This book contains the regional overview compiled on the basis of the 18 country reports written for this project, the full text of the Slovenian report and the conclusions and recommendations of the international conference organized upon the conclusion of the project.

The objective of the regional research and advocacy project was to examine the media ownership situation in the countries of South East Europe and EU member states from Central and Eastern Europe. The emphasis was on the legal framework and the mechanisms employed by individual countries to implement legal provisions, the privatisation process, the ownership structure of the main media outlets and the influence of media ownership on the pluralism and independence of the media.

Eighteen researchers and journalists from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Estonia, Kosovo/a, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia, collected and analysed relevant data from October 2003 to February 2004.

The reports resulting from this project, including the regional overview, reflect the situation at the end of 2003/ beginning of 2004. However, media markets in these countries are dynamic, with ownership structures and the number of media outlets changing virtually on a daily basis, and media legislations being continually amended. So, inevitably, certain data in these reports had become obsolete by the time of their publication. Nevertheless, the collected data clearly expose the patterns that underlie the media market operation and regulators' and media owners' behavior in the countries under consideration i.e., their impact on media pluralism and independence.

The reports submitted in this project can be found at <http://www.mirovni-institut.si/media_ownership> and they have also been published in the book entitled *Media Ownership and Its Impact on Media Independence and Pluralism* (available only in English). The international conference, organised in cooperation with the Council of Europe upon the conclusion of the project, took place on June 11 and 12 in Bled (see <http://www.mirovni-institut.si/media_ownership/conference>). Our partner organisations and researchers from participating countries are responsible for the publication of the findings of the project translated into their local languages and organisation of public debates.

The project was carried out with the support of the Media Program of the Open Society Institute, the Guardian Foundation and the Fresta program funded by the Danish government, and in cooperation with the media centers and institutes, members of the South East European Network for the Professionalisation of the Media, several university departments and Open Society Institute national foundations in the participating countries.

The project advisory board that extensively participated in the conceptualisation and execution of this project consisted of Poul Erik Nielsen, University of Aarhus, Ian Wrigh and Mark Milner, the Guardian, Algirdas Lipstas, Open Society Institute, and Sandra B. Hrvatin, Faculty of Social Science and the Peace Institute.

The team at the Peace Institute that enthusiastically led the project included Brankica Petković, Sandra B. Hrvatin, Lenart J. Kučić, Olga Vuković, Søren Kloughart and Neva Nahtigal.

The reports drawn for this project and effort invested in their preparation and presentation derive from the belief that the issue of media ownership increasingly shapes the way in which the media relate to public interest and citizens' rights.

REGIONAL OVERVIEW

SANDRA B. HRVATIN & BRANKICA PETKOVIĆ

1 INTRODUCTION

Noam Chomsky repeatedly points out a simple conclusion that no conspiracy theory is needed for the analysis of media deviations in western countries. A handful of individuals and corporations that today own the majority of media outlets, acquired their holdings by openly supporting political elites in the countries in which their media operate. When Chomsky was asked years ago how corporate elites controlled the media, he answered: "That's like asking how corporate elites control General Motors. They don't have to control it. They own it" (quoted in Halimi, 2002: 41-2).[1]

In order to be able to analyse media ownership, and resulting media concentration, one has to know the right questions. Media concentration as such is not a phenomenon exclusive to contemporary societies, but one of its new features is an almost "incestuous relationship between politics and the media." Politicians use (and abuse) media for their own political purposes. Today it seems impossible to remain in power without the support of the media. On the other hand, media owners use their media to promote and disseminate their own political views, and exploit politicians to achieve their own (corporate) goals. By answering the question of who owns the media we also answer the question of who holds the reins of power.

The close interrelation of media, political and economic capital (sometimes in the hands of a single person) is a common feature of EU member states as well as the 18 countries included in this study. This book represents an attempt to delineate some of the basic characteristics of the media markets in post-socialist countries of South Eastern and Central-Eastern Europe (including new EU members), and to place these in the context of the decade-long debate over media concentration in Europe. It provides an overview of "media transition," methods of media privatisation, legal frameworks, the current state of media markets, the largest media owners in these countries and their formal and informal political links. Most importantly, it highlights the implications of media concentration for the independence of the media.

In transforming their media systems, post-socialist countries looked for clear "European standards" regarding

1 Halimi, Serge. 2002. Novi psi čuvaji. Mediawatch/Maska, Ljubljana.

restrictions on concentration, protection of media pluralism, journalistic freedom and media independence, and in so doing, they turned to the solutions and models employed by established European democracies. But what, in fact, is the "European viewpoint" on these issues? What is the viewpoint of the European Parliament (EP), the European Commission (EC) and the Council of Europe? Indeed, these three European institutions pursue two different approaches.

It was the issue of media concentration that brought to light the differing opinions and interests of the EP and the EC. In the early 1990s, the EP first put forward certain requirements regarding media concentration. This was followed by two draft directives, extensive consultation and a number of public debates coupled with strong lobbying on the part of the media industry. Finally, in 1997, the EC had to admit failure of its media policy.

In its 1990 Resolution on Media Takeovers and Mergers,[2] the EP explicitly stressed that "restrictions on concentration are essential in the media sector, not only for economic reasons but also, and above all, as a means of guaranteeing a variety of information and freedom of the press". This standpoint was confirmed by another resolution in 1994, in which it called on the EC to propose a directive regulating both the ownership structure and content of the industry at a pan-European level. The EP considered media pluralism "an essential element in the construction of the European Union in accordance with the requirements of democracy (EP, 1994: §N).[3] In the opinion of the EP, the strengthening of the competitiveness of the European media should be accompanied by the strengthening of economic and cultural pluralism in this area. The EP repeatedly stressed that media concentration could affect the freedom of speech of the media as well as of every individual. The EP again alerted the EC to this issue in April 2004, when it published the Report on the risks of violation, within the EU and in Italy in particular, of freedom of expression and information.[4] The report, describing the level of media pluralism in eight countries with a special stress on the dramatic situation in Italy, was written by the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs of the EP. It

2 "Resolution on Media Takeovers and Mergers", OJ C 68/137-138. 15 February 1990.
3 Resolution on the Commission Green Paper "Pluralism and Media Concentration in the Internal Market", OJ C 44/179, 14 February 1994.
4 Report on the risks of violation, in the EU and especially in Italy, of freedom of expression and information, no. A5-0230/2004, PE 339.618, Rapporteur Johanna L. A. Boogerd-Quaak. See <http://www.europarl.eu.int>.

provoked a heated debate in the EP on 21 April 2004, which concluded with the EP calling on the EC to draft a directive on the protection of media pluralism in Europe.

Standards pertaining to this field do exist and are not specific to Europe but are universal. Article 10 of the European Convention on Human Rights guarantees freedom of expression and information with due respect for the principle of independence of the media. Provisions on media pluralism are contained in the Amending protocol to the European Convention on Transfrontier Television. Article 11, paragraph 2, of the Charter of Fundamental Rights of the European Union (2000/C 364/01) stipulates: "The freedom and pluralism of the media shall be respected." Council of Europe Recommendation No. R(99) 1 of the Committee of Ministers to Members States on Measures to Promote Media Pluralism recommends that the "member states should consider the introduction of legislation designed to prevent or counteract concentration that might endanger media pluralism at the national, regional or local levels."

Freedom of expression is a basic right of every individual. It is not geographically limited. It "belongs" equally to all citizens of EU member states as well as citizens of all other countries. There is no democracy without freedom of expression, nor without freedom of the media.

Why, then, is it necessary to regulate media ownership? Why must certain restrictions be in place? Media owners are in a position to influence media content, and the mere possibility that they would choose to exert such influence justifies restrictions. Their motives may be political, ideological, personal or commercial, but the outcome is the same. Media owners are those who dictate media content. In his book "Les nouveaux chiens de garde," Serge Halimi asks whether it is possible to imagine someone buying an instrument that offers the prospect of influence, but foregoing the chance of influencing the orientation of such an instrument (Halimi, 2002: 52). Fewer owners means lesser diversity of content. A prerequisite for the diversity of content is a variety of owners, meaning that media pluralism can be guaranteed only by plural ownership. Media concentration has an impact not only on media content but on the manner of reporting as well. The media are overwhelmed with "servile" (Halimi) and market-driven journalism (McManus) where the interests of owners and advertisers take priority over the interests of readers. Certain kinds of media content are used only as a guise to promote sponsored texts or advertising. In this case, "censorship is much more effective, because the interests of the owner are miraculously the same as those of 'information.'" (Halimi, 2002: 13) Investigative journalism and investigative articles are increasingly rare. Media owners tend to see journalists as non-essential items on their cost sheets, so streamlining in the media business is often accompanied by lay offs, salary cuts and widespread disregard for collective agreements. Today, the independence of both the media and journalists rests in the hands of media owners, and, consequently, so does the freedom of expression of every individual.

The regional overview is based on the reports and analyses of the media ownership in eighteen European countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo/a, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. The reports are made within the regional project led by the Peace Institute, and are published in the book *Media Ownership and Its Impact on Media Independence and Pluralism*.

Many reports in the book highlight the threat to pluralism posed by media concentration, a problem that is present in all European countries. For those who think that the situation in Western Europe is not near as bad as it is in post-socialist countries, there is one important message: *De te fabula narratur*. (This story speaks about you).[5]

5 Here we paraphrase Karl Marx's sentence in the preface to the first German edition of Capital. "If, however, the German reader shrugs his shoulders at the condition of the English industrial and agricultural laborers, or in optimist fashion comforts himself with the thought that in Germany things are not nearly so bad; I must plainly tell him, 'De te fabula narratur!'"

2 LEGISLATION – PROTECTING THE INTERESTS OF THE STATE OR THE CITIZENS?

Following changes in the political systems of the late 1980s and early 1990s, post-socialist countries had to adopt new legislation and replace restrictive media laws. One fundamental issue was how to determine the new owners of media outlets formerly owned by the state or political parties. The state and political parties had never been media owners in the real sense of the word, because their kind of ownership was not one driven by capital gain. The state had not been interested in profit but exclusively in having control over media content. In accordance with this goal, exercising of ownership rights took the form of appropriating the right of access to information. Therefore, media markets in these countries were not markets as we know them elsewhere. Market laws were dictated and controlled by the state and the instruments employed ranged from determining the price of newsprint and newspapers to setting the terms of distribution and a monopoly on broadcast license allocation. Circulation figures or data on the number of radio and television sets had only statistical value and were seen as proof that media were available (if only declaratively).

However, while the state was not interested in commercial gain, political gain i.e. influence, was certainly the focus of its attention. In most of these countries, private persons were legally prevented from founding media outlets (in most cases newspapers were subject to very strict licensing requirements); the appointment of editors was a mechanism designed to secure political loyalty and in the broadcast field, state-run radio and television broadcasters held a strong monopoly. To this list of hindrances we should add restrictions on freedom of expression (in fact, the state held a monopoly on public expression) that were implemented by way of various formal or informal interfering with the journalistic process. In practice, this censorship was effected through an intricate system of measures ranging from "legal prohibition of 'hostile propaganda' and dissemination of 'upsetting news' to ideological threats and psychological extortion of journalists and public speakers, etc."[6]

One would expect that changes in the political system would have prompted rapid changes in media legislation, but the reality was different. The adoption of new media legislation proved to be a long process and, more importantly, legislators lacked vision as to how this area should be regulated. This can be partly attributed to historical factors such as experience of restrictive legislation through which every organisational aspect and content of the media was controlled, and the role that the media (as representatives of civil society) played in political changes. In fact, there was a very short period of time in which the public interest was not in conflict with that of the state. As a result, the opinion that the newly acquired freedom of expression should not be limited by restrictive media legislation prevailed in most of these countries. Public debates were based on the assumption that media legislation was not necessary at all, that is to say, that the media should be left to be freely regulated by an ideologically and politically "neutral" market (as the media market was seen at that time). Therefore, most of these countries intervened in the media sphere only when the effects of market forces became manifest. Unfortunately, this intervention came too late.

Oscillation between the two poles, i.e. strict regulation and deregulation (liberalisation), was best demonstrated by repeated amendments to existing laws. In Bulgaria, for example, the 1998 Law on Radio and Television was amended nine times – twice in 1999, once in 2000, three times in 2001, twice in 2002 and once in 2003. These interventions clearly demonstrated the state's wish to (re)establish control over the media. Croatia amended its media laws eleven times in the past decade, with the law regulating public service broadcasting having been amended eight times. The current director general of the public service broadcaster, *Hrvatska Radio Televizija* (*HRT*), witnessed three legislative amendments in the course of his term in office. Some among these radically altered the composition of the *HRT* Council as the highest management and supervisory body – it changed from the Council whose members were appointed by political bodies, to the Council composed of individuals appointed by various civil associations (as representatives of the public interest), to the Council that represented a compromise between political interests represented in the Croatian Parliament. On the other hand, Estonia, for example, saw four bills pertaining to the media, but none of

6 For example, the Yugoslav law on public information from the 1980s prohibited the dissemination of "untrue" news, while the state (via its institutions) had the monopoly over "arbitration" i.e. deciding which information published in the media was true and which untrue. Rastko Močnik, 1984, "V boju za svobodo javne besede – danes" (Fighting For the Freedom of the Public Word – Today), a foreword in Marx, Karl and Engels Friedrich, Cenzura in svoboda tiska, Ljubljana. KRT, pp. 7–25.

these was passed. These bills were drafted with different goals in mind – some attempted to define what media should do and others lay down requirements concerning objectivity and representation of the interests of various social groups. Although the Estonian media are (indirectly) regulated by ten different laws, only the Broadcasting Act passed in 1994 directly addresses the media sector. But the Broadcasting Act was adopted two years after the majority of the current broadcast media were established and, much like media legislation in other countries, it has undergone several amendments. The bill drafted by the Estonian Ministry of Culture in 1995, proposing a system of regulation (licensing) of new publications owned by foreigners, is just one example of abortive attempts to introduce media legislation. Opposition from within the media community was so strong that the bill never reached Parliament.

In Moldova, the Press Law passed in 1994 has gone through eight amendments. Most of these changes pertained to the regulation of ownership relations. The Moldovan Press Law and the Audio-visual Law do not include the concept of owner but instead use the terms founders or co-founders, meaning that these laws do not address the concepts of ownership and concentration. Out of a total of seventeen amendments, only one directly addressed the issue of ownership by prohibiting cross-ownership between telecommunications operators and broadcasters. This article was subsequently invalidated by the Constitutional Court with the explanation that it restricted freedom of expression. Chapter 12 of the Press Law entitled "financing" was amended four times (in 1995, 1998, 1999 and 2001). According to the first (1995) amendment, support to the press provided by foreign legal and natural persons was allowed. However, the 2001 amendment prohibited the governments of foreign countries from supporting the Moldovan print media except in cases where such support was regulated through collateral agreements. This legislative initiative was tabled by the new parliamentary majority. The Audio-visual Law (passed in 1995) was amended seven times. The most significant amendments were those of 1999, stipulating that 65 percent of all radio and television programming be in the official state language.

One could argue that in many cases these frequent amendments to media laws were not backed by a clear vision of the implications of these changes. But some changes resulted from the lack of political will to implement the existing laws, only aggravating the effort to create favourable conditions for an effective functioning of institutions responsible for the implementation of laws.

When speaking of the difficulties experienced by these countries, we should not overlook the fact that they were not prepared for the new conditions created by changes in the political sphere, and that this brought about additional problems. Some countries gave in to the conviction that media laws were not needed at all, while elsewhere, media laws turned out to be a mixture of provisions and solutions employed by "comparable" European countries. Nor were various European institutions any better prepared for this situation. From their perspective, the post-socialist countries looked like a kind of uniform "eastern system." However, while it is true that the vast majority of these countries shared a communist or socialist past, their social systems were radically different in practice, as were their legal and media systems, and ultimately, their new governments and the pace of media democratisation. As a result, legislative models offered to those countries looking for "help" in adopting new media legislation were frequently inadequate. These were actually attempts to transplant to post-socialist countries various individual solutions (or complete media legislations) employed by EU member states. But these legislative proposals were unsuitable and, more importantly, not adapted to the needs of these countries. The case of Albania is a typical example of such an inadequate solution, a model that smoothly operates in the source country but causes difficulties in a country to which it is transplanted. The Albanian press law passed in 1993 was drawn up with the help of the German foundation, Friedrich Ebert. It was based on the recommendations of independent experts and modelled after the law of one of the German states. However, the makers of this law did not take into consideration the historical development and special features of Albanian society, i.e. the rudimentary media system that had been subject to total control in the past. The result was a law that the media community (which was excluded from the drafting process) assessed as restrictive. This law was replaced with a new one in 1997, and it included just one general provision: "The print media are free. Media freedom is protected by law." In light of such circumstances, it is not difficult to understand the words of Albanian poet and MP, Prec Zogaj, who concluded that the Albanian media found themselves in a situation in which there was "freedom of the press, but no free." (*Indexmedia*, 2002 (1):39)

In contrast to the print media that were left almost entirely to market forces, the broadcasting sector continued to be influenced by the state. Most of the countries examined here introduced special authorities that were responsible for broadcast license allocation with a view to public interest, and for the supervision of radio and television stations i.e. their compliance with the applicable laws. The problem was that in many countries, these authorities were introduced too late, only after many important decisions had already be taken by the state. For example, all until 2000, when the Lithuanian Radio and Television Commission was established, the Lithuanian public broadcasting sector was strictly regulated, in contrast to the private/commercial sector that was subject to virtually no regulation. Until the establishment of the Commission, the majority of radio and television stations operated on the basis of their foundation certificates which, however, did not regulate their basic activity – radio and television broadcasting. In Slovenia, from 1990 until the adoption of the Mass Media Act in 1994, the national authority for broadcasting frequencies (Telecommunications Office) allocated broadcast licenses even though there was no legal basis for allocation. The issuing of licenses began in 1993 under the guise of democratisation and under public pressure, and most licenses were granted to commercial broadcasters. All the important licenses, that is to say, those covering the largest portions of the country, were distributed before the adoption of the Mass Media Act. Consequently, the newly founded supervisory body, the Broadcasting Council, which according to this law was responsible for license allocation, inherited an exhausted frequency fund, chaotic ownership relations and invalid (or non-existent) programming concepts that served as the basis for granting broadcast licenses. In other words, the law established a regulatory body that could no longer influence the future development of the country's broadcasting sector.

Obviously, these formally independent institutions with wide authority, ranging from licensing and passing of decrees to supervising broadcasters' operations, face numerous problems in their work. The method by which their members are appointed – one of the basic criteria in assessing the independence of such institutions – is just one among many controversial issues. In Albania, the seven-member council is confirmed by Parliament – one member is proposed/recommended by the head of the state and six by political parties (the ruling and opposition parties). In Bulgaria, members of the Electronic Media Council are nominated by parliamentary parties and the President. In Slovenia, the seven-member council is nominated by civil institutions (the university, the journalists' association, the chambers of culture and commerce), but approved by Parliament. In Serbia, the implementation of the Broadcasting Law (passed in 2002) was delayed over the appointment of the Broadcasting Agency members. In fact, when appointing two members of the Agency, the previous Serbian Parliament, as the supreme legislative body, violated the provisions of the law that it itself adopted. Regulatory bodies nominated by political actors are primarily accountable to politicians and only later to the public whose interests they should be representing. Their independence can be restricted in various ways: by reducing their funds (Croatia, Slovenia), by refusing to confirm their annual reports (Albania, Poland), or by obstructing the implementation of public supervision (shortage of staff).

3 MEDIA PRIVATISATION

One of the basic questions related to the changes in media systems was the determination of the owners of existing media outlets. The media (radio and television systems) were the property of the state, political parties and associations, or, in the case of the former Yugoslavia, media outlets were socially-owned. While in principle there existed a political decision to leave the media to market forces, there was no such "consensus" regarding the method of privatisation. In most of these countries, privatisation began spontaneously, to be regulated by the state only later. Eventually, media were either sold off or ended up in the hands of the state or various state funds. To put it differently, in those countries in which media were socially-owned, state-controlled media were transformed into state-owned media.

In the Czech Republic, for example, the majority of the country's media companies were privatised during the period of spontaneous privatisation (1990 to 1992), with the remainder during the period of state-controlled privatisation (1992–1994). In 1993, not a single media company in the Czech Republic remained in the hands of the state. The Czech Republic was also the first among the Central and Eastern European countries to allocate a television license with national coverage to a private owner (*TV Nova* received a national license in 1993). The new media owners who acquired their media shares in the period of spontaneous privatisation badly needed strategic partners to invest money in the development of these media, because they did not have capital of their own. Journalists and former employees of media companies who acquired media shares during this period sold these once their market value increased.

In Estonia, for example, the privatisation process of the state-run media lasted approximately five years (1991 to 1996). In 1997, the state held only a few print media targeted at specialised readership. The initial course of privatisation was partly induced by the inactivity of the state. The moment the state could no longer provide the print media with production essentials (e.g. newsprint), media companies established their own departments whose task was to generate revenue from advertising and provide money for the purchase of essential supplies on the grey market. These privately managed media naturally wished to be formally privatised. But although the state abandoned its responsibilities towards its own media, it did not completely surrender the opportunity to influence them – pressure on journalists continued. The opinion that prevailed among journalists was that, in order to protect freedom of expression and ensure independence, the best solution was to sell media to their editorial offices. This was what *Postimes* did, a newspaper that later evolved into the largest media company in Estonia, Eesti Media. In contrast to national dailies, the local and regional dailies in Estonia experienced an entirely different fate. Most of these were simply "handed over" to local governments to be managed by them. Their privatisation (until the end of 1996) was accompanied by a number of conflicts. Local politicians openly interfered with journalistic work. Some went so far as to appoint local politicians as editors in chief. The ultimate result of the privatisation of local newspapers was a sell-off, with most of these going to large foreign-owned media companies.

The privatisation process in Latvia was similarly spontaneous in the initial phase and only later regulated by the state. Spontaneous privatisation raised the issue of determining formal ownership rights. The "new state" took over all property of the "former state" (including state-owned media), but the issue of property of the former Communist Party and related organisations remained open. The privatisation of media previously owned by the Communist Party began and ended even before the state determined to whom these media actually belonged. The second round of privatisation began in 1992 with the adoption of the Law on Privatisation. The largest Latvian daily, *Diena*, was privatised in accordance with this law. Only six years later, in 1998, did the state commence with the privatisation of the country's largest printing house. And it was precisely in the area of press distribution where concentration actually continued, despite the state monopoly's never having been properly eliminated.

In Lithuania, the privatisation of the print media began in the 1990s when the Government discreetly agreed to stop interfering with the media. The majority of media outlets were privatised to journalists and employees. Several years later, when their price increased, most sold their shares to large publishing companies or foreign investors.

Privatisation in Hungary followed a similar path with the period of spontaneous privatisation having been followed by privatisation based on the newly adopted legislation. However, spontaneous privatisation, frequently labelled as "scandalous", later proved to have involved fewer irregularities than state-controlled privatisation; the greatest scandals accompanied the legislation-based privatisation of the largest national media.

Unlike the majority of other post-socialist countries, Poland pursued the model of state controlled privatisation from the very outset. The privatisation of the largest publishing company RSW (The Workers' Publishing Cooperative, "Press-Book-Ruch") that had dominated the Polish print media market for 40 years, may be taken as a model of print media privatisation in Poland. At the end of the 1980s, RSW was one of the largest media companies in Central Europe. The legal framework for the privatisation of RSW was laid down by the 1991 Act on Liquidation of The Workers' Publishing Cooperative "Prasa-Książka-Ruch." The process of privatisation was carried out by the liquidation commission appointed by the Prime Minister. In carrying out this privatisation process, the commission pursued three basic strategies: "assigning newspaper and magazines to staff co-operatives (this required approval from more than half the employees who were required to invest three-month's salary in the purchase), selling off the press titles to private owners, and returning the remaining property to the control of state treasury."[7] At the beginning of its activities, the commission controlled the privatisation of 178 newspapers and periodicals, of which 71 were given over to editorial teams (including two leading news weeklies), 104 were sold to private owners and three were returned to the control of the state treasury. In 2000, the Commission submitted its final report (accepted by the Minister of finance) and formally concluded its mission. It turned out that the primary result of the process was the dismantling of this media giant, but the goal of safeguarding media pluralism was not achieved.

In the case of Slovakia, it is not possible to speak about a specific model of privatisation. All print media had to struggle with the strong interests of the Government, both at the beginning of privatisation as well as later in connection with access to distribution networks and printing plants. The largest distribution network with a monopoly on the market was privatised in 1998 (six months ahead of elections). It was privatised to individuals very close to the ruling party.

7 See report by Beata Klimkiewicz in the book *Media Ownership and Its Impact on Media Independence and Pluralism*, Peace Institute, Ljubljana, 2004.

Albania saw no privatisation of the media sector, so one cannot find journalists, editors or former media employees among the current media owners. *Zerri i Popullit*, the largest party daily in the previous system, is owned by the Socialist Party. The Albanian Directorate of Economic Competition, charged with exercising control over the price of newspapers, cannot exercise such control over party newspapers and magazines because these are exempt from the Law on Competition.

Early privatisation in Bosnia and Herzegovina was uncontrolled and the process is still underway. Local and cantonal authorities still have shares in the media and frequently use them to exert pressure on journalists.

According to official data, in 2003 the Croatian Government was the largest media owner, although the privatisation of media in Croatia began as early as the late 1980s. The Government still owns 83 media companies, among these two daily newspapers, tens of local and regional publications, a press agency, a printing company, the public broadcaster, *Hrvatska Radio Televizija*, and the public company, Transmitters.

4 MEDIA MARKETS

When comparing media markets in post-socialist countries we compare not only markets of different sizes, but primarily markets offering essentially different conditions for media operation. In certain countries, data on media business operations are not transparent – either no central register of companies exists, or data on ownership stakes supplied by media companies are not checked, or circulation figures are not available despite legal obligation to publish these (in some countries circulation data are treated as a business secret), or there exist no independent surveys of the readership or audience shares.

Despite these differences, it is possible to identify certain common denominators. Most of these markets are small and fragmented, hosting a great number of media, particularly broadcast media, or there are parallel markets divided along linguistic lines. Another feature shared by these markets is the existence of close links between the largest and the most influential media on the one hand, and local owners of capital and political parties on the other. This underlines the urgent need to have transparent ownership data. Public access to data on media ownership and owners' business and political links enables citizens to form an opinion on the editorial policy of a specific media outlet. Unfortunately, data on ownership stakes cannot reveal other potential forms of corporate linkage between companies that are not officially related or merged, although it is precisely these informal links (those not listed in any register) that may point to the conflict of interest or, indirectly, to editorial dependence of a particular media outlet.

Local media markets within these countries introduce a special kind of problem. These markets suffer the most serious consequences of media concentration and of the interplay of economic, political and media power concentrated in the hands of a single owner. Local media markets are particularly sensitive to various kinds of external pressures. Owing to the limited advertising potential (and local advertisers are also local entrepreneurs and politicians) and dependence on advertising income, it is journalists working for local media who are particularly exposed to strong pressure.

Private media outlets are frequently not seen as business undertakings but exclusively as tools for achieving economic or political power. For example, print media in Macedonia are not propelled by market laws. Advertisers do not buy advertising space on the basis of circulation figures or reach, but on the basis of media relations with influential political and business circles in the country. Those companies whose chairmen or executive directors are close to government circles or political parties place their advertisements with the media that support government policies. This politics-friendly advertising artificially keeps alive certain publications that would otherwise never be able to survive on their own.

A single owner thus frequently impersonates a combination of media, economic and political capital. One of the most powerful Macedonian businessmen, Ljubisav Ivanov, is the owner of *Sitel* Television. Officially, the owner of this television station is RIK SILEKS, a shareholding company of which Ivanov is the majority owner, chairman and general manager. This same shareholding company is the founder of eleven other companies operating in various fields ranging from mining, industry and agriculture to trade and finance. The example of the former Macedonian Minister of finance, who is the owner of one of the largest local television stations, *Kanal* 5, also indicates close connections between politics and the media.

The co-owner and president of the Latvian radio station, *SWH*, who was criticised for his open support for the liberal Latvia's Way party during the run-up to the elections, claimed that on his radio station he could "do whatever he wants," unless it scared away the audience.[8] Foreign media owners buying media shares in post-socialist countries are well aware of the importance of local political "support". Martin Pompadur of Murdoch's News Corporation stated for the Bulgarian *Capital* weekly (February 6, 2000): "I cannot imagine us investing in newspapers. We own newspaper business in Australia, UK and a daily in USA, but outside the English-speaking world we would really feel uncomfortable in press business. In many countries newspapers have political affiliations, but we always insist on 100 percent independence."[9]

Bodo Hombach, CEO of the German media concern, WAZ, stated for the Macedonian *Dnevnik* weekly (1

8 Ilze Nagla, Anita Kehre, an interview with Zigmars Liepins.

9 This is obviously an official standpoint of News Corporation relating to "newspaper business" in Central and East European countries. A similar statement by Martin Pompadur can be found in the report by the European Journalists' Association, *Eastern Empires, Foreign Ownership in Central and Eastern Media: Ownership, Policy Issues and Strategies* (2003: 7): "We are not interested – it's too political to own newspapers in some European markets."

November 2003) that WAZ ensured the independence of editors and journalists working for their newspapers. "The situation with the media in Southeast Europe is rather hard, but wherever we are, the media are stable. We watch journalists' backs, so they can concentrate on their job." WAZ appointed Srđan Kerim, a former diplomat and the former Foreign Affairs Minister in the VMRO-DPMNE–Liberal Party coalition government a member of the managing boards of all three Macedonian papers owned by WAZ.

Željko Mitrović, the owner of *TV Pink*, the most popular regional television station in the former Yugoslavia, was an MP in the former federal Parliament as a candidate of Mirjana Marković's party (Slobodan Milošević's wife). He described his involvement in politics as a pragmatic business move. In his words, he was never interested in having a political role but accepted it for business reasons – to protect his business.[10]

Among the largest owners of the Albanian *TV Koha* one finds the Minister of Agriculture and the mayor of an important Albanian city. Most of the "local/domestic" media owners are also owners of other businesses, and these other businesses are the source of funds used to support media outlets. Therefore, advertising revenue is not an issue for these media companies. The main advantage of media ownership is the potential to exert political influence. Media power is political power, so for media owners, media outlets are primarily a political lever of influence.

Some owners buy media in order to secure support for other lines of business. In Kosovo/a, for example, Ekrem Luka owns the most popular radio in Kosovo/a, *Radio Dukagjini*, *TV Dukagjini*, Dukagjini Publishing House and Dukagjini Printing Plant, a basketball team, a tobacco company, a construction company and an insurance company.

In Bosnia and Herzegovina, state subsidies and donations rather than distribution and advertising revenues continue to be the main sources of income for media companies. Since 1996, the U.S. Government alone has invested some USD 34 million to support independent broadcast and print media. Add to this the donations of the European Commission and various NGOs (e.g. Open Society), and it becomes obvious that the apparent media pluralism, albeit mainly external, is predominantly based on various forms of aid. "But it is a question how many media would be able to sur-

10 Dragan Đoković, an interview with Željko Mitrović, December 2003.

vive without this help. One consequence of their dependence on donations is demonstrated through their specific political dependence on institutions or countries that provide these funds. Experience has shown that the majority of sponsored media have been created as political projects and thus failed to achieve commercial success."[11]

In Moldova, the Law on Sponsorship and Philanthropy does not differentiate between media outlets and other beneficiaries of sponsorship schemes. The share of sponsors' money in some media amounts to as much as one-third of total revenue. But media sponsors, although likely expecting favours in exchange for their support, remain hidden. By definition, sponsorship means direct or indirect financing of media with the purpose of promoting the sponsor's name, trademark or image. A media outlet that is sponsored but declines to publicly disclose the name of the sponsor, or identify content that is being sponsored, cannot claim any real credibility.

One form of interference with the media market is distribution or redistribution of various kinds of state aid. In Albania, for example, there is no portion of the state budget earmarked for the support of media pluralism, but the state does intervene in this field, for example, by renting office space at a price lower than that on the real estate market. However, given the lack of precise criteria and non-transparency of selection methods, this kind of intervention may be abused. When selecting media for state-sponsored advertising, which represents a considerable part of the total advertising revenue on the Albanian media market, the state opts for those media that are not critical of the Government and its policies.

Hungary also knows a "grey zone of subsidies" consisting of advertising money paid by government organisations, state-owned companies, municipalities and so on. While the amount of this sum is difficult to estimate, most experts agree that it accounts for 8 to 10 percent of the aggregate advertising spending (approximately EUR 500 million in 2002). This kind of advertising is not driven by market forces, but given the total amount of money generated in this way, grey advertising is more important and more influential than other official sources of state aid.

One of the basic problems of media markets in post-socialist countries is monopolies over press distribution. In

11 See report by Tarik Jusić in the book *Media Ownership and Its Impact on Media Independence and Pluralism*, Peace Institute, Ljubljana, 2004.

most of these countries, it was precisely the privatisation of distribution networks that demonstrated that by restricting access to distribution, it was possible to control the entry of new media. In Bulgaria, for example, the distribution network is in the hands of only a few owners. Two distributors have ownership links with the largest publishers (one is WAZ), so by setting unfavourable terms of distribution they can influence the market position of other print media. The third distribution network was bought by the consortium of the Bulgarian print media established exclusively for the purpose of this purchase with a view to securing better circumstances for the distribution of their publications. In Albania, distribution networks cover bigger cities. Add to this the fact that the monthly subscription to a daily newspaper amounts to 13 percent of the average salary, and it becomes obvious that the already limited market is subject to additional restrictions.

We have already said that media markets are not primarily driven by economic factors. A relatively large number of daily newspapers were launched with the intention of securing certain political interests. Hungary, for example, has four political dailies. According to industry analysts, the Hungarian market can sustain only two titles: the centre-left *Népszabadság* (49.97 percent owned by Ringier A.B., 17.68 percent by Bertelsmann A.G. and 26.5 percent by Free Press Foundation) and the centre-right *Magyar Nemzet* (its majority owner is a Hungarian who is also editor in chief).

The Polish print media market, dominated by foreign owners, is characterised by intense consolidation. There were 25 mergers in 2000, with this number rising to 31 in 2001. According to the 2002 report from Arthur and Andersen (Report on the Media Market in Poland), this represents 7 and 8 percent of all mergers in Europe respectively. The investment needed to launch a new daily is currently estimated at EUR 22 million, a sum approximately twelve times less than that needed to launch a new private TV channel with national coverage. Local and regional media markets are those that suffer the most serious consequences of media concentration, mergers and consolidation. As a result, the regional media market is almost completely in the hands of the two biggest market players, the Norwegian Orkla and Polska Press.

In the Czech Republic, foreign investors initially employed the strategy of media ownership expansion. Particularly active were smaller German publishers who acquired almost complete control of the local and regional newspaper market. And why did large media corporations such as WAZ or Alex Springer decide not to enter the Czech market? One possible explanation is that "big players" were primarily interested in the purchase of national dailies, but at that time they were either unprofitable or already had owners that were not willing to sell their majority shares. Some time around the year 2000, the German investors reached a mutual agreement on the future of the Czech regional press. Today, the publishing house Vltava-Labe-Press, owned by the German Verlagsgruppe Passau, controls nearly all regional and local newspapers in the Czech Republic. VLP's Bohemia division publishes 45 daily newspapers, and the Moravia division 9 daily newspapers. VLP also publishes the Prague evening paper *Večerník Praha*, 17 weekly papers as supplements to individual regional dailies, and 2 independent regional weeklies. New media are virtually prevented from entering the regional newspaper market.

The largest circulation daily in Kosovo/a is *Koha Ditore*, published by the private company Koha Group owned by Veton Surroi. The Koha Group portfolio also includes the Koha Print printing house, *Koha Vision Television* (*KTV*) with national coverage, and the Koha Net Internet Provider. The *Koha Ditore* daily can sustain itself, while the television station is financially supported by various NGOs (e.g. Open Society) and governmental organisations (e.g. USAID). *Radio Television 21* (*RTV 21*) is a private multimedia company owned by the Saracini/Kelmendi family, comprising *Television 21*, *Radio 21* and the web radio, *Radio 21.net*. Neither of the two television stations (*KTV* and *Television 21*) would be able to survive on the market without foreign aid. Neither can the newspaper market sustain all five dailies currently published in Kosovo/a (only *Koha Ditore* is self-sustainable). Furthermore, none of the weekly newspapers generates a profit. Of the five weekly newspapers currently published, only *Zeri* has a chance of surviving in the market.

To briefly recapitulate, the media markets covered by this study are defined by the strong presence of foreign owners and close links between owners and people wielding economic and political power. Their other common features include an expanding market for tabloid media, concentration of local and regional markets, and a great number of radio and television stations operating in haphazard broadcasting markets with weak public service broadcasters.

In the past decade, the broadcasting market changed at a slower pace and was more thoroughly regulated by the state. The majority of these countries inherited state-run monopolists in the radio and television broadcasting sector from the previous system. But these radio and television companies, scheduled to be transformed into public services, were not ready for change. The majority had inefficient organisational structures, were overstaffed, poorly managed and lacked vision or desire to change. The promises given by the new governments were only declarative commitments, but the authorities failed to create the essential conditions for the transformation of state-run companies. Consequently, one decade of change in the broadcasting market may be described as ending in the replacement of the state monopoly with the commercial sector monopoly.

In Slovakia, *TV Markíza* has ended up with no real competitor. Slovakia passed anti-concentration legislation only in 2000, but its implementation proved to be a problem. Not one ruling of the Council for Broadcasting and Retransmission issued by 2003 established a breach of anti-concentration provisions. The Council is elected by Parliament, so powerful media groups can influence the selection of candidates and prevent unfavourable consequences for their businesses.

In Hungary, the two national commercial television channels, *TV2* (80 percent owned by SBS) and *RTL Klub* (49 percent owned by CLT-Ufa S.A./Bertlesman, 25 percent by Matáv Rt. and 20 percent by Pearson Netherlands B.V.) had a combined audience market share of almost 60 percent in 2003, and around 90 percent share of the advertising market. The situation on the radio market is not much different. The shares held by the two national commercial radio channels broadcasting under the brand names *Danubius* (100 percent owned by Advent International) and *Sláger* (Emmis Broadcasting International Corporation - 54 percent, Credit Suisse first Boston Radio Operating B.V. – 20 percent, and Szuper Expressz Kft – 15 percent) are estimated at some 50 percent of audience market share, and more than a 60 percent of advertising market share. The Hungarian Broadcasting Act was passed after long parliamentary debates in 1995. The only relevant changes to the Broadcasting Act of 1996 were legislated in 2002, but they did not touch upon anti-concentration provisions; the Competition Act of 1996 has been amended several times.

The Polish broadcasting market is divided between one strong public broadcaster (53 percent market share) and several private broadcasters (47 percent share). The television landscape in Poland was shaped during the first licensing period (1993–1994). The main goal was initial pluralism of broadcasters addressing different audiences instead of competing for the same audience segments. Accordingly, licenses were granted to 11 domestic broadcasters (one national – *Polsat*, one supra-regional – *Telewizja Wisla* and nine local) and one foreign broadcaster (pay TV – *Canal Plus*). This strategy envisaged a balanced development of the television broadcasting market in which the dominance of the public broadcaster, already offering two national channels (*TVP I*, *TVP II*), 11 regional channels, 1 satellite channel (*Polonia*) and a TV newspaper channel (*Telegazeta*), would be offset by a strong private sector. In 2000, Poland had 40 TV channels, among them two digital platforms, eight national and supra-regional domestic channels and nine local TV channels. The 2003 report by the National Broadcasting Council noted an increased capital concentration in the radio market, in particular the intensified activities of two owners of local radio station networks – Agora (in 2003 it owned 28 local stations) and ZPR (24 local radio station, 21 of these incorporated in the Eska network). More than half of the local radio stations operating in the 7 largest local markets in Poland are concentrated in the hands of these two owners.

Czech media legislation does not restrict foreign participation in media. The only limit on cross-ownership in the Czech media pertains to the broadcast media – under the Broadcasting Act of 2001, one company may hold only one nation-wide television or radio broadcasting license. According to the criteria of the Czech Office for the Protection of Competition, all mass media form a single market. In the market thus defined (the threshold is 30 percent), no publisher, broadcaster nor media company can have a dominant position on the "relevant market."

The Macedonian broadcast market is highly segmented. Legal restrictions prevented concentration of media ownership. Under Macedonian law, a broadcasting concession may not be transferred to a third person. In practice this meant that it was not possible to buy an existing media outlet but prospective media owners had to establish new ones (i.e. apply for a frequency license). Understandably, pressure on the regulatory body, the Broadcasting Council, was very strong. It is possible to argue that in those countries that introduced clear legal provisions restricting concentration, and in which regulatory bodies adhered to the implementation of these restrictions, there was no significant media concentration.

Among the key instruments used to prevent concentration in the media market are general competition legislation (and, more importantly, its implementation) and special restrictions included in media laws. Most of these countries do have general competition laws and special "safety valves" incorporated in media legislation, but what presents difficulties is the application of general competition provisions to the media field (definition of the relevant market, dominant position and abuse of this position), a problem that is only augmented by the inefficiency of special institutions protecting competition.

Most of the competition protection laws define concentration as cases in which individual companies together with related persons control 40 percent of the relevant market. In Albania, for example, provisions are quite clear prohibiting the reduction of prices if the aim is the elimination of competition; damaging of reputation (i.e. false statements about competitors in order to ruin their business); convincing of employees to breach their contract with a competitor and hiring those employees in order to gain a competitive edge. In reality, however, breaches of these provisions are a common practice.

5 PARALLEL MARKETS

One feature of the post-socialist media markets is the existence of parallel markets divided along linguistic (and ethnic) lines. Parallel markets operate as part of the internal market or, in some cases, they are the result of a special form of media "intrusion" from another (neighbouring) country. Take, for example, the Moldovan media market. It is divided into the Romanian-language and Russian-language markets. The *Komsomoliskaia pravda Moldova* is an eight-page publication inserted in the periodical published in Moscow and distributed in Moldova. The Russian radio stations in Moldova "inform the Moldovan audience about weather forecasts for the Moscow region, decisions of Russian leaders, books published in Moscow which the Moldovans cannot buy, … and even about traffic jams on Moscow streets."[12] However, the audience for these radio stations are the citizens of Moldova, many of whom have never been to Moscow or will never go to Moscow. Newspaper supplements and inserts, radio and television programs broadcast by foreign television stations and re-transmitted in Moldova, are characteristic features of the Moldovan parallel media system. Another feature is two speeds of development: a slow pace of development characterising national daily newspapers and broadcast media with national coverage, and a faster pace for weekly newspapers, local media and publications owned by political parties. A conviction held by Moldovan businessmen (mainly ethnic Russians) is that "a good business is a Russian language newspaper." But the polarisation of the Moldovan media market into the Romanian- and Russian-language markets has another consequence too: it obscures the presence of other ethnic minorities that remain unheard and unseen.

In some countries, the existence of parallel (language) markets cannot be said to promote pluralism, but the effect is just the opposite: exclusion, or media ghettoisation. In Estonia, for example, approximately 400,000 Russian-speaking citizens can choose from among 20 newspapers in Russian. After the Government decided, in 1993, to stop translating television programs, the Russian-speaking population formed consumer cooperatives, bought satellite dishes and started to watch Russian channels by satellite. It is possible to say that the television sector in Estonia is divided between

12 Vasile Butnaru, "The information space of commercial radio stations imitates the Russian patterns " in *Mass Media in Moldova*, analytic bulletin, December, 2001, p. 8.

the Russian and Estonian ethnic groups, with each of the two viewing programs exclusively in its native language. The information and media markets in Latvia are similarly polarised along linguistic (ethnic) lines. The number of Russian print media has been on the increase, in contrast to the Latvian print media market that experienced consolidation. The print media in Bosnia and Herzegovina are faced with strong competition from newspapers published in Croatia and Serbia and distributed across Bosnia and Herzegovina. The Montenegrin radio and television market was directly influenced by political events, i.e. relations between Serbia and Montenegro. In 1990, there was only one, state-run broadcaster in Montenegro. The only competition it faced was that from *RAI UNO* and *RAI DUE* that were watched more than the programming offered by the state broadcaster. Today Montenegro has a number of its own radio and television programs and their strongest competitors are Serbian channels. In fact, virtually every Serbian television station, except *B92*, is present in Montenegro, either broadcasting on temporarily acquired frequencies or as part of the programming of Montenegrin radio and television stations. One should add that Serbian print media are also regularly distributed in Montenegro. By contrast, no Montenegrin radio or television station broadcasts its programming in Serbia.

The public service broadcaster in Macedonia broadcasts in Albanian, Turkish, Romany, Serbian, Vlach and Bosniak, that is to say, in the languages of various ethnic minorities living in Macedonia. Of the 54 local commercial TV stations, 13 air programs in Albanian and two in Romany; of the 67 local commercial radio stations, ten air programs in Albanian, three in Romany and one in Turkish. One radio station in Skopje broadcasts a bilingual program (in Macedonian and Albanian). It is obvious that there are several parallel language markets in Macedonia. But when determining whether a certain company abused its dominant position on the print media market, the Macedonian monopoly authority decided that the notion of the relevant market should also include newspapers in Albanian, explaining that the readers of Albanian-language newspapers are also able to read newspapers in Macedonian. It thus ignored the basic characteristic of parallel markets i.e., language differentiation, as well as the fact that it is disputable whether the Macedonian-speaking population can also read newspapers in Albanian.

Finally, let us mention the case of Kosovo/a, where parallel media markets mainly consist of the Serbian- and Albanian-language media. *Zeri* and *Java* are the two Albanian weekly newspapers with the largest readerships; *Jedinstvo* is the only weekly in Serbian, *Alem* the only weekly in Bosniak and *Yeni Donem* in Turkish. The needs of the Serbian readership have been addressed by OSCE which has been providing distribution of some Belgrade dailies and other print media to the Kosovo/a Serbs.

One could say that, in addition to the public broadcasters that address ethnic minorities living in various countries, it is mainly the parallel markets, which operate as separate (closed) markets, that target their products exclusively at specific ethnic groups. Most problems arise from the fact that the neighbouring (native language) countries intrude with their media that are supported by larger readerships and consequently bigger advertising markets.

6 SIGNIFICANT INDIVIDUALS

A quick look at the media owners in almost every country covered by this study reveals prominent individuals. An overview of their profiles allows us to identify several types of strong individual media owners.

The first group would thus include owners or co-owners of big companies from fields other than the media industry, e.g. oil trade, construction, real estate, banking, even the arms trade. All of these individuals also control several media outlets. Frequently, they are cross-owners of newspapers, radio and television stations and in some cases, family members represent co-owners in their businesses. In Albania, for example, Koco Kohedhima owns the Spekter company, which publishes three daily newspapers and a weekly. He also has shareholdings in a television station and an advertising agency. The co-owner of the company that owns *A1 television* is Koco Kohedhima's brother. Kohedhima also owns companies that deal with construction, advertising, oil refining, etc. In Estonia, Hans H. Luik is the head of the large media concern, Ekspress Group, which owns one weekly and co-owns a daily newspaper that in turn owns three free newspapers. Express Group's other businesses include a printing plant and a book publishing company and, in addition, it is a joint-owner, along with the second-strongest media group, Eesti Media, of the most popular tabloid, 20 journals and a door-to-door delivery service. Luik also has business interests in other industrial sectors like real estate and waste management. In Poland, Zygmunt Solorz-ffak is the owner and chairman of the Polsat group whose flagship is *Telewizija Polsat*. This group owns a range of other broadcast media in Poland and Lithuania, a digital platform and more. In addition, Polsat invested in a pension fund, a life insurance company, in banking, and has a shareholding in a cellular telecommunication network operator. In Serbia, the brothers Bogoljub and Sreten Karić are the owners of a television station with national coverage which also broadcasts via satellite; they own a radio station and several magazines, and through the Astra company, they are the owners of a cellular network operator, construction companies, a bank, a college etc.[13] (After the conclusion of our research, Bogoljub Karić entered politics and participated in presidential and local elections in Serbia.)

13 See <http://www.astragroup.co.yu/eng/e_okompaniji.html> (accessed on 14 April 2004).

In most of these cases, business interests of media owners find expression in the programming of these media, in their manner of reporting and their selection of advertisements.

The second group would include individual media owners with distinct political affiliations, past or present positions within political parties, governments or parliaments. Such an example would be Nikolle Lesi in Abania, the owner of the media publishing house, Koha, which publishes two daily newspapers. Lesi and his wife are the owners of a radio station, and in the past, Lesi owned a television station and a magazine. Nikolle Lesi has been a member of two successive parliaments. Formerly affiliated with the Socialist Party, he is now the leader of the Democratic Christian Party. He is also a member of the Parliamentary Commission on Media.

In Serbia, the most widely known representative of this group would be the owner of the *Pink* television station, Željko Mitrović, who was affiliated with the party led by Mira Marković, Slobodan Milošević's wife. In Slovakia, it is Pavol Rusko, the Minister of Economy in the present Slovakian Government, and the leader of the ANO party (claiming liberal orientation), which is a member of the Government coalition. He indeed disposed of his shareholding in the country's strongest and most influential media outlet, *TV Markíza*, before he entered politics, but he sold his interest to a friend whom he then appointed as his consultant. In addition to *TV Markíza*, the Markíza Group also owns a weekly newspaper, a daily newspaper and the *Okey* radio station. *Markíza* has been criticised for skewing reporting to favour the interests of Pavol Rusko and his party. In Macedonia, this group of significant media owners would include Ljubisav Ivanov, a Socialist Party member and an MP, and Boris Stojmenov, the former Minister of finance. In Moldova, Iurie Rosca, the leader of the Christian Democratic Popular Party is the owner of the *Flux* daily. In Bosnia and Herzegovina the owner of the largest newspaper publishing house, NIK Avaz, Fahrudin Radončić, was allegedly affiliated with the SDA party for many years.

The third group comprises strong publishers, owners of printing plants, distribution and sales networks, who do not have significant business interests in other industrial branches or obvious political functions. However, they control a significant portion of the media market. In Croatia, this group would include Ninoslav Pavić, a co-owner of one of the largest newspaper publisher, Europapress Holding;

in Kosovo/a, Veton Surroi, the owner of a daily newspaper, a television station, a printing house etc.; in Bosnia and Herzegovina (Republika Srpska), Željko Kopanja, the owner of daily newspaper, a radio station and a printing house; in Romania, Adrian Sarbu and Ioan Tiriac, with shares in a television station, a radio network, a news agency, regional weekly magazines and a national press distributor; in Montenegro, professor Miodrag Perović, with stakes in a weekly newspaper, the *Antena M* radio station and a printing house, and in a daily newspaper in which his daughter is co-owner. In some countries, these media owners do not (yet) yield big profits, but their potential for control and influence is indisputable.

However, the categorisation of concrete individual media owners in the three groups is certainly not definite since their profiles change according to changes of their economic and political interests.

7 MEDIA INDEPENDENCE

Editorial independence with respect to the publishers and owners, as well as the need to ensure elaborate mechanisms and safety valves that would protect journalists against the influence of media owners, are the two issues confronted by the media communities of all countries covered by this study.

7.1 LEGAL PROVISIONS PERTAINING TO MEDIA INDEPENDENCE

In many countries studied here, media legislation does not include provisions that would explicitly address editorial independence from the publisher or owner, nor mechanisms for ensuring such independence.

In Poland, one among the group of new EU member states with a large media market, rich media activity and large journalistic community, media legislation does not include explicit provisions pertaining to independence. Other legislations only touch upon editorial independence, like the Albanian Broadcasting Law which includes only the following sentence: "Editorial independence is guaranteed by law." However, mechanisms for the implementation of this provision have never been elaborated and the Broadcasting Council has never intervened on the basis of this provision.

It should be added, however, that provisions pertaining to independence are more frequently found in broadcasting legislation than in press laws. For example, Macedonian and Polish broadcasting laws include general provisions that broadcasting activity shall be based on independence and autonomy of broadcasters and broadcasting organisations.

On the other hand, the Moldovan Press Law, the Slovenian Mass Media Act and the Croatian Media Law stipulate that the relations between publishers and editorial offices shall be regulated by statutes. Moreover, the Croatian media law is quite precise in stipulating that editors have the right to resign if the publisher changes its editorial policy. The Mass Media Act in Slovenia stipulates that the publisher must seek the opinion of the editorial office prior to implementing any radical change to the concept, as well as prior to the appointment or dismissal of the editor in chief. The internal acts of some Slovenian media go even further by requiring that the publisher obtain approval from the editorial board prior to the appointment or dismissal of editor in chief. However, such participation of editorial boards in the appointment of editors in chief – through opinions or even approvals – is rare and not found in other media legislations in the region. Media laws of the cantons and entities in Bosnia and Herzegovina include provisions according to which editorial independence is regulated by way of collective agreements and internal agreements between journalists and publishers.

7.2 COLLECTIVE AGREEMENTS

Collective agreements on the national level regulating professional and social relations among publishers, editorial boards and journalists are rare in the countries studied here. For example, Albania, Bosnia and Herzegovina, Bulgaria, Kosovo/a, Serbia, Romania, Croatia, Macedonia, the Czech Republic, Latvia, Estonia, Hungary, etc. do not have collective agreements. Montenegro has a general collective agreement on the national level that is also applicable to journalists. In Croatia, negotiations between the journalists' trade union and publishers concerning collective agreements on a national level are still underway. In Moldova, the trade union of journalists drafted a law in 1999 on journalistic activity that would include provisions pertaining to professional and social rights, the mechanisms of implementing editorial independence and more. However, the Government pruned and modified this draft law turning it into a collective agreement for the period 1999–2001, signed between the umbrella trade union and the Ministry of Work and Social Protection. The document was ignored by both the journalistic community and publishers.

In Slovenia, a collective agreement on the national level was concluded in the mid-1990s, but recently it has been implemented only rarely. Certain media companies openly ignore the provisions of this agreement and restrict journalists' rights. "Journalists have been diminished to items on the publisher's costs sheets perceived as an obstacle in generating or increasing profit," says Iztok Jurančič, the President of the Trade Union of Journalists in Slovenia.[14] The union indeed drafted a new agreement and has been announcing the start of negotiations with publishers since the beginning of last year. One novel feature of this agreement is that it addresses the relations between publishers and freelance contributors.

14 Neva Nahtigal: "Ne smemo se izgubiti v tej peni" (We must not get lost in this foam), *E-novinar*, no. 13/2003, p. 6.

In many countries journalists work without signing any individual contract. A 2003 survey of the daily newspapers in Albania showed that 46 percent of journalists have not been offered such a contract; in Moldova, the figure is 36 percent, according to a similar survey conducted in 2002; in Bosnia and Herzegovina, 58 percent of the 190 journalists who participated in one such survey stated that they did not conclude any contract, and those who stated that they concluded such contracts were mainly journalists working for the public radio or television broadcasters.

The unregulated status of journalists working for private media companies is also characteristic of Romania, where there are no trade unions or agreements, and where every attempt by journalists to oppose this state of affairs has so far proved futile. One argument frequently used by publishers to fend off such attempts is the availability of young journalists seeking jobs. The majority of Romanian journalists earn less than the average monthly salary which amounts to roughly EUR 100; journalists working for local media are in the worst position as regards their autonomy and social protection.

The weak position of journalists frequently arises from their inadequate education and the lack of professional attitude. In Slovenia, for example, there are more stipends and seminars available to journalists than journalists interested in applying for these. These options are simply ignored unless they yield personal advantages. In many countries (e.g. Bulgaria) the expanding media market increased demand for journalists, so its needs are now filled by individuals without sufficient professional qualifications or skills needed to develop professional attitude, and identify and resist publishers' attempts to use them to further political or economic agendas.

Internal acts regulating the rights of journalists and relations with publishers are found only in some of these countries and mainly in media companies whose owners or co-owners are foreign media corporations. In Croatia, for example, such an act is found in Europapress Holding, which is partly owned by WAZ. In Lithuania, such a collective agreement is offered by the *Kauno Diena* daily, whose publisher is the Norwegian Orkla. This same corporation offers such an agreement in its media companies in Poland where in the autumn of 2003, the representatives of the journalists' unions established the Forum of Orkla Media Employees. Trade unions in Estonia and some other countries began to establish contacts with trade unions in parent media companies abroad in order to harmonise the protection of their rights and social rights with regard to their owners.

7.3 JOURNALISTS' ORGANISATIONS

There are several journalists' organisations in many of the countries studied here, but most of these do not cooperate or are even antagonistic towards one another. In most cases, at least one of these organisations dates back to the previous system and is opposed by another, independent one. In Montenegro, for example, there are two journalists' associations and two journalists' trade unions. The situation in Serbia is similar. In these countries, another dividing line is the issue of who supported the war in the former Yugoslavia (who cooperated with the ruling party at that time) and who condemned it. Estonia also has two professional organisations, one dating from the Soviet era and the other a more recent development. The two do not cooperate and each has its own press council. In Bosnia and Herzegovina, post-war circumstances and ethnic divisions resulted in a fragmented journalistic community with six journalists' associations. In the Czech Republic and Slovakia there is one trade union of journalists but without significant influence. On the other hand, such organisations in Albania are virtually non-existent and all attempts to establish one have been aborted.

7.4 PRESSURES, CORRUPTION AND ETHICS

Reporters from all countries emphasised pressure on journalists, particularly economic pressure, and also drew attention to the reduction of their social rights and autonomy. In a survey conducted in Poland, more than 40 percent of respondents stated that their journalistic freedom was restricted through "pressure exerted by owners, editors in chief, stations, and direct supervisors". Many media owners in Albania, Bulgaria, Macedonia and Romania are also owners of large companies involved in other businesses unrelated to the media industry, and many were politically active in the past or are currently involved in politics. Needless to say, media operating in such environments are frequently exploited for the promotion of commercial or political goals of their owners, or for negative PR aimed at their business competitors or political opponents. Many of these media survive only thanks to the external funding i.e. funds provided through other businesses. Their owners cover their losses and keep these media alive only in order to secure for themselves a voice that will promote their economic and business interests and help them fight their competitors. This phenomenon of media division between competing economic and political groups is not unknown in Latvia either, or to the Czech Republic. In the latter, two television companies protect the economic interests of their significant owners in such a way that they do not cover events which throw unfavourable light on their owners. Moldova knows another phenomenon i.e. "independent sponsored media". Although sponsoring may account for as much as 30 percent of the total revenue, the relationship with the sponsor is not publicly known, so it may be described as "hidden ownership".

In some cases, the fact that journalists are co-owners of the media for which they work may become a source of potential or realistic conflict of interest. For example, when selecting the topics to be covered, these journalists may succumb to self-censorship and give priority to business interests over journalistic objectivity. The best known examples of media owned by journalists are the Polish *Gazeta Wyborcza* (the media group Agora), and, until recently, the main political weekly in Hungary, *HVG* (last year the journalists with shareholdings in *HVG* sold most of their shares to WAZ). These renowned media are sometimes accused of giving priority to business interests when setting their agendas. *HVG* tried to prevent the conflict between owners' interests and editorial independence by introducing a statute that was designed to protect editorial independence.

In some countries it is the relations between advertisers and media that are problematic. In November 2003, the Polish Chamber of Press Publishers condemned advertisers' attempts to intervene in editorial content. Advertisers frequently exert pressure on editors by threatening to withdraw their advertisements if the media refuse to publish favourable articles about their work or products. The practice in Romania is just the opposite: media extort advertisers. For example, one of the largest daily newspapers in Romania offers advertising space at two rates – a lower price for an ordinary advertisement and a higher price for an article not marked as an advertisement. To be more precise, a full page advertisement costs EUR 1,400 and an "advertising story" EUR 3,190. Of course, it is journalists who are asked to write such article-advertisements. This practice even provoked intervention by the International Advertising Association that accused the Romanian media of blackmailing international corporations advertising their products in Romania by asking for payment in order not to feature unfavourable articles about these corporations. Some Romanian advertisers pay money to those media critical of strong institutions, but do not place their advertisements in these media out of fear of being associated with their critical attitude. Covert advertising and advertorials are not typical of Romania exclusively but are also present in other countries covered in this book, for example, Hungary, Slovakia (despite Press Watch, a weblog monitoring the main Slovak press media) and Slovenia, where there is an ongoing Media Watch project including a Media Watch journal, book series, leaflets, panel discussions and a web page.

7.5 INVESTIGATIVE JOURNALISM

Investigative journalism aimed at disclosing corruption, illegal or other activities contrary to the public interest, has not been a traditional practice among journalists in post-socialist countries. There is also a misunderstanding as to what investigative journalism is, so in some cases even articles based on information supplied by a specific interest group, about the allegedly questionable moves of an opponent, are categorised as investigative journalism. Certain efforts have been made to educate journalists in these countries in the techniques of investigative journalism. The SEENPM network of media training centres in SE Europe, with the help of the Danish school of journalism, provided training for teachers of investigative journalism in 11 countries and encouraged them to establish a network. One of the trainees, Saša Leković from Croatia, made an attempt at developing an investigative team within Europapress Holding, but the project was unsuccessful. In general, publishers as well as media owners mainly do not encourage investigative journalism, so attempts at developing this practice are mainly supported by NGOs and foreign donors. In Estonia, for example, the publishing of a textbook on investigative journalism was funded by the American embassy. A foreign media owner in Estonia provides an award of EUR 2,900 for investigative articles selected by an independent commission; Hungary has a similar award.

8 RECOMMENDATIONS

We have already pointed out that media systems in the countries covered in this study differ from one another. However, certain development trends are common to all, and these alert us to the fact that media concentration and its impact on media pluralism and independence is one area that deserves special attention. Below are several measures that can be employed in approaching this issue.

1. Legislation regulating media concentration.
   Media concentration has an impact on the pluralism of media content. Media legislation should include provisions stipulating restrictions of concentration. Experience shows that the application of general competition legislation alone is insufficient, as competition laws do not take into account the special role of media in society – the creation of space for public debate.

2. Transparency of media ownership data.
   Publicly accessible data about media owners enable citizens to freely decide whether conflict of interest is involved in specific cases. Transparent data further prevent the holders of political and economic power from abusing media for the promotion of their own interests.

3. Active intervention by the state with the aim of ensuring media pluralism.
   Restrictive measures are just one mechanism of ensuring media pluralism. The state should practice active policies in this field in order to support content that would otherwise be unable to "survive" on the media market. The state support should be allocated on the basis of clear and precisely formulated criteria. It is particularly necessary to prevent the situation in which the state exploited this channel in order to exert pressure on those media critical of the government.

4. Support for public service media.
   Public service media in most of these countries are experiencing a crisis that is the result of insufficient funds and continual interference of the state with their operations, or simply of the lack of political will to transform the former state-run media into the public service media.

5. Independent sources of circulation figures, readership, viewing and listening shares.
Clearly presented and credible data on the circulation of print media, readership, viewing and listening shares represent important information for all market players, state agencies that formulate their media policies on the basis of this information, as well as media employees, researchers and citizens.

6. Regulatory and self-regulatory mechanism for ensuring editorial independence.
Legislation should stipulate the mechanisms that should be developed by the media in order to ensure editorial independ ence. These mechanisms should be elaborated on the level of individual media groups or media companies, and should include separation of the position of media owner from the position of editor in chief.

7. Regulatory and self-regulatory mechanisms aimed at preventing the abuse of journalism and media in order to advocate political and economic interests of the owner.
Legislation, internal acts and codes of ethics should include the principles and mechanisms for the prevention and sanctioning of the attempts to use media as instruments for advocating political and economic interests of the owner. The codes adopted by journalists' associations do not fully satisfy this requirement, as these provisions should be binding for publishers and owners as well. The mechanisms of lodging complaints and ruling on these complaints should also be enhanced in such a way as to include journalists, publishers and the public as equal participants.

8. Strengthening of professional and media monitoring organisations.
It is necessary to enhance the capacities of media organisations and associations. These organisations should cooperate, discuss and make agreements regarding interests that they represent. Their common goal should be the achievement of a modern, clear, and successful media operation that serves the interest of the public.

9. Clear and stable relations between employers and employees in the media industry.
Social conditions of work within the media industry influence the quality of work and professionalism of journalists

and other media professionals. Given the role of the media, orderly social conditions in which media professionals are able to perform their work undisturbed is in the interest of society as a whole. The clarity and stability of social conditions should be achieved through agreements on the national level, in-house and individual contracts, which employers and employees should be obliged to conclude by law.

SLOVENIA

SANDRA S. HRVATIN & LENART J. KUČIĆ

1 INTRODUCTION

The media situation in Slovenia is rather specific. After almost 15 years of market economy and completed privatisation process, many media companies are still directly or indirectly owned by the state. Media legislation is thorough and restrictive, but media concentration is high and regulatory bodies do not have political support or the autonomy necessary to implement it. Data on ownership are easily accessible but change rapidly, making the media landscape difficult to map and interpret.

So, when in June 2003 Prime Minister Anton Rop announced changes to the Mass Media Act, he stressed that it was necessary to introduce more order and clarity into the media field, restrict concentration and ensure plurality. This move came in response to warnings that "the media are controlled by the owners and managers of big companies that are at the same time the largest advertisers in these media, then by the owners of advertising agencies who buy and sell media advertising space, and the presidents of executive boards of the largest Slovenian companies (mainly state-owned) as well as secret representatives of political interests."[15]

Other threats to media pluralism include the monopolisation of print media distribution and of the distribution of radio and television signals via cable networks. All this led to the Government's decision to amend the media law and introduce tighter media regulation, at least as regards ownership, cross-ownership and takeovers.

But the problem the state will have to confront is the conflict of interest involving the state itself – in fact, it will have to impose restrictions on media companies in which it indirectly has considerable stakes via state funds. People who sit on the supervisory boards of these funds, banks and companies are a group of individuals with unambiguous political profiles. Another salient question is whether legislative amendments are indeed necessary, given that the current law includes a sufficient number of mechanisms that could prevent media concentration if only there were sufficient political will. Why have not the Government and institutions responsible for this field taken steps earlier if they believe that concentration in the media sector has occurred and that media plurality has been threatened?

15 *Delo*, 12 September, 2003.

The print media in Slovenia mainly do not have strategic owners. For example, among the owners of the largest mainstream daily, *Delo*, which is also the owner of the *Slovenske novice* tabloid, a daily with the highest circulation in the country, one can find a large brewery, several state funds and an investment company. The Dnevnik daily is controlled by a company that is officially involved in the publishing business, but the bulk of its profit goes to the purchase of shares in marinas, spas, insurance companies and distribution companies. The major shareholder in the *Večer* daily is a bank and a related investment company whose major owner is the state. The present owners buy and sell media shares with such alacrity that even while writing this report we had to update it several times to reflect all the changes that had happened in the meantime. The buyers of media shares are banks, investment and insurance companies, most of them with the state as a significant owner. The reasons propelling this media brokerage, where the property only apparently changes hands, remain guesswork.

It is fairly easy to obtain data on owners and their ownership stakes in media companies. The Mass Media Act stipulates that the publishers must provide information on owners when registering a medium, and these data are published in the *Uradni list RS* (The Official Gazette of the Republic of Slovenia). Data from the media registry are publicly available on the web pages of the Ministry of Culture,[16] and the law envisages high penalties for those who fail to meet these requirements. But it is obvious that the main problem does not arise from any flaw in the current law, but from the fact that legal obligations are not met. There are many reasons for this and they range from inefficiency of supervisors and shortage of staff, to the lack of will to actually impose sanctions for the most serious violations. Accordingly, while media ownership may appear dispersed at first glance, what it actually comes down to in practice is an intricate web of links among various companies.

The present ownership structure is the result of two factors: the absence of distinct media policy and a specific model of media privatisation. The law that regulated the transformation of ownership of enterprises indeed enabled media employees to become major shareholders in media companies. However, these employees, whose interests the law was protecting, "sold out" their advantage (by selling

16 See <http://www.gov.si/mk/>.

their shares). The state, on the other hand, has directly or indirectly preserved its ownership stakes via state funds. Does the state adhere to its media stakes because of economic or political gains? The Ministry of finance, which regulates this field, has proposed that the new law should be adopted through an accelerated procedure "in order to forestall consequences that cannot be easily repaired and that could affect the operation of the state."[17] It seems that the story of privatisation will obtain its epilogue only now, ten years on, at the time of Slovenia's accession to the EU. And it is precisely the kind of epilogue Slovenia once tried to avoid.

17 *Finance*, 6 January 2003.

2 MEDIA PRIVATISATION

The factor that most importantly contributed to the present ownership structure was a specific privatisation model implemented at the beginning of the 1990s. The fundamental dilemma widely discussed during the early stage of privatisation was whether media privatisation should have been subject to the Transformation of the Ownership of Enterprises Act[18] or a separate law. A group of MPs who participated in the drafting of the Transformation of the Ownership of Enterprises Act were of the opinion that media privatisation (with the exception of the public institution *RTV Slovenija* whose ownership was regulated by the 1994 RTV law)[19] should have been governed by the law observed in the privatisation of any other company. This raised the issue of whether the capital investment by the state should be taken into account in the process of privatisation, the same as in the privatisation of all other, previously state-owned companies, because this could lead to a situation in which the privatisation of the state-owned media could have effectively resulted in their nationalisation. The ultimate decision – a political one – was to use a special model of media privatisation, which implied an internal buyout. In this way, the media could remain the property of their employees, and this was expected to ensure their political autonomy. It was in this spirit that Article 39 of the 1994 Mass Media Act (ZJG)[20] was adopted – the article that represented a kind of "safety valve" aimed at preventing nationalisation by stipulating dispersed ownership. In other words, it forestalled the possibility of the media ending up in the hands of a single owner.

In practice, media privatisation was based on the following scheme: a certain amount of ordinary shares was transferred to special funds, i.e. 10 percent to Kapitalski sklad invalidskega in pokojninskega zavarovanja (Capital Fund of the Pension and Disability Fund, hereafter KAD),

18 *Uradni list RS*, 55/1992, pp. 3117–3124. The law was amended two times in 1993 (*Uradni list RS*, 7/1993 and 31/1993).

19 According to the Radio and Television Act, the founder of the public institution *RTV Slovenija* is the Republic of Slovenia (Article 1). See *Uradni list RS*, 18-729/1994).

20 The 1994 Mass Media Act (*Uradni list RS*, 18/1994) stipulated in Article 39 that an individual natural or legal person can have the maximum of 33 percent interest or 33 percent of management rights in the assets of a company or an institution that is a publisher of the daily newspaper or creates, prepares or broadcasts a radio or television program. Article 40 restricted cross-ownership to 10 percent. These restrictions did not apply to the funds listed under Article 22 of the Transformation of the Ownership of Enterprises Act, i.e. Kapitalski sklad invalidskega in pokojninskega zavarovanja, Odškodninski sklad and Sklad RS za razvoj.

10 percent to Odškodninski sklad (Indemnification Fund, hereafter SOD) and 20 percent to Razvojni sklad (Development Fund of the RS). These shares were later to be distributed to authorised investment agencies. The second stage of the privatisation process consisted of the internal buyout. The part of the socially owned capital allocated for the internal buyout was transferred to the Ordinary Shares Fund, and these shares were subject to a 25 percent discount. More than one-third of all employees had to participate in the internal buyout. The company had to buy back all shares from this fund within the next four years, at least one-fourth of all shares annually, at a price that was equal to their nominal value. The company could not grant any loans or issue any guarantees to the employees for the purchase of common shares.

2.1 PRIVATISATION OF DAILY *Delo*

Although formally this model of media privatisation enabled employees to acquire the majority shareholding in their companies, the outcome was contrary to what was expected, as the case of the largest daily newspaper, *Delo*,[21] clearly demonstrates. It was the state that emerged as one of the largest media owners, albeit indirectly, because it acquired media shares through state funds and other companies in which it had considerable shareholdings.

The goals of privatisation, as they were presented to the future owners of *Delo*, were as follows: to preserve the autonomy and independence of the company, to achieve better business results and to ensure the highest possible standard of living and work conditions for employees, which would be based on capital gains among other things.

Delo decided on the following privatisation scheme: 40 percent of socially-owned capital was allocated to the state funds, i.e. the Pension Fund (10 percent), the Indemnification Fund (10 percent) and the Development Fund (20 percent), while its employees were to become a 60 percent owner. The internal buyout scheme was as follows: 20 percent of the property was distributed among the employees, their close family members, former and retired employees in the form of ownership certificates; 22 percent was to be sold through the internal buyout, and 18 percent was to be sold to *Delo*'s readers. This privatisation model indeed provided

21 The privatisation of *Delo* is a good example of the privatisation formula used by other companies, with smaller or bigger alterations.

the chance for *Delo*'s employees, ex-employees, their families and readers to become a majority owner. However, the story took a different twist.

As a result, the current dispersed ownership of media in Slovenia, as it was envisaged by the provisions of the Mass Media Act, is only apparent, while in reality media are concentrated in the hands of few companies that are directly or indirectly owned by the state. *Delo*'s journalists, much like their colleagues at other daily newspapers, as well as employees and former employees, simply sold out the option of having control over their media.

3 REGULATION

Apart from a specific model of media privatisation, the absence of distinct media policy also contributed to the present ownership structure.

The Mass Media Act (Zmed)[22] passed in 2001 addresses the issues of media plurality and diversity in minute detail in Section 9. Much like the previous law dating from 1994, this act also treats anti-concentration provisions inside a wider framework embracing the protection of media pluralism and media diversity. But unlike the 1994 law, the new act explicitly addresses concentration restrictions in Article 58. Furthermore, unlike the 1994 act, according to which investment funds were exempt from anti-concentration measures, the new act does not mention exemptions. The question that remains open, however, is how the anti-concentration measures listed in the 2001 law will be harmonised with Article 11 of the Protection of Competition Act (ZPOMK),[23] which stipulates that interests in businesses acquired by investment companies shall not be treated as concentration cases if the rights resulting from these interests are exercised with the purpose of preserving the value of the investment and if this does not affect the competitive performance of the company. It should be added at this point that Article 62 of the 2001 media law stipulates that media publishers and broadcasters are subject to the provisions protecting competition.

3.1 MEDIA OWNERSHIP RESTRICTIONS

What ownership restrictions are stipulated by the 2001 law? Under this law, a publisher of a daily newspaper, or any natural or legal person, or group of related persons, who has more than a 20 percent interest in the capital or assets of that publisher, or more than 20 percent of management or voting rights, may not be an owner or co-founder of a radio or television broadcaster, and may not engage in radio and television activities. The same restriction applies to a radio or television broadcaster, who under this law may not be a publisher of a daily newspaper (Article 56). Paragraph 3 of Article 56 further restricts ownership by stipulating that a

22 The Mass Media Act came into force on 26 May 2001. It replaced the 1994 Mass Media Law.
23 The Protection of Competition Act was published on 13 July 1999 in *Uradni list RS* 56/1999.

publisher or broadcaster, a legal or natural person, or group of related persons[24] with more than a 20 percent share in the assets of another publisher or broadcaster, may not hold an ownership stake of more than 20 percent, or a share in the management or voting rights of more than 20 percent, in the assets of any other publisher or broadcaster.

Article 58 of this law stipulates that in order to acquire an ownership or management stake, or a share in the voting rights in the assets of a broadcaster of 20 percent or more, it shall be necessary to obtain approval from the Ministry of Culture, which shall issue such approval following a prior opinion from the Agency for Telecommunications, Broadcasting and Postal Services. And, according to Article 100, it is the Broadcasting Council that takes a decision regarding the preliminary opinion in connection with the restriction of concentration. In other words, the Broadcasting Council decides whether a specific case represents concentration, and that decision is then adopted as a preliminary opinion of the aforementioned Agency, on the basis of which the Ministry of Culture issues approval.

As regards restriction of concentration, Slovenian law is very precise, if only apparently. The first paragraph of Article 58 explicitly states that in order to acquire an ownership or management stake of 20 percent or more in the assets of a broadcaster, or a share of the voting rights of 20 percent or more, it shall be necessary to obtain approval from the relevant ministry which can refuse to issue such approval if any of the following conditions is fulfilled: first, if by acquiring that stake the broadcaster would obtain a dominant position on the advertising market in such a way that its sale of advertising time in a particular radio or television program would exceed 30 percent of the total sales of radio or television advertising time in the Republic of Slovenia; second, if by acquiring that stake the broadcaster would obtain a dominant position on the market in such a way that either alone or together with its subsidiaries its station signal would cover more than 40 percent of the Republic of Slovenia, with regard to the overall coverage of Slovenian territory by all radio and television stations; and third, if by acquiring that stake the publisher of one or more daily newspaper would have a dominant position on the market, alone or via one or more subsidiaries, such that the number

24 The Mass Media Act (Article 57) precisely defines the meaning of related persons.

of copies sold would exceed 40 percent of the total number of dailies sold in the Republic of Slovenia

If the Ministry establishes that any one of these conditions has been fulfilled, it will refuse to issue approval.

In February 2002, the Ministry of Culture considered the first such application applying criteria laid down in Article 58 of the Mass Media Act. The applicant was KBM Infond, which intended to increase its share in the *Večer* daily, but the Ministry refused to issue approval unless the applicant sold off the "excessive" stakes in *Radio Tehnik* Ptuj, a broadcaster and a publisher of a weekly.

In the 2001/2002 report,[25] the Broadcasting Council, which takes decisions regarding concentration, explicitly stated that paragraph 3 of Article 58 of the Mass Media Act, which establishes the cases in which the Ministry of Culture may refuse to issue approval, is not sufficiently detailed, and that a methodology for establishing media concentration had not yet been formulated. Finally, it pointed out that provisions in this paragraph were incompatible with the law regulating protection of competition. The Council thus concluded that this issue should be adequately resolved within the shortest possible time. At its session in April 2003, the National Assembly Committee for Culture, Education, Young People, Science and Sports approved this report by the Council and, among other things, demanded from the Ministry of Culture and the Government that the articles referring to restriction of concentration should be amended.

In February 2003, the Securities Market Agency[26] focused its attention on media takeovers, particularly the purchase of 25 percent of *Delo* shares by Pivovarna Laško. As a result, in July 2003 the Agency sent a letter to the Prime Minister drawing his attention to a failure to comply with the provisions of the Mergers and Acquisitions Act[27] relating to the acquisition of shares via indirect ownership stakes in the media. The Agency, therefore, proposed that the Mass Media Act should be amended in such a way that the Agency would be authorised to revise the related persons' transactions and their ownership links. In July 2003

25 *Poročevalec Državnega zbora RS*, 1/2003, 8 January 2003.
26 "We have been studying the fluctuation of Delo shares in the certain time period - from October 2002 to February 2003 Delo shares went up by 40 percent. If we suspect any strange transactions, we shall inspect the transactions by all those involved which could influence the price. This would represent a market manipulation, which is one of the most serious forms of the violation of rules observed on the securities market" said the Director of the ATVP. See *Delo*, 5 February 2003.
27 *Uradni list RS*, 47/1997 and 56/1999.

the Government convened the first meeting to which were invited all relevant institutions and the representatives of the Journalists' Association. This meeting marked the beginning of the preparations for the amendments to the Mass Media Act.[28]

28 Later, in March 2004, the Goverment sent the amendments to the Mass Media Act in the Parliament procedure, but the Parliament hasn't discussed it before elections in October 2004.

4 MEDIA OWNERSHIP

According to the data in the media registry as of 31 January 2003,[29] there are 7 electronic (web) media in Slovenia, 83 radio broadcasters, 37 television broadcasters (including local and cable operators), and 330 print media outlets, with the last group including practically every kind of media from daily newspapers to papers published several times a year, various life-style magazines, then magazines targeted at specific demographic or other interest groups, as well as local community bulletins, and even some media that have not yet seen the light of the day.

4.1 PRINT MEDIA

Our analysis will include the following print media: the dailies *Delo*, *Dnevnik*, and *Večer*, and the news weeklies *Mladina* and *Mag*. Other important dailies and weeklies in Slovenia include the tabloid *Slovenske novice*, a daily with the largest circulation in the country almost entirely owned by the joint-stock company Delo d. d. (which is also the publisher of the *Delo* daily); *Finance*, a business newspaper, published five times a week and owned by the GV group and Dagens Industri (a member of the Swedish media group Bonnier), each having a 50 percent share; and *Žurnal*, a free weekly published on Saturdays. The first issue of *Žurnal*, the latest arrival on the newspaper market in Slovenia, appeared on 7 November 2003. It is the first weekly in Slovenia fully financed by a foreign owner, the Austrian publisher Styria Verlag. Also the other free paper, *Dobro jutro*, is financed by Austrian capital provided by the Leykam print company, which is one of the major shareholders in the *Večer* daily.

29 Under Article 12 of the Mass Media Act, before the beginning of any activity the publisher must register the medium with Ministry of Culture. Given that the report has not been updated for a whole year now, on 15 December 2003 we checked at the Ministry of Culture whether the state as of 31 January 2003 has changed in the meanwhile. We were told that the registry now includes 752 media, that is, 295 more than listed in the last published registry. We could not obtain an answer to the question why the registry has not been updated.

TABLE 1 MAIN DAILIES AND WEEKLIES

DAILY	CIRCULATION (PRINTED)	READERSHIP
SLOVENSKE NOVICE*	107,000	355,000
DELO	90,000	237,000
DNEVNIK	66,000	159,000
VEČER	62,000	170,000
FINANCE**	10,000	36,000
WEEKLY		
MLADINA	19,300	102,000
MAG	17,000	58,000
ŽURNAL***	214,000	–

Sources: Nacionalna raziskava branosti 2003 (National Survey of Readership 2003), and *Delo*, *Dnevnik*, *Večer*, *Mladina*, *Mag*, *Žurnal*, *Finance*.

Notes: * tabloid; ** business newspaper; *** free newspaper

4.1.1 *Daily* Delo

Delo d. d. is a controlling company in the concern that also includes Slovenske novice d.d., the publisher of the *Slovenske novice* tabloid, the only daily that recorded a significant increase in circulation in the past year. *Delo* is recognised as the most important daily in Slovenia. It is the only daily newspaper with a truly "national" character, since the other two dailies are more locally oriented. It has six local editions. Its daily supplements – *Vikend* (TV guide), *Ona* (women), *Polet* (men), *Delo in dom* (household), *Znanost* (science) and *Književni listi* (literature) – also have large readerships, as well as its Sunday edition and the "elite" Saturday supplement (*Sobotna priloga*). On 19 December 2003, the newspaper company Delo launched a new weekly called *Več* (More).

According to the data of the Klirinška depotna družba (Central Securities Clearing Corporation, KDD),[30] the largest individual shareholder in Delo is Pivovarna Laško (Laško Brewery), the owner of nearly 25 percent of Delo shares. The state funds SOD and KAD are 11.7 percent and 7.4 percent shareholders respectively, while approximately 25 percent of the shares is in the hands of various investment companies many of which are owned by banks, insurance companies, other big companies and investment companies. The largest individual owner among Delo's employees is its current chairman,

30 December 2003.

Jure Apih (1.5 percent), while journalists and other employees virtually do not have ownership stakes any longer.

4.1.2 *Daily* Dnevnik

Dnevnik d. d. is the publisher of the *Dnevnik* daily, the *Nedeljski dnevnik* (the Sunday edition with a circulation of 172,000), and *Hopla*, a tabloid weekly (circulation 33,000). The majority owner (51.04 percent) of Dnevnik is the DZS, one of the largest book and stationery publishers and traders in Slovenia. Until the end of 2003, the second largest owner had been KD Holding (25.73 percent), a company predominantly involved in strategic investment, marketable securities and other securities not quoted on the exchange market. It is a member of the KD Group which is a 91.3 percent owner of Ljubljanski kinematografi, a film distribution company, a majority owner of the Kolosej multiplex cinema, and of the largest Slovenian cinema network. The other shareholders are the state fund KAD (10.11 percent), Večer, the publisher of the *Večer* daily (6.6 percent), and the largest state-owned mobile operator, Mobitel (2.7 percent).[31] According to public statements, KD Holding reportedly sold its 25.7 percent share in Dnevnik, along with its 29.8 percent share in the Sarajevo *Oslobođenje* daily, to the Austrian company Styria Medien AG. In the words of the Deputy Manager of the KD Group, this sale was prompted, among other reasons, by their disagreement with the management style and lack of clarity in Dnevnik's business operation, imposed by the majority shareholder,[32] i.e. the DZS.

4.1.3 *Daily* Večer

The Večer publishing company is the third most important newspaper publisher in Slovenia. Its main line of business is the publishing of the *Večer* daily, the most influential print medium in the north-eastern part of Slovenia, then of the *7D* weekly, the *Naš dom* magazine and some other special editions. The largest shareholder in Večer is Infond Holding (36.29 percent), which is one among the three companies that was formed after the transformation of the authorised investment company Infond Zlat. Infond Holding is a member of KBM Infond, an investment group whose majority owner is Nova KBM bank, whose majority owner, in turn, is the state. KBM Infond main line of business is the management of investment funds; at the moment

31 Klirinško depotna družba (Central Securities Clearing Corporation, KDD), December 2003.
32 *Delo*, 30 December 2003.

it manages Infond PID, an authorised investment company, Infond ID, an investment company (the third largest shareholder in Večer with a 15 percent stake in this daily), and three mutual funds. The second largest shareholder in *Večer* is Leykam Hoče (26.7 percent), the Slovenian branch of the Austrian print company Leykam. Other important shareholders are the SOD fund (10 percent), and the largest distribution company in Slovenia, Delo Prodaja (6.9 percent). Obviously, the major owner Infond Holding and the related company Infond ID together hold a 51 percent stake in the *Večer* daily. We should add that a considerable stakeholder in both funds is the state.

TABLE 2 OWNERSHIP OF THE MAIN DAILIES IN SLOVENIA

DELO	**%**
PIVOVARNA LAŠKO D.D.	25.0
SLOVENSKA ODŠKODNINSKA DRUŽBA D.D.	11.7
ID MAKSIMA D.D.	11.1
KAPITALSKA DRUŽBA D.D.	7.5
INFOND ID D.D.	6.8
NFD 1 INVESTICIJSKI SKLAD D.D.	5.1
DNEVNIK	**%**
DZS D.D.	51.0
STYRIA VERLAG	25.7
KAPITALSKA DRUŽBA D.D.	10.1
ČZP VEČER D.D.	6.5
MOBITEL D.D.	2.7
LB MAKSIMA D.O.O.	0.9
VEČER	**%**
INFOND HOLDING D.D.	36.3
LEYKAM HOČE	26.7
INFOND ID D.D.	15
SLOVENSKA ODŠKODNINSKA DRUŽBA D.D.	10.0
DELO PRODAJA D.D.	6.9
SENICA MARTIN	0.8

4.1.4 *Weekly* Mladina

Mladina is one of the most important political weeklies in Slovenia. Its reputation for investigative journalism and its popularity date primarily from the 1980s, when several of its issues were banned for political incorrectness and when it uncovered a series of political and economic scandals.

On 31 December 2002, the publisher of the *Mladina* weekly, Mladina d.d. merged with Infomedija, the publisher of computer journals and computer-related books. According to the media registry records at the Ministry of Culture as of 30 April 2004, the shareholders (holding more than a 5 percent stake) in Mladina d.d. are members of the editorial office, Bernard Nežmah (6.92 percent), Miha Fras (5.54 percent) and Robert Botteri (6.92 percent); director Andrej Klemenc (14.45 percent); and Delo TČR (7.53 percent) and Factor Leasing d.o.o. (18.77 percent).[33] *Mladina*'s ownership structure has been unclear ever since Franci Zavrl, the founder and co-owner of the Pristop Group (the group incorporates several companies involved in advertising, media buying, branding and PR, and has branches in several countries of South East Europe), sold his majority stake in Mladina in 2000. It is not clear to whom he sold this share.[34] But although he formally withdrew as an owner, Zavrl had remained the president of the supervisory board of Mladina d.d. until it merged with the Infomedija company in 2002. Since then, Mladina d.d. and Pristop, have been sharing office space and facilities in downtown Ljubljana.

4.1.5 *Weekly* Mag

The other important political weekly is *Mag*. In terms of point of view, it is perceived as the opposite pole of *Mladina* and all three dailies. Its publisher is the Salomon 2000 company, which is also the publisher of the *Ekipa* sports daily, of *Salomonov oglasnik*, the largest Slovenian classified ads paper, and a youth magazine. The Salomon group consists of three companies each of which has a one-third stake in the Salomon and Salomon 2000 companies. The Salomon group also owns two radio stations, *Radio Veseljak* and *Radio Salomon*. In addition, it is connected with the radio station *RGL*, since a nearly 51 percent owner of RGL d.d. is the SET company, whose 68.56 percent owner is Salomon, while Salomon 2000 is the holder of an additional 9.74 percent stake in this company.

4.1.6 *Printing and Distribution Capacities*

Printing and distribution are prerequisites for the survival of a daily newspaper. By concentrating content, production

33 See the media registry records at the Ministry of Culture at <http://www.kultura.gov.si/cache/bin?bin.svc=obj?bin.id=1824> (accessed 30 April 2004).

34 See Kaja Jakopič, "Kdo so lastniki *Mladine*?" (Who Are the Owners of Mladina?), *Medijska preža* (Media Watch journal), 9/2000, at <http://mediawatch.ljudmila.org/bilten/seznam/09/trg/print.html>.

and distribution resources, it is possible to effectively increase the market share, as this provides an important lever that can be used in fighting (restricting) competition. The costs of setting up a newspaper's own distribution network are very high, but the owner of a distribution network can easily adjust the price of its services in such a way that it affects the price of the competitive product.

The largest Slovenian printing house is Delo Tiskarna. The larger shareholders in Delo Tiskarna are Infond holding[35] (29.94 percent), SOD (11.8 percent) and KAD (8.02 percent). Delo Tiskarna and its shareholders have considerable shareholdings in two smaller printers. However, concentration in the print market is not so pervasive, because other bigger printers – Tiskarna Ljubljana, Mladinska knjiga, Leykam, Gorenjski tisk and Novo mesto – have completely different ownership structures, with foreign capital being predominant in Leykam and Mladinska knjiga.[36]

The picture of the distribution sector is, however, completely different. The largest Slovenian distributor and seller of both Slovenian and foreign newspapers and magazines is Delo Prodaja, with more than 10 million copies of newspapers and magazines distributed each month. The company has its own network of retail outlets. Its main competitors are Dnevnik and Večer, each holding only a 10 percent market share. In 2002, the Salomon and Salomon 2000 companies terminated all business contracts with Delo Prodaja and handed over the distribution of their nine publications to Dnevnik. In 2001, the publications of Salomon and Salomon 2000 accounted for as much as one-tenth of the net sales revenue of the distribution sector, so the termination of the contract with Delo Prodaja somewhat changed the relations in this segment.

The largest shareholder in Delo Prodaja is Banka Celje (24.4 percent) whose largest owner, in turn, is the mainly state-owned Nova Ljubljanska banka. A 10 percent shareholder in Delo Prodaja is the state fund SOD. Another interesting shareholder is the DZS, one of the largest book publishers and traders in Slovenia. On several occasions the DZS expressed its interest in acquiring a bigger share in Delo Prodaja.

35 Infond holding and it related companies are a 6,8 percent shareholder in *Delo*, 51 percent in *Večer* (*Večer* is a 6.5 percent owner of *Dnevnik*) and 29.9 percent in Delo Tiskarna. The largest owners of Infond holding are KBM Infond, NKBM and Radenska; a 83 percent owner of Radenska is Pivovarna Laško, the owner of 25 percent of the Delo shares.

36 A 55.583 percent shareholder in the Mladinska knjiga printing company is the Dutch company MKT Holding (source KDD).

The print and distribution sectors also contribute to the peculiar picture of the Slovenian media market. All companies that still have Delo as part of their names – the publishers of the *Delo* and *Slovenske novice* dailies, Delo Tiskarna (printing plant), Delo Prodaja (distribution network), Delo Tisk časopisov in revij (newspapers and magazines printer) and Delo Revije (the publisher of magazines) – are actually a case of vertical concentration to a certain extent, given that they have in their hands the entire production and distribution and together hold a huge market share. Yet, it would be difficult to find formal proof of these companies' interrelatedness through ownership links. For example, the owners of a competitor newspaper have potentially a greater influence on Delo Prodaja than the former parent company (ČGP Delo). This may appear strange, but an explanation may be indicated by a rhetorical question frequently posed by the political opposition: is it possible to say that Slovenian dailies really have different owners and that they compete among themselves?

A simple listing of newspapers' shareholders does not reveal much. Therefore, in the next section we describe another useful approach in investigating media ownership, or rather, two other levels on which influential links may be formed. These involve links between the owners of media companies, and links between board members of official media owners and companies that are not direct shareholders in media companies but can still promote/realise certain interests.

4.1.7 Behind Print Media Ownership

The reason why we dedicate so much space to the print media is simple: newspapers and political magazines remain the major private agenda-setters. Public broadcasting is excluded from this report, while commercial radio stations and television stations in Slovenia do not seem to have any political (content) aspirations, although they did use political connections to either obtain broadcast licenses or realise mergers. But the Slovenian newspaper sector presents a completely different picture. The question of who will control the most important dailies is not just a question of political prestige. It also reveals a close relationship among politics, economy and media that did not cease to exist despite the fact that the privatisation process has been completed and that all companies have officially become private enterprises.

At the beginning of this report we said that the current state of media ownership was most influenced by the privatisation of the formerly socially owned companies. Brisk changes in the ownership structure of the three largest dailies between 2000 and 2003 clearly illustrate events in the aftermath of privatisation.

Changes in the ownership structure of *Dnevnik* in the period 2000–2002 make a story about a takeover. However, the case of *Dnevnik* also illustrates how complicated an attempt to establish links between apparently unrelated media shareholders can be. The DZS increased its shareholding in *Dnevnik* step by step, and in so doing, it made use of companies popularly known as "parking lots" – these are companies that are brought into the game in order to temporarily store ("park") the shares of a company targeted by a buyer i.e. in which this buyer is interested in the long run. In this way, the investor circumvents the provision according to which it has to obtain approval from the competition authority before buying a stake in that company. In our study published at the end of 2002,[37] we hypothesised that the "parking lot" for the DZS was Rent A. Our hypothesis was based on the data from publicly accessible sources and our long-time tracking of newspaper articles, which all indicated a number of connections between the two companies. The data from December 2003 confirmed our hypothesis, because Rent A was removed from the shareholder register and its share today officially belongs to the DZS.

The daily that experienced the greatest number of changes in its ownership structure in the period 2000–2002 was *Večer*. Most of the small shareholders, who at the end of 2000 owned 24 percent of the company, have sold off their shares since then, and the Talum company withdrew. The largest owners of *Večer* have thus become Infond Holding, the Austrian print company Leykam, Probanka, SOD, Delo Prodaja and the DZS. In 2003 Probanka sold its stake, and Infond Holding, Leykam and Infond ID increased theirs. The ownership structure of Infond ID is practically the same as that of Infond Holding, meaning that the owners of these two companies are indirect owners of a 51 percent stake in *Večer*.

4.1.8 Links Between Print Media Owners

A closer inspection of the list of *Delo*'s owners will show that several of its shareholders - KAD, SOD, Infond holding and Infond ID – together own nearly a 30 percent stake in

37 Sandra B. Hrvatin and Lenart J. Kučić, *Medijska preža* (Media Watch journal) no. 15, December 2002.

the *Delo*'s largest individual shareholder, Pivovarna Laško. The remaining part of Pivovarna Laško's shares is in the hands of investment companies founded by big banks and insurance companies, in which KAD and SOD still own significant stakes, and whose owner is the state, either directly or indirectly. Among important shareholders in both Infond Holding and Infond ID are the Radenska company, whose majority owner is Pivovarna Laško, and the parent company Nova KBM, in which major shareholders are KAD, SOD and the Zavarovalnica Triglav insurance company, in which KAD and SOD hold an 85 percent share.

A similar pattern is found in the *Dnevnik* daily. The main shareholders in the DZS (the major owner of Dnevnik) are the Nisa company (we could not obtain data on its ownership structure, but we presume that it is controlled by the DZS), two state funds, *Dnevnik*, Portorož Marina (controlled by the DZS through related companies), Delo Prodaja (the largest distribution company), and Fond Invest.

Infond Holding and ID together have a 51 percent ownership stake in Večer, the publisher of the *Večer* daily. Since we have already treated Infonda in the section dealing with *Delo* shareholders, at this point we will concentrate on the state fund SOD, Delo prodaja, which is one of the DZS shareholders, and the Slovenian branch of the Austrian print company Leykam.

Leykam's share in *Večer* is the only case of foreign capital directly invested in a Slovenian daily, and it is a rare example of an ownership stake that cannot be described as "state-owned." KAD and SOD are state funds that are not majority shareholders in any daily newspaper, but they are owners of other big media owners or owners of those owners (in many cases the owner of an owner of a big media owner is the state itself, particularly of banks and insurance companies). This means that we have good grounds to propose that only two large owners of daily newspapers in Slovenia cannot be categorized as state-related: Leykam, with its stake in *Večer*, and KD Group[38] with its stake in the *Dnevnik* daily. All other owners may be controlled by the state through companies that are formally independent. Therefore, it is relatively unimportant in which companies individual media owners actually have stakes, since the question that has to be answered first is whether there are several media owners or there is, in fact, just a single owner.

38 Technically speaking, the share of KD could also be classified as a foreign capital, since the owner of almost 14 percent of its shares is Bank Austria.

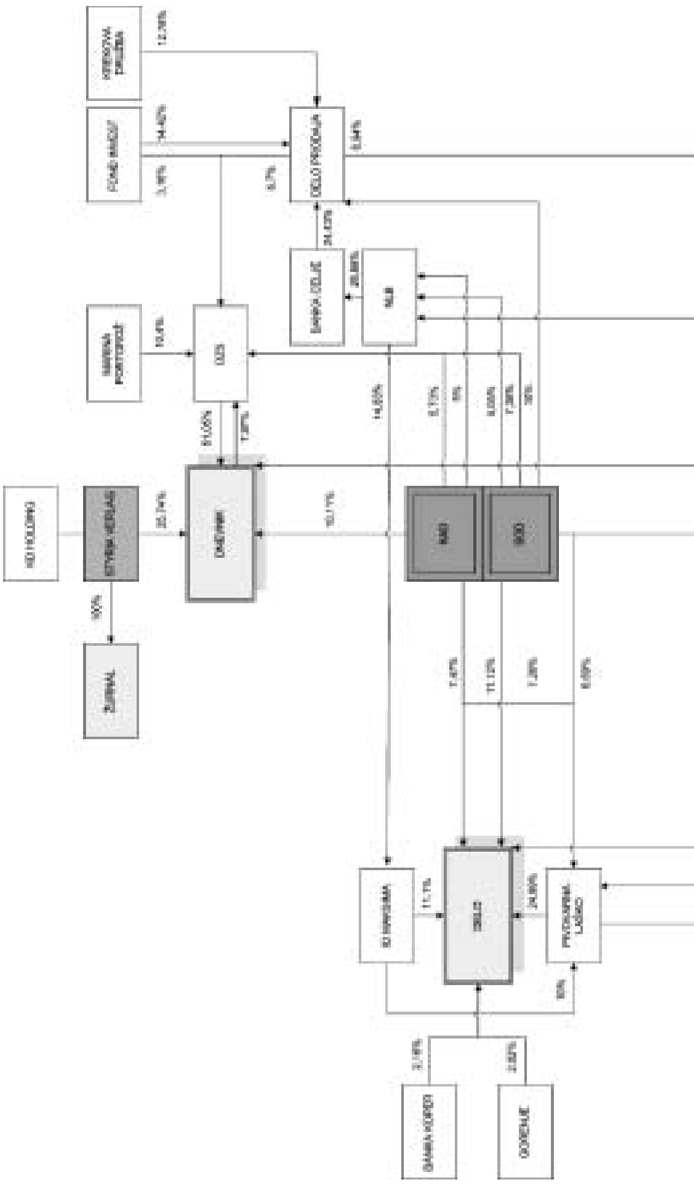
Another way to approach this issue is to look at it from an entirely different perspective. Slovenia is a small state with a small econo my, small stock exchange and a small number of large companies. An important source of income for banks, insurance companies and other large companies are short-term and long-term investments, and the situation for the investment companies is similar. Profitable companies do not have infinite investment opportunities but can only invest in other bigger companies. The logical outcome is ownership links between virtually all important players on the market, and media companies could hardly be left out. Why, then, do we find it so difficult to accept the thesis that a stake in an important daily newspaper should be seen solely as a good investment? The answer is simple: because regardless of what the owners (and the Government) publicly assert, they are still aware of the importance of capital acquired through media ownership – one that enables them to influence public opinion.

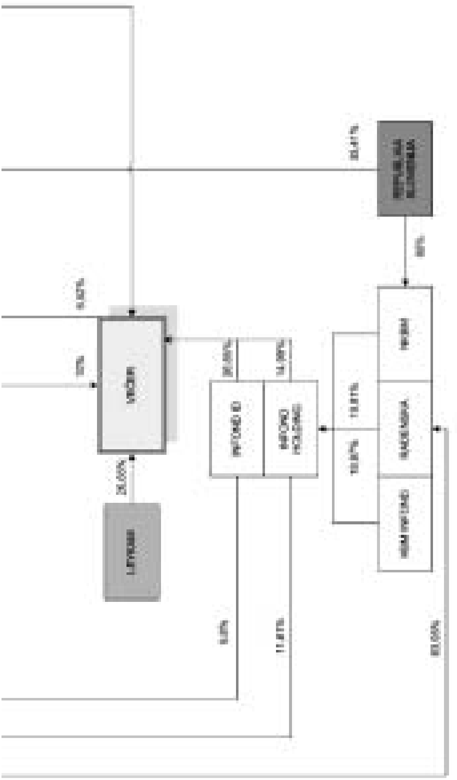
Links between owners within the Slovenian media industry are just one aspect of redistribution and concentration of influence and power. In order to understand how powerful current media owners are, we have to look at the composition of the supervisory boards of these companies. The members of these boards are chairpersons of the largest Slovenian companies (which are also the largest advertisers), owners of advertising agencies and chairpersons or supervisory board members of the largest banks. This means that media power is closely connected with economic power, and with political power, which, although not identifiable at first glance, is nevertheless present.

Composition of the supervisory boards of Slovenian dailies is similar to that of their largest shareholders. The economic and political power of people who supervise Slovenian dailies is under the control of economically and politically powerful supervisors of media owners, who are, most importantly, linked through capital and vested interests.

Although media owners invariably insist that media stakes are exclusively a lucrative investment, political interests have always been part of the game. One proof is an agreement between the two state funds (KAD and SOD), the holders of interests in all three dailies, on not selling these stakes. This agreement was aimed at preventing "politically unsuitable" companies from obtaining influence (political takeovers), particularly those companies that had close relations with the opposition parties.

CHART 1 LINKS BETWEEN PRINT MEDIA OWNERS IN SLOVENIA





Proof that this is not mere speculation was provided in 2000 when the coalition government headed by Janez Drnovšek was brought down. Among the first steps taken by the new government was an attempt to replace the directors of KAD and SOD[39] in order to obtain control over their decisions involving the sale of ownership stakes. Two weeks before he was released from duty in July 2000, the director of KAD sold 5.5 percent of KAD's shares in Delo. The price was approximately 700 million tolars and the shares were sold to Cobito (a stockbroker company), Gorenje,[40] and Emona Maximarket. This is the maximum percentage of shares that may be sold without seeking approval of the company meeting (which is an important piece of information because, given political changes at the time, it is very likely that such approval would not have been given). *Delo* came under further pressures in November 2000, when KAD and SOD allegedly decided to sell their shares in *Delo*.[41] Presumably, the buyer was Mohorjeva družba,[42] or the "right" wing of *Delo* shareholders. In their public statements directors of both state funds asserted that *Delo*'s shares were not for sale, at least as long as the executive boards of both funds did not lift the ban on their sale.

This was not the end of the redistribution of ownership stakes, nor of the events that clearly indicate that media ownership is primarily a form of political capital (if only insofar as the state is concerned). In February 2003, Pivovarna Laško (whose chairman sits on *Delo*'s supervisory board) purchased a 24.98 percent share in the newspaper company Delo from Krekova družba. The price was 5.8 billion tolars (approx. EUR 23 million). Krekova družba, the former owner of a one-quarter stake in *Delo* and a one-third stake in *TV3*, had to sell its media shares in order to bring these in line with the provisions of the Mass Media Act.[43] It sold its interest in *Delo* to Pivovarna Laško and that in *TV3* to the Croatian businessman Ivan Ćaleta. The media spread various interpretations of the "real" motives behind this purchase. According to one, Pivovarna Laško was "forced"

39 Kapitalski sklad invalidskega in pokojninskega zavarovanja and Odškodninski sklad.

40 After Gorenje was damaged by fire the Government headed by Andrej Bajuk demanded from Gorenje to sell its share in Delo if it wanted to receive state aid. The management of Gorenje refused to do it. The opposition parties insisted that KAD temporarily stored its shares with the politically "friendly" company thus preventing the takeover by the right wing parties.

41 *Finance*, 15 November 2000.

42 It is not clear how Mohorjeva družba, whose assets in 1999 amounted to 70 million tolars and its capital to 8 million tolars, could buy a 6.2 percent of Delo shares worth 600 million tolars.

43 The deadline for harmonisation was the end of October 2002.

into this transaction in exchange for the promised permission to take over the Union brewery;[44] other explanations were that "Delo was under the control of persons not listed among the shareholders," that "Krekova družba has always been an undesired owner," that "people from Laško overpaid the stake in Delo" and that politics played an important role in the sale/purchase transaction.

Before Pivovarna Laško purchased a one-fourth stake in Delo, the media extensively wrote about the DZS's alleged plan to takeover Delo.[45] In an interview given to *Finance* on 5 February 2002, when asked about the motives for the purchase of Delo, the chairman of the DZS, Bojan Petan, stated that Delo was more than an ordinary joint-stock company so "when buying Delo shares one has to pay for some other values in addition to the share capital value." In his opinion these "other values" were related to the "shaping of public opinion." This means that a purchase of a medium is not an "ordinary business transaction." A media owner may influence medium profiling (according to Petan this is possible "in the long run, but is more difficult to achieve in the short run") and the structure of media ownership may affect media pluralism.

4.1.9 Futile Attempts to Establish New Dailies

Ever since the early 1990s, political parties, particularly opposition parties, have insisted that the media space in Slovenia is "politically unidimensional" and that the media favour the political standpoints of the largest coalition party. Complaints about the bias and absence of media pluralism are thus an invariable component of the relations between the ruling parties and the opposition. In January 2003, Janez Janša, the SDS opposition party leader, presented to the Government six requirements, the majority of which related to the ensuring of media pluralism. The opposition parties demanded live coverage of the National Assembly sessions and all other important sessions of parliamentary working bodies; they also demanded that *RTV Slovenija* should have two channels (one under the control of the ruling government and the other under the control of the opposition parties) and that the Mass Media Act should be amended to include an article which would

44 At that time, the main economic topic was "brewers' war" involving the Belgian trans-national company Interbrew that tried to buy the largest Slovenian brewery, Union. Pivovarna Laško (Laško Brewery) prevented this and thus earned public approval for its presumed "defense of the public interest."

45 The DZS is the majority owner of Dnevnik.

stipulate the establishment of a fund for the pluralisation of the print media (the money would be provided from the state budget). The SDS's demands were supported by a civil initiative called "Something has to be done", which collected more than 10,000 signatures.

All of the previous governmental interventions aimed at ensuring the pluralism of the print media proved futile. In March 1991, Lojze Peterle, Prime Minister at the time, managed to introduce a new item into the state budget – approx. EUR 1.4 million earmarked for media democratisation and the setting up of new media. The problem was that for the Government media democratisation meant primarily the introduction of a new daily that would pursue editorial policy reflecting the Government's point of view. Accordingly, most of this fund was spent on the launching of the "right-wing" daily, *Slovenec*.[46] The chronology of *Slovenec*'s downfall is quite illustrative. It shows that the media cannot function as a proxy for political interests, at least not in a democratic society. In November 1991, five months after the first issue saw the light of the day, the owners replaced the first editor in chief. Political interference with the editorial policy was obvious. This and subsequent replacements inspired rumours about the newspaper's radical right orientation, created the impression of instability in the eye of the public and had negative effect on circulation by diverting readers belonging to the political centre.[47] Even though the right and centre-right parties won 40 percent of votes at the election, the Slovene political right never consolidated around its "own" newspaper. Venčeslav Japelj, then president of the Trade Union of Journalists, wrote that the management of *Slovenec* ventured into the new project "in an amateurish and economically adventuresome manner".[48] The media company Slovenec d.o.o., the publisher of the newspaper, accumulated nearly a one billion tolar debt (approx. EUR 4.3 million) during the seven years of its existence, and the newspaper eventually folded in 1997.

Neither were the left-wing parties satisfied with the state of affairs. Towards the end of 1992, a new daily called *Republika* was launched – also another political project. The newspaper had reportedly been launched with strong support from some leftist circles as a "counterbalance to right-

46 The name is not without historical symbolism, since the newspaper bearing the same name supported the Christian democratic political option at the beginning of the previous century.
47 *Delo*, 4 May 1996.
48 *Večer*, 7 December 1996, *Delo*, Readers Letters, 7 December 1996.

wing media aspirations." But both newspapers, the "right" *Slovenec* and the "left" *Republika*, were political projects. Their editorial policies were seen as following the political requirements of the parties that were behind their launch. This was also obvious from the manner of covering major political events in the country. Although editors and journalists made efforts to adhere to professional standards in editorial matters, it was clear that the agenda setting was not under their control but in the hands of the newspapers' owners.

The designers of the *Slovenec* and *Republika* projects (and particularly of the even more tragic *Jutranjik* that folded within one month of its appearance, in June 1998), were motivated primarily by political interests. One could even argue that all of these newspapers were political rather than market-based projects, so they could not undermine, let alone seriously threaten, the domination of the existing daily newspapers *Delo*, *Dnevnik* and *Večer*.

4.2 BROADCAST MEDIA

4.2.1 Radio

Among the broadcasting media, it is precisely radio stations that never really recovered from the consequences of privatisation and the lack of strategy. The allocation of broadcast licenses was based on personal relations rather than on agreed, pre-set criteria.

From 1991 to the foundation of the Broadcasting Council in 1994, the allocation of broadcasting frequencies had been under the control of the Telecommunications Office of the Republic of Slovenia. By 23 April 1994 when the Mass Media Law took effect, the Telecommunications Office had issued 86 television licenses and 56 radio licenses. This means that by the time the Mass Media Act took effect and the Broadcasting Council was founded, the Telecommunications Office had allocated more than 90 percent of the available frequencies, including all of the important ones.[49] A review of frequencies allocated from 1995 to May 2001 (when the Council allocated the last license according to the criteria established by the Mass Media Law) shows that the majority of new license holders have ended up as part of one or another radio "network" and with it discarded the programming concept on the basis of which they acquired their broadcast licenses.

49 Report by the Broadcasting Council, *Poročevalec*, no. 78, 1997.

A peculiar approach to license allocation is the main reason for the present state of affairs in this sector. First of all, too many frequencies were allocated, although the majority of small commercial radio stations can hardly survive unless they join some radio network. And, since the setting up of these networks was not based on any clear strategy and was not subjected to supervision or regulation, the whole sector is now in disarray. In addition, it is difficult to assess the size of individual radio stations given that their actual size loses significance once they are incorporated in a wider network.

Radio and television broadcasters can form a network under the conditions specified in Article 83 of the Mass Media Law. The fundamental requirement is that each network member broadcasts only within the area for which its license was issued, that each broadcasts a minimum of two hours of in-house produced programming, and that each network member acquires approval from the Agency if its programming concept has been changed as a result of networking. Obviously, Article 83 addresses only association through programming, while capital and ownership links are an area regulated by the provisions concerning the restrictions of concentration.

There are six radio "networks" in Slovenia. Of these, just one – Infonet – is a real network and as such it was entered in the media registry in 2002. The Infonet network includes 23 radio stations that share the technical service department, musical section, program and advertisements production sections, legal service and promotion departments. Infonet member stations are linked in several ways, i.e. through programming, advertising and ownership links, all of which can importantly influence the programming concepts on the basis of which these radio stations acquired broadcasting licenses. When entering the network into the media registry in 2002, the Ministry of Culture did not check if Infonet fulfilled the requirements set down by law. The statement of the broadcaster that the network fulfilled these requirements was taken as sufficient.

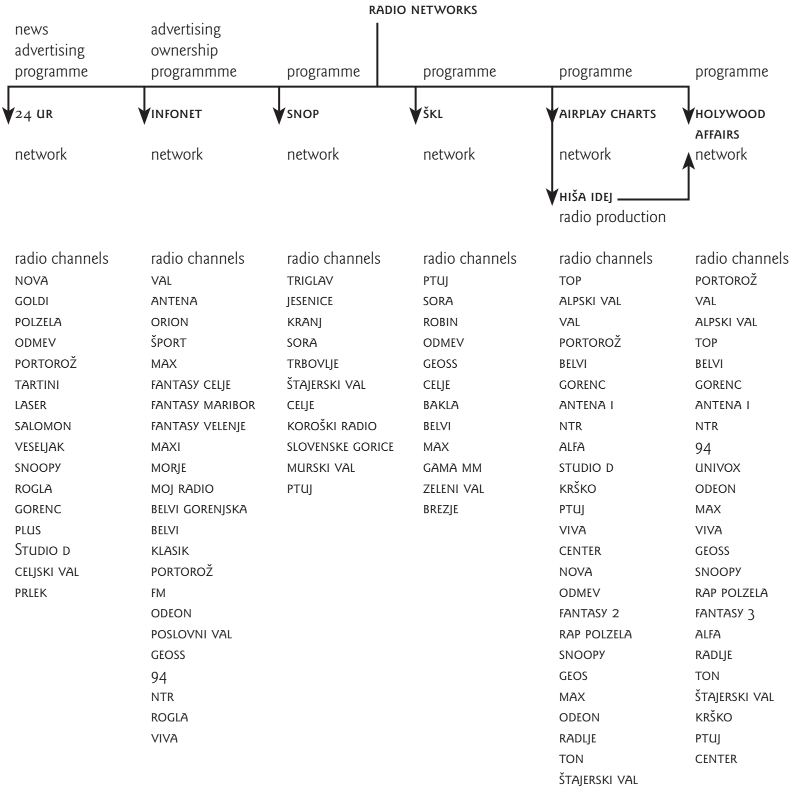
Other existing networks cannot be classified as such if we adhere to legal definitions, although these networks are based on certain forms of association through programming, advertising or ownership links. 24 ur – radijske novice (24 hours – radio news) is a news program broadcast by 16 radio stations. Pro Plus, the broadcaster of the two largest commercial television programs, heads the project.

There are six radio channels with national coverage. Four of them belong to the public radio broadcaster, *Radio Slovenija*: *Program A*, *Program Ars*, *Val 202* and *Radio Slovenia International*. The other two are *Radio Ognjišče*, owned by the Slovenian Roman Catholic Church, and RG1, a member of the Salomon Group (which is the owner of two other radio stations, the weekly *Mag* and the sports daily *Ekipa*). The signal areas of other commercial or regional radio stations depend on the region. Other important radio stations that reach[50] more than 500,000 citizens are *Radio Trbovlje*, *Radio Štajerski val*, *Radio Veseljak*, *Radio Zeleni val*, *Radio Salomon*, *Radio Poslovni val*, *Radio Hit*, *Radio Gama* MM, *Radio Dur* and *Radio Antena*.

A cursory look at the list of radio broadcasters would not reveal any ownership concentration in the radio sector. But the reality is just the opposite. Our scrutiny of sources showed that many radio stations were related in one way or another – through ownership links, advertising and programming, or through related persons. Therefore, while there are 83 radio stations altogether, the number of owners is far lower. Most of the commercial radio channels are owned by private persons or by joint-stock companies that are not legally bound to reveal all the facts about their operation. In addition, there is another, and quite obvious, systemic flaw in the radio field: while data entered into the court registry are not checked, it is a copy of the court registry record that is required when ownership has to be confirmed or authenticated. So the question that should be posed here is whether an attempt to establish or map ownership links is sensible at all, knowing that even this basic source of data is quite problematic.

50 Source: Radiometrija 2002/2003.

CHART 2 RADIO NETWORKS



4.2.2 Television

Unlike the print media and radio sectors, where foreign capital is virtually absent, the television sector is dominated by it. The main commercial TV channels are *POP TV* and *Kanal A*. The owner of the broadcasters of both channels is Pro Plus, which is, in turn, owned by the CME Slovenia, a branch of the US CME corporation.

The main change in the television sector in Slovenia occurred with the launch of the *POP TV* channel in 1995. It brought with it many "first-timers" in Slovenia. It involved the first substantial foreign investment (although officially it was called "a loan" and not an investment, because only in such a way could Slovene partners retain equal shares). The American corporation CME invested USD 16 million and hence acquired a 58 percent share in the production company Pro Plus that is responsible for the management, production, technical operation and finances of *POP TV*. Other shareholders were Slovenian companies MMTV and Tele 59, but the former sold its 20 percent share in Pro Plus one and a half years later to CME for USD 5 million, so CME increased its share to 78 percent. Besides, *POP TV* was the first television station that "was not a television station." The executives of Pro Plus strictly adhered to the explanation that *POP TV* was a program, a trademark, and not a television station. Why was this necessary? The answer is simple. The 1994 media law restricted ownership stakes of individual owners of a radio or television broadcaster to 33 percent. CME could thus acquire a majority share in the production company Pro Plus because it was not subject to this legal restriction, although Pro Plus produced *POP TV* programming which was broadcast by three television stations where CME was a legally permitted 33 percent shareholder. In October 2000 some complex moves were taken in order to link Pro Plus and *Kanal A*. Super Plus Holding acquired a majority stake in *Kanal A*, which signed the contract about the long-term cooperation with Produkcija Plus d.o.o. According to the words of some leading people, the "goals of this business linking were primarily the reduction of program purchase costs, the streamlining of program libraries and ensuring of domestic production." In December 2002, Pro Plus got a loan from Bank Austria Creditanstalt and Nova Ljubljanska banka (NLB). The loan amounted to EUR 8 million and was intended for further expansion of the company and reinforcing of its position on the Slovenian media market, as was asserted in the public statement. At the same time, CME became a 96.7 percent owner of Pro Plus. After that Pro Plus applied to the Ministry of Culture for approval of the purchase of a share in excess of 20 percent in *POP TV* and *Kanal A*. In the words of F. T. Klinkhammer, the Chairman and the Director General of CME, the approval was needed in order to simplify their complicated ownership structure.[51] The Broadcasting Council was of the opinion that although the bringing of *POP TV* and *Kanal A* under the roof of one owner would result in the two broadcasters exceeding the 30 percent advertising share with regard to the size of the entire advertising space in Slovenia, this would not secure for it the predominant position on the market. This view was also corroborated by the opinion issued by the Office for Competition Protection, which was an arbitrator in the conflict between *POP TV* and

51 *Finance*, 30 January 2003.

the public institution *RTV Slovenija* concerning dominance on the advertising market. The Council issued its decision with some reservations: the merger could receive the green light, but only on the condition that the two programs remain separate, that is to say, that their programming concepts are not changed.

Foreign capital is also involved in *TV3*, formerly owned by the Catholic Church.[52] In February 2003, the then Church-related shareholders, Tiskovno društvo Ognjišče, Koper Diocese, Marketing 3 and Franc Bole, sold *TV3* to four buyers from Croatia. At the moment, a 75% shareholder is the Croatian businessman Ivan Ćaleta[53] against whom several legal proceedings have been brought in Croatia concerning the ownership and management of the Croatian television *Nova TV*. One-quarter of the shares were retained by Krekova družba and Mladinska knjiga. The former shareholders saw this sale primarily as a contribution to the plurality of the Slovenian media and a move that would at least partially obstruct the victorious march of the political left.

TABLE 3 MAIN TELEVISION CHANNELS IN SLOVENIA

TV CHANNEL	BROADCASTER	MAIN OWNER (%)	AUDIENCE SHARE* (%)
TV SLOVENIJA 1 & 2 CHANNEL	RTV SLOVENIJA	PUBLIC SERVICE	TV SLO1 25.4 TV SLO2 9.3
POP TV	PRO PLUS	CME 96.7	29.7
KANAL A	PRO PLUS	CME 96.7	8.8
TV3	TV3	IVAN ĆALETA 73	1.8

Source: Media Services AGB, Ljubljana.

Note: *In the period October–December 2003, including individuals over 4 years of age.

One of the questions relating to media regulation that will certainly gain significance in the next few years is that of convergence. Cable operators and Internet providers are increasingly active distributors of television content. Cable operators have already begun to consider the provision of their own television programs (e.g. *TV Pika*, *TV Paprika* and many other local televisions), and the largest Slovenian

52 *TV3* never managed to dispel prejudice that it was a "political project," a television owned by the Church and the political right.

53 According to Croatian analysts, all four Croatian companies are related to Ćaleta. See article by Petra Šubic, *Medijska preža* (Media Watch journal), no. 16, p. 26.

Internet provider offered, in 2003, the transmission of television programs as part of its ADSL package. Its range of programs is already wider than that offered by cable operators. In addition, mobile telephony operators have also begun to show interest in content provision. For them, this is a way to sell the mobile telephony services of the third generation. Since content providers of this type are not bound by the media law in principle, and since their distribution channels are not limited by technical restraints, which is one of the more important arguments in support of the regulation of the broadcasting field (i.e. a limited number of frequencies), we can expect that this area will be plagued with difficulties that the current legislation will not be able to resolve.

5 MEDIA INDEPENDENCE

In the words of the President of the Journalists' Association, Grega Repovž,[54] the main problems that trouble Slovenian journalists are their social status, demands for ever higher productivity and non-observance of the copyright law. These problems are not noticeable at first sight. Slovenian journalists have signed the collective agreement that regulates employment relations, wages, allowances, compensations and refunds, as well as rights and obligations of parties in dispute. The problem is that the provisions of the collective agreement are not observed in practice. At the beginning of 2003, a new law on employment[55] took effect. It regulates individual relations, while collective relations are the subject of the agreement between partners. The law does not bring any explicit changes nor does it impose deadlines for the amendments to the existing collective agreements, but some employers nevertheless understood the new situation to mean the invalidation of the collective agreement. Iztok Jurančič,[56] the president of the Journalists' Trade Union, drew attention to these pressures, primarily aimed at reducing the price of the journalists' work. In fact, media owners frequently view journalists as "items on the costs sheet" that reduce both the potential and actual profits of the media.[57]

However, for many journalists in Slovenia, and here we have in mind free-lance journalists, this is not an issue, because in practice the collective agreement is not applicable to them. On top of that, the number of journalists employed by media companies has been decreasing, meaning, among other things, that many young journalists in Slovenia are left outside the system of medical insurance and the pension scheme. But these free-lance and contract journalists freely set dumping prices on the grey market, thus indirectly affecting the salaries of regularly employed journalists. Their salaries hence appear high compared to free-lance journalists' fees and this discrepancy is exploited by employers as a convenient argument. The unsatisfactory social status of journalists raises still another important question – that of pressure exerted on journalists.

54 Grega Repovž: "Optimizem!", *E-novinar*, no. 13, p. 1.
55 Emplyoment Act. See *Uradni list RS* 42/2002.
56 Neva Nahtigal: "Ne smemo se izgubiti v tej peni" (We must not get lost in this foam), *E-novinar*, no. 13, p. 6. For more on the situation of journalists, see *Medijska preža* (Media Watch journal), no. 14, 15, 16, 17-18.
57 "The biggest costs are those of paper and salaries," said the chairman of Delo Jure Apih in an interview for *Delopis*, a bulletin of Delo's journalists (December 2003).

This is another area where relations only appear to be in order. In the debates about legal requirements related to data in the media registry, the Association of Journalists succeeded in securing acknowledgement for the legal explanation[58] that says that the fundamental legal act of the publisher is the act adopted by the publisher's highest ranking body which, in addition to the components of its organisation and operation, also regulates the issues laid down by the media law. This means that the autonomy of the editorial board and editors in chief must be explicitly mentioned in the company's statute (in the case of a joint-stock company) or in partnership agreements (in the case of a limited liability company). The owners, therefore, cannot afford to behave arbitrarily when shaping their media contents, since they are not completely independent when choosing editors in chief. Some media require approval from journalists (e.g. the daily *Dnevnik*) or the supervisory council (if the editor in chief is appointed by the management board), while others seek an opinion from journalists. The Journalists' Association has further observed that sensitivity to pressure exerted by advertisers has increased. They have partly attributed this to the impact of the new journalistic code of ethics and its explicit warning about covert advertising,[59] and to the Honourary Tribunal's contribution to the resolution of such cases. The Journalists' Association has also noted that media companies began to cover the costs of journalists' foreign trips that were not covered in the past – escorting state delegations to foreign countries or participations at "educational seminars" carried out by domestic or international multinational companies.

Recently, investigative journalism in Slovenia has been discussed mainly in the context of the case of Miro Petek. At the end of February 2001, Mirko Petek,[60] a journalist for the regional daily newspaper, *Večer*, was brutally beaten by unknown attackers. Petek was the author of a series of critical articles dealing with corruption in the region from where he reported. In these articles he disclosed the links between banks and local businessmen, who allegedly exploited the privatisation process to acquire possession of

58 The application for entry into the register must be accompanied with the company fundamental legal act (Article 12 of the Mass Media Law).

59 The Journalists' Association regularly publishes the examples of violation of the Document about the unacceptability of covert advertising and abuse of newspaper space. See <http://www.novinar.com/krsitve>. Although the Mass Media Law (Article 47) explicitly prohibits such advertising, no publisher has been sanctioned so far.

60 For the chronology of events, main actors, media articles by Petek and commentaries see <http://www.primerpetek.net>.

certain socially owned companies at low prices. The police were quick to give assurances to the public that the identification and arrest of perpetrators was expected in a matter of days. The person who was most frequently mentioned in these articles filed claims for damages against Miro Petek and several other journalists who took up "the story." At the same time, the chairman of the supervisory board of the newspaper *Večer* (who, at the time of publication, was the president of the bank which was the subject of Petek's articles and whose major owner is the state), claimed that "journalists had no business investigating irregularities in banks."[61] It was only at the end of September 2003 that the police and the public prosecutor announced that ten persons suspected of the attack were detained. In their public statements following these arrests, the General Manager of the Police and the Public Prosecutor "accused" the media and the public of being directly responsible for the prolongation of this case.

The most recent actively debated issue has been that of copyright.[62] "Nearly all Slovenian journalists have signed contracts by which they renounce their copyright in favour of the employer," writes Grega Repovž.[63] Journalists do not receive compensation for texts published in internal publications, sales of documented materials, or sales of articles by clipping services. Neither do they receive compensations for the second or any further reproduction of their copyrighted texts.[64]

Finally, we would like to propose another, journalist-less-friendly conclusion in which injustice suffered by journalists is not wholly blamed on social pressure. Indeed, only a few journalists sincerely care for their education, read widely or have a good overview of international and domestic developments. Similarly, few of them are willing to dig deeper into their subjects and few have the feeling that their reporting based on references to "official sources," or their comfortable cohabitation with the political or commercial power centers, or their stenographic coverage of Parliament's sessions or press conferences, are flawed in any way. There are more international seminars and scholarships available to journalists than journalists interested in undertaking such

61 Published on 17 June 2002 in the weekly *Kapital* in Maribor.
62 *Medijska preža* (Media Watch journal) featured many texts about the copyright laws.
63 Grega Repovž: "Optimizem!", *E-novinar*, no. 13, p. 1.
64 Copyright in Slovenia is protected by the Copyright and Related Rights Act adopted in 1995 and amended in 2001. The rights arising from scientific, artistic, and research activities and inventions are also protected by Article 60 of the Constitution.

courses. Few journalists are willing to participate in projects not directly related to personal advantage, while solidarity with fellow journalists and awareness about the primary interests that journalists should represent are very low. This said we can conclude that journalists themselves should be blamed for many things that have gone wrong. Therefore, if they want to exercise their rights they will have to fight for them, and they will also have to gain respect for their own profession.

6 CONCLUSIONS

The main feature of the present day media space in Slovenia is its extraordinarily high concentration with the consequence being corporatisation of media discourse – media content is subordinated to the interests of media owners and the largest advertisers. The model of media privatisation used in Slovenia enabled journalists and other media employees (excluding employees of the public service television *RTV Slovenija*) to retain ownership of and control over the media. Unfortunately, journalists sold this opportunity when the value of media shares increased. As an illustration, in the daily *Večer*, the proportion of small shareholders (internal owners) decreased by nearly 30 percent in the period 2000–2003. Unlike journalists, the state adheres to its ownership stakes in the largest media companies. The privatisation of the formerly socially owned property is currently drawing to an end and its outcome is a special form of state ownership. Although the state maintains, speaking through the voice of media owners, that investment in media is just another way to augment capital, it is evident that certain political interests underpin every single instance of media shares sales. Being a media owner means having an opportunity to influence media content and editorial policy. And this is the kind of influence that the state will not easily let slip from its hands.

At first glance, daily newspapers in Slovenia appear to be characterised by relatively dispersed ownership. But at closer inspection, this seemingly great number of unrelated owners in practice boils down to a few persons related through capital and management functions. The owners of one newspaper sit on the supervisory boards of other newspapers. The media are thus under the control of owners and managers of large companies that are at the same time the largest advertisers in these media, the owners of advertising agencies that sell and buy advertising space in these newspapers, the chairmen of some of the largest, mainly state-owned, Slovenian companies, and "hidden" representatives of political interests. These supervisors actually supervise themselves and take care that their economic and political interests are safe against undesired media reporting. Our inspection of the lists of supervisory boards members has shown that power is actually concentrated in the hands of a small group of individuals. Pressure on media and journalists' autonomy has become more concealed and this may have long-term implications.

The number of hybrid articles/ advertorials that pretend to be editorial content, but are in fact paid advertisements, has been increasing. The barrier separating advertisements from editorial content has been breaking down under the weight of the drive for profit. The responsibility for market success of the media is placed with editors leaving them with little maneuvering space for the shaping of editorial policies.

Our analysis showed a number of links between media owners that point to media concentration, but it eludes the classical definition because of the absence of formal links. The situation in the broadcasting sector is even more serious owing to the uncontrolled allocation of broadcast licenses. The Slovenian market is too small to enable the survival of 83 radio stations and 37 television stations. So, we can expect networking that will essentially alter individual programming concepts. Those radio stations that adhere to in-house production and fulfillment of their basic task, i.e., providing information to citizens, cannot cover the extremely high price of production and cannot compete effectively with networks whose programming costs are much lower. Yet, while the price of radio advertising time has been falling and the value of professional journalists' work hit its lowest level, the market price of radio stations has been increasing. The major part of the 50 million tolars (approx. EUR 210,000), the current market value of a local radio station, is the value of broadcast license. On the other hand, only a few more frequencies are still available for allocation.

In the popular game Monopoly, the winner is the player with the largest property and most money, the one who remains a sole player by excluding others. In the realistic media world in Slovenia, it could happen that a group of ten owners and five of the most influential supervisors come through sharing between themselves the entire media property. The game will probably end with their selling off ownership stakes to foreign investors. But it is ironic that, in contrast to other East and Central European countries with the socialist past that sold off their media to foreign owners at the beginning of the transition period (1990–1992), Slovenia took the whole decade to carry out the privatisation process, impose restriction on media ownership, and pass two media acts, only to be confronted in the end with the outcome that it strived to prevent at the beginning of the 1990s.

CONCLUSIONS AND RECOMMENDATIONS

Regional conference on concentration of media ownership and its impact on media freedom and pluralism, organised by the Council of Europe and the South-East European Network for Professionalisation of the Media – SEENPM (the Peace Institute as its member) in Bled (Slovenia) on 11-12 June 2004

The participants, recognising the importance of media pluralism in a democratic society, agree on the following conclusions and recommendations:

1. In view of the democratic, social and cultural significance of the media, merger control and other competition policy instruments are not sufficient in themselves to guarantee media pluralism. Therefore, merger control at the European, as well as national level, should be complemented, where appropriate, with specific measures to protect and promote media pluralism.
2. Policy makers should promote the adoption and effective implementation of specific legislation guaranteeing media pluralism and preventing excessive concentrations of ownership, as foreseen in Council of Europe Recommendation No. R (99) 1 on measures to promote media pluralism. In developing policies, public authorities should seek to prevent any conflict of interest which poses a threat to the independence and plurality of the media.
3. Policy makers should introduce and enforce adequate measures to ensure transparency in the media sector as foreseen in Council of Europe Recommendation No. R (94) 13 on measures to promote media transparency. These measures should be based on the principle of open access by the public to accurate information in order to know who owns and controls the media. These measures should enable the competent authorities to make accurate assessments of the media markets and the impact of concentration of ownership on media pluralism.
4. Specific independent regulatory agencies should be entrusted with the necessary competence to monitor and act against mergers or other concentration operations that threaten media pluralism. These agencies should exchange information and co-operate with other competent authorities in the country, and similar authorities in other countries, within the limits of national and international regulations.

5. Public service broadcasters should contribute to media pluralism by providing a diverse range of quality programmes. Public authorities should guarantee an appropriate legal framework, adequate funding mechanisms and an environment to enable public service broadcasters to independently fulfil their remit.
6. Media organisations should develop media accountability systems in order to strengthen professional values, editorial and journalistic independence and quality journalism. Editorial statutes should be adopted to ensure a separation of business and editorial activities.
7. Associations and trade unions of journalists and media professionals have a key role to play in defining editorial independence and building the framework for social stability in the media.
8. Media companies should be aware of their important role in society and adopt a socially responsible policy, in line with international conventions and core labour standards. This policy should be focussed on developing freedom of expression, training and improving working conditions of media professionals, equally and to the highest level across the region.
9. Public authorities should support and facilitate independent research on the media market, audiences and media concentration in order to have a sound basis for their decisions. Such research should help clarify the impact of national and transnational concentration on media pluralism and diversity of media content.
10. NGOs have an important role to play in raising public awareness, collecting data on media ownership and developing other types of monitoring, as well as to formulate policy proposals to promote media pluralism.
11. In the framework of the stabilisation and association process for the Western Balkans, the countries of the region should promote media pluralism as a key element for further European integration with the support of the European institutions.
12. The Action Plan and Resolutions to be adopted at the Council of Europe's 7th European Ministerial Conference on Mass Media Policy (Kyiv, 10-11 March 2005) should include further measures to promote media pluralism at the European level. The Ministerial Conference should enable consultation with the relevant NGOs in the media field.