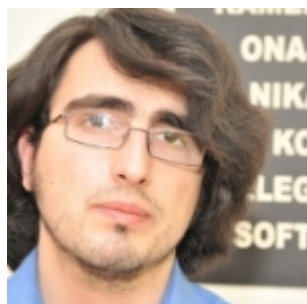


Transparency of media ownership and privatisation: challenges faced by Serbia



Transparency of ownership represents one of the foundations of free and independent media. While in western democracies ownership transparency tends to be high, LSE student Milan Dinic argues that this is not the case in countries undergoing transition to the west, Serbia being one of them. He looks at the state of media ownership in Serbia as the country attempts to privatise its media, much of which is state-owned.

The Balkan country, which began its path from communism in the 1990s and entered into full democratic transition in October 2000, has a small and disorganised media system which is struggling to survive. The biggest challenges for media in Serbia are lack of transparency of ownership, and sophisticated political control.

Alongside these concerns the print media are suffering falls in circulation, with fewer than 500,000 copies sold daily. Given the seriousness of the situation, one of the positive measures agreed by the government was the decision to lower VAT from 10% to 5% for print media, as well as from 20% to 10% for advertising revenue. However, surely that is not enough.

The set of media laws introduced in August 2014 were supposed to provide a framework for settling the media scene. Under the new [Law on Public Information and Media](#), which regulates issues of ownership, all media are to be signed into the Media Register, which is public. However, the problem of non-transparent ownership persists.

Ownership of leading media in Serbia is hidden through a maze of connected companies and individuals who hold various amounts of shares, often registered to persons without any reputation or previously verified work in the media industry.

According to [the Anti-Corruption Council Report on Media ownership](#), published in late February 2015, on 30 June 2014 there were 1,319 registered media outlets in Serbia. It has been established that out of 50 leading media outlets in the country analysed in detail, 27 have non-transparent ownership, mostly linked either to family members or offshore companies.

For example, it turned out that the current Serbian minister of defence, at the time when he served as a major of the central-Serbian city of Kruševac, gave money from the local budget to media companies owned by his family. One of the most popular radio stations – “Radio S” – keeps swapping ownership between the octogenarian parents of a politician from the second largest party in the country. Also, it has been noted that some of the media were awarded state assets without following prescribed procedures.

Probably the most scandalous case concerns the country’s leading broadsheet daily Politika, which is also the oldest newspaper in the Balkans. Not even the government – which owns 50% of shares in the company – nor the paper’s journalists know who owns the other 50% of the newspaper. The confusion over the ownership of Politika began when the German WAZ media group (which had from 2002 owned a 50% controlling stake in the newspaper, acquiring it in a questionable process arranged on a political level with former PM Zoran Djindjic and German politician Bodo Hombach, who joined WAZ in 2002) sold its shares in 2011 to a company with an undisclosed owner. After the change of government in 2012, it turned out that the buyer was a Serbian businessmen Miroslav Bogičević (who was later arrested and is undergoing a trial) connected to the Democratic party, which was in power at the time of the transaction. However,

the businessman claims he is not behind the ownership of the shares. Although, under the privatisation agreement signed, WAZ had a right to retake the 50 percent of its shares if the money for the transaction is not paid in time (as it is assumed it has not been fulfilled), the company has refused to do so, and there are claims that other Serbian businessmen and media owners are involved in the case. Although the current Serbian PM publicly promised he will determine who the real owner of Politika is, he later publicly said he has given up on that. The situation is so complicated that the State Attorney's office is trying to resolve it.

Then there is [the case of the cable television station N1](#), an affiliate of CNN in the Balkans, which airs its programmes in the former Yugoslav countries through the biggest operator in the region, SBB, which is its owner. It is claimed that the drafting of the Serbian law on electronic media has been tailored in Brussels to suit SBB, which is owned by KKR Global Institute, a US multilevel equity firm. The company is chaired by David Petreus, a retired US general and former CIA head, who visited Belgrade twice and met also with the Serbian PM announcing investments of his company in 2014.

Generally, the lack of efficiency of the Ministry of culture and information in regard to media related issues has often been criticised. The Anti-Corruption Agency recently published a statement saying it regrets the Ministry declared itself incompetent for 13 out of 24 recommendations made in the Report on media ownership. On the other hand, one must take into account that a lot of things regarding media legislature, ownership, and privatisation depend mostly on other ministries and government bodies, as well as courts.

The blurred nature of relations between the politicians, media owners, and journalists has become the predominant feature in the media culture of Serbia. Unfortunately, no government so far has demonstrated a true will to backpedal from influencing media through advertising, state-financed media projects, and personal ties. The outlooks seem dim as the situation in the media industry reflects the all-out dire circumstances of inefficient laws and institutions in Serbia.

This article gives the views of the author, and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics and Political Science.

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