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REPORT ON PRESSURES ON & CONTROL OF MEDIA IN SERBIA

The Anti-Corruption Council has gathered data on the basis of which it can be concluded that the media in Serbia are exposed to strong political pressure and, therefore, a full control has been established over them. There is no longer a medium from which the public can get complete and objective information because, under strong pressure from political circles, the media pass over certain events in silence or report on them selectively and partially.

As the media freedom in Serbia has been jeopardized and as there is no fight against corruption without free media, over the previous months the Anti-Corruption Council has requested from the 50 most significant government bodies in Serbia documentation about all forms of cooperation with media, public-relations agencies, marketing agencies, production companies and other media subjects in the period from January 2008 until the end of June 2010, in order to find out the methods by which the state bodies exercise their influence on the media. The analysis covered all the ministries of the Serbian Government, certain state-owned companies, some city utility companies, agencies and other government bodies. The Council has also analyzed the formal ownership structure of the biggest media in Serbia.

On the basis of extensive documentation, the Anti-Corruption Council has made a detailed analysis of media problems in Serbia and has proposed measures for overcoming them. Our intention was to present to the public as many data as possible, together with precise and relevant conclusions and, therefore, we forwarded the draft of this Report, while we were still working on it, to many institutions, organizations and associations whose activities are connected with the media. Thus, among other things, we sent the draft Report to the Media Department of the OSCE Mission to Serbia, to the RTS Management Board chairman, Mr. Slobodan Markovic, and to the professor of the Faculty of Political Sciences in Belgrade, Dr. Snjezana Milivojevic. The Council has taken into consideration all the relevant remarks regarding the Report and has made corrections in the final wording of this document.

Three basic problems of media in Serbia

One of the most important tasks in fighting corruption is to define clearly the problem of corruption in the public and, therefore, there is no real fight against corruption without the media. Corruption in the very media makes objective informing of the public ill-advised and the public supervision of social activities impossible. When the control over the media by state institutions is stronger than the control the media should have, when the interests of the hidden media owners do not coincide with the interests of the public; when the interests of individuals are realized at the expense of the public interest, which should be protected by the Government, then we have the relativization of the problem of corruption in society.

The Anti-Corruption Council receives a significant number of complaints from citizens and organizations about the work of the media in Serbia, about their being closed due to problems of corruption and their being too connected with the ruling political and economic elites. The Anti-Corruption Council itself has also encountered large problems in addressing the public so far, trying to present examples of law violations by state bodies and elected officials, as well as possible sources of major (systemic) corruption.

International institutions have also noted large problems encountered by the media in Serbia. Thus concern was expressed by the EU Parliament's Resolution on the European

Integration Process of Serbia B7-0021/2011, adopted on 19 January this year¹, because of the Government's attempt to control the work of the media, and drew attention to the ownership concentration and lack of transparency in the media ownership structure. The participants of the annual meeting of the European Federation of Journalists, held in June this year in Belgrade, stated that most of the media workers have very low wages and that they are exposed to pressures from different formal and informal centers of power. "How can a journalist be free if he dares not ask what salary he gets?" "Journalists in Serbia have been pauperized, humiliated, silenced and scared" is one of the judgments that could be heard at the Conference of the European Federation of Journalists.

This description of the position of journalists in Serbia is well illustrated by a recent example when a group of journalists whose reporting was not in accordance with the standard of the existing editorial concept were assigned to the positions of assistant journalists and assistant photographers, with salaries of half the amount. Those who did not accept this proposal lost their jobs. Particularly worrying here is the fact that none of the journalists wrote a complaint under their own names or initiated proceedings for the protection of their own rights.

While analyzing the extensive documentation, the Anti-Corruption Council perceived three major problems with the media:

- 1. lack of transparency in media ownership;**
- 2. economic influence of state institutions on the work of the media through different types of budget payments;**
- 3. the problem of RTS, which, instead of being a public service, has the role of the service of political parties and ruling elites, and the consequence of all this is that media are closed due to numerous problems encountered in Serbia, including the problem of corruption.**

The Council has found out that among the 30 most significant analyzed media in Serbia (12 daily papers, seven weeklies, six TV stations and five radio stations), as many as 18 do not have sufficiently transparent ownership, and their real owners are not known to the domestic public. The reason for this is primarily the presence of off-shore companies in the media ownership structure, whose primary purpose is to hide the real media owners and to conceal the interests of such media from the public in this way.

The state institutions in Serbia spend huge budget funds for advertising and promotion, whereby they make their personal and party promotion, which at the annual level exceeds 15m euros on a sample of the 50 most significant institutions. *Telekom Serbia*, the Ministry of Environment and Spatial Planning, the Ministry of Health and the Ministry of Agriculture, Forestry and Water Management have paid the biggest amounts of money to the media and,

¹ <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B7-2011-0021&format=XML&language=EN>

therefore, it is almost impossible to find an analytical text or an investigative approach by journalists when reporting on the work of these institutions.

Besides the above-mentioned amount of 15m euros, depending on the source, the media receive an additional 21 to 25m euros through public tenders. Specifically, the data on this are incomplete and, according to the Media Study of the Ministry of Culture², this amount was 25m euros in 2010, while certain documents, also from the Ministry of Culture and the Provincial Secretariat, show that the amount was approximately 21.5 m euros. In any case, if you compare it with the total advertising market figure of about 160m euros, it can be concluded that approximately one quarter of their income comes from the state institutions.

Public relations agencies, marketing and production agencies, mainly owned by party activists and persons related to them, play a special role in funding media and keeping them in economic dependence and uncertainty.

The state authorities exercise special influence through RTS which, instead of being a public service to the citizens, is a service of political structures and productions which are closely connected with top officials of the parties in power. During the work on this Report, we encountered problems particularly with the part related to the public service, because the RTS management has been refusing for months to deliver the documentation requested by the Anti-Corruption Council in accordance with the Law on Free Access to Information of Public Importance. The Council has not yet received the requested documentation.

Because of all the above stated, the media in Serbia have lost their primary and important role to inform citizens about things important for their lives, as well as the role the media have in raising awareness of a problem. Nowadays, the media owners and politicians use media exclusively as a means for the creation of public opinion for the purpose of achieving the most favourable rating and election results of political parties, and also for making certain individuals' personal profits. Consequently there is no critical approach to the work of the state authorities in most of the media, and it is impossible to find investigative journalistic texts and contributions in the media, except in rare cases when it suits a part of a party or business elite.

1. Non-transparent ownership structure of the media

Though the media-related laws in Serbia and the international recommendations and conventions foresee transparency of the media ownership structure and speak about the need of establishing the pluralism of media and prevention of forbidden media concentration, the public does not have complete information about the media owners in Serbia. The Broadcasting Law (Article 41) specifies that a domestic legal person, established by foreign legal persons registered in countries where, according to the domestic regulations of those countries, it is not allowed or it is not possible to establish the origin of the founding capital, cannot take part in a tender for broadcasting a programme. In spite of such a legal provision, there is a great number of media in Serbia whose owners originate exactly from such countries.

² Media Study, Ministry of Culture, <http://www.kultura.gov.rs/dokumenti/SRPSKA-VERZIJA-KONACNA.doc>, 79 pages.

Furthermore, the Law on Public Information and Broadcasting (Article 7) stipulates that all forms of monopoly in the area of public information are forbidden for the purpose of protecting the free competition principle. Nobody can have a monopoly in foundation and distribution of public media, or a monopoly in publishing ideas, information and opinion in a public media. Likewise, the CoE Recommendation No. R (94) 13 on Measures to Promote Media Transparency recommends to the member states that, through the inclusion of an adequate legal framework, they enable the public to access the basic information on media so that they could form their value judgment as regards the information, ideas and opinions presented by a concrete media. The legal regulation of the European Union also has a series of recommendations promoting media pluralism, where the issue of transparent capital in the media is essential for the exercise of this principle. However, none of these principles have been applied in practice.

The European Parliament's Resolution³, by which the PMs expressed their particular concern because the Government has been trying to control the work of the media, and because of the controversies with the privatization of *Vecernje Novosti*, is a proof that Serbia has a serious problem regarding the above stated. Among other things, the European Parliament noted the exceptional significance of the existence of strong and independent media for a democratic society and called for taking steps to ensure their independence from political and other influences. The Resolution particularly drew attention to the ownership concentration and lack of transparency in the media sector.

In spite of the existence of these clear guidelines, out of the 30 most significant media, including 12 daily papers, seven weeklies, six TV and five radio stations with national coverage, the Council found out that there were **even 18 media** in the period from 2008 to 2010 whose real owners were not formally known. It is disappointing that the Public Media Register with the Business Registers Agency of Serbia has not offered a minimum of information on the real media owners, but only information which company formally published certain newspapers or broadcast a programme. The Republic Broadcasting Agency hasn't published data on the ownership of the electronic media for years. Recently, on 21 July 2011, on the RBA web site has been published the graphic representation of the structure of the radio and TV stations with national coverage. Besides the available information about the owners on the Business Register Agency, the representation of RBA provides the information about the owners of foreign legal persons, which participate in ownership of the domestic media. This information does not provide the transparency of the ownership because instead of names of the real owners they published the names of the lawyers who represent the companies. For example, on the RBA web site we found the information that the co-owner of the TV Avala is the company Greenberg invest GmbH, registered in Vienna, owned by Werner Johannes Krauss, a lawyer from Vienna. Greenberg invest owned 48,41 percent of the shares of TV Avala, the public considers that these shares belong to Zeljko Mitrovic, the owner of TV Pink, therefore the RBA did not give an answer who really controls TV Avala.

³ <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B7-2011-0021&format=XML&language=EN>

Out of 11 broadcasters with the national coverage, nine of them do not have transparent ownership. The fact that the interests of the concealed media owners hide behind their non-transparent ownership speaks best about the current media scene in Serbia. Therefore, it is a serious question how much the media, which hide their owner as their greatest secret, are ready to publish true and objective information.

Off-shore companies as media owners

The presence of off-shore companies is characteristic in the media ownership structure, and their primary goal is to conceal their real owners. Thus *TV Prva*, *RTV*, *B92*, *Radio Index* and *Radio Roadstar*, all with national coverage, and also the print media, such as *Vecernje Novosti* and *Press*, are directly owned by companies registered in Cyprus, while *TV Avala* and the weekly *Standard* are owned by unknown owners from Austria. The biggest problem with the media that have off-shore companies in their ownership structure is the impossibility to identify their owners, which is contrary to the Broadcasting Law applicable to electronic media and contrary to the Law on Public Information and Broadcasting.

These are most frequently shell companies which do not have a classic infrastructure in the country of their origin. The owner is sometimes a natural person from Serbia, and sometimes the owner of a Cyprus company is hiding in the network of other companies established all over the world. Besides, if you register an off-shore company in one of the tax havens, it is almost impossible to find out the identity of the ultimate owner because instead of his name you can possibly come across the name of the Law Office representing that company. Therefore, it is very difficult to follow such trails and find out what interests are intersecting through such media. Besides hiding behind off-shore companies, the actual owners often hide behind domestic companies as well, which are mainly owned by businessmen or politicians.

➤ *Vecernje Novosti*

Vecernje Novosti is the best example of non-transparent ownership among domestic media, and also of an unlawful takeover by powerful businessmen, what was also noted and particularly criticized by EU MPs.

The majority package of the *Vecernji Novosti* shares is owned by two Austrian companies - *Trimax Investments* (24.99 percent) and *Ardos Holding* (24.90 percent), and by the Cypriot company - *Karamat* (12.55 percent), whose actual owners have been formally unknown for a long time. Certain details on this acquisition were disclosed to the public last year when the German Media Group WAZ published some controversial information about its ownership. Until then there had been only unofficial information, used by the domestic big business owners to hide behind the capital of these off-shore companies.

Milan Beko himself confirmed his ownership of *Novosti* when he was hosted on the TV B92 Programme *Between the Lines (Izmedju redova)* in November 2010, by saying that it had never been disputed that he was the owner of the companies *Ardos*, *Trimax* and *Karamat*, and that he was the owner of 62.4 percent of the *Vecernje Novosti* shares. Thereby Beko confirmed that he had bought the said shares unlawfully and that he has been holding them illegally since

2006 owing to the institutions which have enabled it, because these companies are related legal entities. Specifically, according to the Law on Takeover of Joint Stock Companies, related legal entities can buy on the stock exchange up to 25 percent of shares, while it is mandatory to publish a tender for the takeover of a bigger capital share, inform the Central Securities Register, the Securities Commission and the joint stock company *Novosti*, which has never been done.

Even after the public admission by Milan Beko that the mentioned companies belonged to him, the Securities Commission took seven months to formally establish this fact.

➤ *Press*

A half of the daily newspaper *Press* is owned by a company registered in Cyprus, *Amber Press Ltd.* from Limassol. It is not known who is behind this company, and so far it has only been speculated who the owner of Amber might be. Considering the nature of the texts published in this paper, it has been often mentioned in the public that actually the name of Miroslav Miskovic is behind this Cypriot company, and, for a time, the name of Milka Forcan, his associate until recently. Control over this paper has also been ascribed even to Dragan Djilas, the mayor of Belgrade, the vice president of the Democratic Party (DS) and owner of the powerful marketing companies *Multikom Group* and *Direct Media*. Such doubts have been expressed by some parliamentary parties, but no one has ever managed to find out whose interests have been represented by the group of journalists since its establishment, when, in 2005, they separated from the then-editorial team of the tabloid paper *Kurir*.

It was exactly the appearance of the *Kurir* that contributed mostly to the tabloidization of the media and life in Serbia, and to the ultimate relativization of the problem of crime, corruption and, in general, the system of value. Certain political structures found the paper suitable because, on the basis of fabricated bombshells, it launched political knockouts; but then at a certain moment it turned against those who had supported it politically. All this made the political inspirators of *Kurir* drastically change the Law on Public Information and Broadcasting in 2009 in order to stop the paper they had themselves conceived, and then have arrested the owner of the *Kurir*, Radisav Rodic, who spent nearly two years in detention because of that. On 27 July of this year the High Court of Belgrade issued a verdict by which Rodic was sentenced to two years of imprisonment, but he was immediately released, as he had spent the same period of time in detention. Otherwise, for years Rodic had just been playing a game with the domestic judiciary system, by establishing a series of related legal entities and off-shore companies that no one has ever managed to bring to court. After the arrest of its owner at the time, Radosav Rodic, the tabloid paper *Kurir* was taken over by his son Aleksandar Rodic, who is formally running the company.

Today Djoko Kesic, the present editor-in-chief of all the *Press* publications, Dragan Vucicevic, former editor-in-chief of *Press* and the present chairman of the Board of Directors of *Press Publishing Group*, and Svetomir Marjanovic, also one of the *Press* editors and a former journalist for *Kurir*, have six percent of the *Press* shares. A certain Biljana Kralj has 22 percent of the shares of this paper.

Since the absence of the true information about the media ownership, the conclusion about the owners are based on the editorial policy of the certain media, therefore, indicative is

the attitude taken by the *Press* towards last year's Miskovic-Forcan affair, when this Miskovic's close associate left *Delta Holding*. Prior to that, the paper had never written critically about Miskovic, and that was the first time it published a negative perspective about him. In July 2010 *Press* ran such headlines as "Milka Return the Property", "Miskovic Sues Milka Forcan", but also "*Hamslade's* Claim Rejected in the Dispute with *Jugohemija*" and "*Jugohemija*: Promissory Note for *Deltastar*", and then the reporting was a bit "inconsistent". In *Novosti* the attitude towards the affair was clearer because this paper has not shown respect towards Forcan since the moment she left *Delta*, and the weekly *Vreme* was openly against Forcan. After the affair had calmed down, the *Press* wrote again positively about *Delta*, and also about Forcan's activities.

➤ *TV Prva and B92*

Though *TV Prva* and *B92* are not the most popular television stations, their influence on public opinion in Serbia is enormous, particularly in the case of *B92* and its informative programme, while *TV Prva* is becoming increasingly more popular because of its entertaining programme. According to the applicable Broadcasting Law, the right to frequency use is the right to use a natural good, and thus media with national coverage are granted, together with the licence to broadcast a programme, also the right to use a public good belonging to all the citizens of Serbia. However, non-transparency of ownership often enables the same owner to acquire this public good and a number of media with national coverage, which is contrary to the Law.

TV Prva, formerly *TV Fox*, is fully owned by foreign business, two Cypriot off-shore companies. The founder of *TV Prva*, the company *TV Fox*, is owned by the Cypriot company *Warraner Limited* (49 percent of the shares) and by the Belgrade company *Nova Broadcasting* (51 percent of the shares). The latter, a domestic company, is owned by another Cypriot off-shore company – *Antenna Stream T.V. Ltd.* Because of the off-shore structure of this medium, during the transfer process it could be found out only indirectly that the Greek shipowner Minos Kiryaku is behind these Cypriot companies. Speaking about the media, he confirmed that he had acquired *TV Fox* for one dollar from the American *Fox* owner, Rupert Murdoch. The Republic Broadcasting Agency (RBA) gave approval for this ownership structure, but it never disclosed publicly who the actual owner of the Cypriot companies is. In the graphic representation of the ownership of the TV station with national coverage, which was published recently on the RBA web site, it can be found that Minos Kiryaku controls 25 percent of the *TV Prva* through the off-shore company, and the 75 percent of this television are controlled by the three persons, whose surname is Kiryaku, and they are probably the members of his family.

TV Prva is an excellent example how ownership non-transparency, contrary to the Law, enables the same owner to acquire a number of media with national frequency. Specifically, in November 2010, *RTV B92* was sold. The domestic company *Astonko.*, owned by the namesake Cypriot company, became its majority shareholder, but its owner is unknown. However, information came from this medium itself that a certain Stephanos Papadopoulos is the actual owner of this Cypriot company, together with some other persons.

Papadopoulos is also the owner of *TV Macedonia* (<http://www.maktv.gr/>) from Thessaloniki in Greece, which is believed in this country to be a member of the Greek media group *Antenna* (www.antenna.gr/tv/), owned by Minos Kiryaku, which owns *TV Prva* in Serbia. According to the Register of Broadcasters in Greece, *Antenna* and *Macedonia* are formally

unrelated TV companies, but actually *Antenna* has not only formally taken over the controlling package in *TV Macedonia* because of the Greek regulations on media concentration, but it controls this TV company. Therefore, there is a suspicion among the public that *RTV B92* and *TV Prva* have the same owner.

The Business Registers Agency (BRA) Council formally approved this ownership change, but it has never published the information about the new, real owner of this media company; rather it has only stated that everything had been done in accordance with the law, though there are serious doubts of a violation of Article 99 of the Broadcasting Law resulting in forbidden media concentration. The RBA has recently published the graphic representation of the ownership structure of the radio and TV stations with national coverage, but it is still impossible to conclude who controls the TV B92. Stephanos Papadopoulos is named as a owner of the Cyprus off-shore company **Lake Blade Holdings**, which has 0,63 percent of the shares of the B92. This Cyprus company is the co-owner of the company Astonko, which has 84,55 percent of the B92 shares. The RBA does not publish data about the percent of shares which **Lake Blade Holdings** has in Astonko. The RBA only published that the ownership in the company Astonko have two Cyprus companies **Lake Blade Holdings** and **Salinik**.

➤ *TV Avala*

Zeljko Mitrovic, the owner of *TV Pink*, is mentioned to have also been the informal majority owner of *TV Avala* since March 2008, though formally he has only 4,95 percent share in it. It is assumed that through the Austrian company *Greenberg Invest*, whose real owners cannot be precisely established, and which owns 48.4 percent of this TV station, Mitrovic has the majority share in *TV Avala*, which would be also contrary to Article 99 of the Broadcasting Law and forbidden media concentration. The confirmation of this information was made in June 2011 when it was published in the media that Mitrovic was selling “his” *TV Avala* to *SMI Group*, which owned *TV Nova* in Croatia and after that the negotiation about the selling procedure started with the Al Jazeera.

Other *TV Avala* owners are businessman Danko Djunic, with 45.65 percent of the share, while the Institute of Economics, which is controlled by Djunic and Aleksandar Vlahovic, a DC MP and former minister of economy and privatization, has 0.99 percent of the share. Milosevic’s former minister and deputy prime minister of the Federal Government, Djunic is considered to have been the creator of the privatization concept and one of the most powerful persons in Serbia. He is best known as the first man of the consulting company *Deloitte* in Serbia, which has been the privatization consultant in the sale of many domestic companies, but also as the co-owner of the mentioned Institute of Economics and the company *Eki Investment*. He has taken part in most of the disputable privatizations in Serbia, starting from Milosevic’s time, as an official in his government, until today, either as a consultant, or the owner of a company – from the first sale of *Telekom Serbia* to the Italians, until the liquidation of banks in Serbia, the sale of *Sartid* and *Imlek*, and numerous other domestic companies. His role was best manifested during the doubtful privatization of *C-Market*, when Miroslav Miskovic, Milan Beko and the former *C-Market* director, Slobodan Radulovic, made a cartel agreement, called the Memorandum of Understanding, at the premises of *Eki Investment*, following the initiative of the then-prime minister Vojislav Kostunica.

In comparison with other TV companies, *TV Avala* does not have a high viewer rating and influence on public opinion, but it is significant that this TV company represents the interests of an economic lobby. *TV Avala* mostly deals with topics which are suitable to its owners, and so, since 2008, it has had the exclusive right to broadcast auction sales by the Serbian Privatization Agency. Nevertheless, the greatest enigma regarding *TV Avala* is who is hiding behind the Austrian *Greenberg Invest*, whose formal owner had also owned, until recently, the domestic weekly paper *Standard*.

It should be reminded here that Zeljko Mitrovic has become the “Balkans media magnate”, using the RTS infrastructure, owing to his close relations with the JUL party and the *Pink* cultural kitsch, while broadcasting his programme from one room in the building of the then-Central Committee in New Belgrade. At the end of the nineties, *RTS* was forced to give *Pink* all the required equipment against a small compensation, and owing precisely to the downfall of *RTS*, *Pink* started thriving. In the meantime, from this small JUL TV station, Mitrovic has built an empire, with TV branches in Bosnia & Herzegovina, Montenegro, Macedonia and Slovenia, with 15 specialized satellite channels (*Extra, Kids, Music, Plus, Movies,...*), musical and film production companies (*City Records, Pink Film International*), a marketing services company (*Media System*) and a CD factory (*Pink Digital System*).

Finally, it should be stated that it is worrying that even after the democratic changes in 2000, the issue of the downfall of *RTS* has not been opened, nor a claim made for compensation of damages caused to this RTV public service by the actions of *Pink*.

➤ ***Off-shore companies also in Radio Index and Radio Roadstar***

Owners of radio stations also hide often behind off-shore companies, so that, out of a total of five national radio stations, as many as three have owners in Cyprus.

Radio Index has also a Cypriot owner - *SWF Investments Ltd.* from Limassol, which owns 49 percent of the shares. It is not known in this case either who the actual owner of these shares is, though some documents that can be found at the Business Registers Agency show that the director of the *SWF Investments Ltd.* from Cyprus is a certain Slovenian citizen called Leo Oblak. A person with this name is the director of the Slovenian group of radio stations, *Infonet Media*.

According to the data of the Business Registers Agency (BRA), the ownership structure of the *Radio Roadstar* shows that 49 percent of shares belong the Croatian company *Dijagram Nekretnine d.o.o. Zagreb*, whose core business is real-estate property trade. According to the BRA information, this change occurred in May 2011, and until then the 49 percent of shares had belonged to the Cypriot off-shore company *Radich Enterprise Limited*, while the remaining shares belonged to a certain Ilija Drazic, who is still today the owner of 49 percent of the shares. This is the third change in the ownership structure of this radio which was, according to the previous data, owned by *Euroluxpetrol-Elp* belonging to Borivoje Lazovic, who is still today registered with the BRA as the representative of this radio. According to media statements, this change in the capital of this radio happened after Lazovic's arrest in February 2009 under suspicion of committing the criminal act of association, receiving and giving bribes, and the

abuse of office, whereby the budget of the Republic of Serbia was damaged by 25m dinars, but he was later cleared of all charges.

➤ ***New Standard***

Until recently, 15 percent of the *Standard* weekly shares belonged to Zeljko Cvijanovic, while 85 percent of the shares belonged to the Vienna company *JK Zeitungsverlag Beteiligungs*. It is interesting that the owner of this company is the Austrian lawyer Werner Johannes Krauss, who is also the owner of *Greenberg Invest* in *TV Avala*. In the meantime the ownership structure of this magazine has changed so that 100% of the ownership was transferred to the company *NEW STANDARD MEDIA* belonging to Matilda Veljkovic, who was working at the marketing department of the old *Standard*, while the editor-in-chief was, and still is, Zeljko Cvijanovic. Cvijanovic is known to the domestic public as a journalist who was working during the war in the cabinet of the SDS leader Radovan Karadjic, and then he was the head of the SRNA Reporter's Bureau in Belgrade, a *Reporter* journalist, an editor of *Blic News*, an editor of the weekly *Evropa*, whose alleged relations with the State Security Service have been reported on several occasions.

➤ ***Ekonomist***

A very influential magazine where the attitudes of the economic elite can be read, *Ekonomist* operates in Serbia as the official publication of the company *Ekonom Ist Media Group*. The owners of this company are journalists Biljana Stepanovic Milosevic (10 percent) and Mijat Lakicevic (0.34 percent), but also the American company *Media International Group* (89.66 percent), which is operating within the American off-shore zone of the State of Delaware, and whose owner is unknown.

➤ ***Objektiv***

The weekly *Objektiv* also has an owner in the same off-shore zone, the company *MGM Promarket*, whose actual owner can be only a matter of speculation. According to media statements, Boris Stajkovac, who is known to the wider public as the organizer of numerous humanitarian campaigns, the founder of the Children's Care Centre, but also a former high official of the Democratic Party and of Karic's Force of Serbia Movement (PSS). The fact that the deputy director of the company is Milica Stajkovac, his wife, supports the assumption that these statements are probably true. Stajkovac was otherwise arrested in March 2009 and then accused of a 2.7m dinar tax evasion.

➤ ***Nedeljni Telegraf and Borba***

Nedeljni Telegraf (*Weekly Telegraph*), whose publishing ceased in 2010, also had a Cypriot owner, the company *Armapo Media Limited*. In spite of some speculations, it is not known who the owner of this company is either.

Borba, whose publishing also ceased at the end 2009, had a Cypriot owner too. The company *Buana Holdings Ltd.* from Nicosia is still the owner of the company *Novine Borba*, which used to publish the daily paper *Borba*. This Cypriot company bought the company *Novine Borba* from the company *Futura Plus* for 5,000 euros in October 2008. The *Futura Plus* is now owned by Stanko Subotic's companies *D-Trade* and *Emerging Market Investments* from Denmark, while the Cypriot company *Buana Holdings Ltd.* was represented by the journalist Ivan Radovanovic, but its owner is not known.

Domestic politicians and businessmen as media owners

Besides the media whose owners originate from tax havens, there is a group of five media with insufficiently transparent domestic capital, which are actually owned by domestic businessmen or politicians – *TV Happy*, *TV Happy Kids*, *Radio S*, *Akter* and *Pecat*.

➤ *Happy*

The ownership structures of *TV Happy* and *TV Happy Kids*, two related TV companies sharing the national frequency, are concealed and complex. A certain Petar Ratkovic appears behind various companies as the ultimate owner of *TV Happy*, while a certain Dejan Nikolic is the owner of *TV Happy Kids*. Though there are no official reports, it is believed that *TV Happy* is owned by the controversial businessman Predrag Rankovic Peconi, because all the companies having a certain share in this TV station are registered in Zemun at the same address as the companies whose ownership in the media is attributed (though not officially) to Rankovic (*Monus*, *Invej*). Rankovic started business with gambling houses and betting offices, while the White Book of Organized Crime from 2002 shows him as the main money laundering operator of the "Surcin Clan". The Anti-Corruption Council has recently received a note from the employed journalists, expressing their suspicion that Zeljko Mitrovic is the informal co-owner of *TV Happy*.

➤ *Radio S*

Radio S is a radio station with a national frequency that is owned by a politician. *Radio S* used to be owned directly by the Socialist Party of Serbia (SPS), while it is now owned by Ljubinka Andjelkovic, mother of the high SPS official Zoran Andjelkovic, a member of the SPS Main Board and chairman of the MB of *Serbia Railways*. *Radio S* used to be owned by the company *Genes-S*, which was owned by SPS. Now it is formally owned by *AS Media*, whose founder is *S Media Team*, owned by Zoran Andjelkovic's mother Ljubinka.

➤ *TV Most and Palma Plus*

There are more evident examples in Serbia where party officials own media. *TV Most*, with a regional licence, is owned by Dusan Bajatovic, SPS vice president and director of the state-owned company *Srbijagas*; *TV Palma Plus*, which has regional TV frequency, is owned by

Dalibor Markovic, son of the mayor of Jagodina and the president of the party *Jedinstvena Srbija*.

➤ ***Pecat (Stamp)***

It is not possible to assert who the actual owner of *Pecat* is either, owing to the unusual cyclic ownership structure, which hides the actual owner. The company *Nas Pecat* publishes the paper, and its owner is the company *Baam-Trade* from Belgrade, which is owned by Branislav Vucelic (10.14 percent), Ana Vucelic (10.14 percent) and then again the company *Nas Pecat* (79.72 percent). However, Milorad Vucelic, who was a close associate of Slobodan Milosevic and an SPS official, is said by the public to be the actual owner of the *Pecat*.

➤ ***Pravda***

The owners of the daily paper *Pravda* are also party members. They are Jugoslav Petkovic (47 percent), who is a member of the *Serbian Progressive Party* (SNS) and the chief of the municipal administration in Zemun, and Nemanja Stefanovic (48 percent) who is an SNS member, and it is related to Nebojsa Stefanovic, the vice chairman of the SNS Main Board.

➤ ***Vojvodina Info Group***

Vojvodina Info Group, which has several regional print media is owned by party officials. Since its establishment in 2006 its ownership structure has changed, but, at the moment, it is the owner of the weekly *Zrenjanin*, *Somborske novine* (*Sombor News*), *Suboticke novine* (*Subotica News*), *Backopalanacke novine* (*Backa Palanka News*), *Vrsacke novine* (*Vrsac News*), while its share in *Gradjanski list* (*Citizens' Paper*) and the weekly *Akter* is unclear. The best known member of this media group is Dusan Stupar, former chief of the Belgrade Section of the State Security Service, and now one of the owners of the company *Universal Holding* and numerous domestic companies. Besides him, the other members of the Group are Srdjan Vucurevic, a *Democratic Party of Serbia* (DSS) official of the Novi Sad City Council, and Nenad Romcevic, also a DSS official of the Novi Sad City Council.

➤ ***Radio Focus***

Another of the media whose owners are known by the public is *Radio Focus*, whose owner is the company *Interspeed*, owned by Petar Komljenovic from Belgrade. His name became known to the public during the police operation *Mreza* (*The Net*), undertaken against cigarette smuggling, and it was claimed that he was the leader of the group that worked under the patronage of Marko Milosevic. Bojana Kovacevic (Bajrusevic), who was also charged with cigarette smuggling in the nineties, and who is also known as the widow of Vlada Kovacevic, a.k.a. Tref, who was the actual owner of *Interspeed*, was also a witness before the Special Court in connection to his role in this. He was killed in 1997; that was the first in the series of killings of persons in Slobodan Milosevic's surroundings. He was close with Marko Milosevic and, according to the police information, the two of them were the cigarette smuggling bosses.

Quite a number of media experts have talked about the station's political bias toward the Serbian Radical Party (SRS) before the conflict in this party, and that it is now inclined toward the Serbian Progressive Party (SNS).

Journalists as media owners

➤ *The weekly Vreme*

Among the national media there are only two owned by journalists themselves – the daily *Danas* and the weekly *Vreme*. However, the weekly *Vreme* did not manage to avoid the influence of big business to its editorial policy. Specifically, the owners of *Vreme* have a debt registered in the Loan Collateral Register because of a loan taken through the company *V Film* which has a registered debt of 370,000 euros to the company *Delta Maxi*⁴, which will be due on 21 March 2012. In the meantime, the company *V Film* has been deleted from the Register, and it was affiliated to the company *Vreme*, which formally publishes the known weekly. The editorial policy of this weekly had changed in the meantime, which shows the significant influence of the *Delta* owner on the contents of this weekly's articles, especially regarding Miroslav Miskovic's business operation.

This could be seen best on 3 March this year when *Vreme* published the “exclusive” information that Miskovic had sold the company *Delta Maxi* to the Belgian *Delhaize*, with a big photograph of Miskovic on the front page. In the affirmative text under the headline “World Trade in Serbia”, Dragoljub Zarkovic, the editor-in-chief of *Vreme*, says that this transaction would “have probably been accomplished sooner if spokes had not been put into the wheels, which not only undercut the price of the regionally powerful retail trade chain, but this insinuation made a political issue of a serious trade transaction, where Boris Tadic, the president of Serbia, also once interfered”. This is, however, only one out of a great number of texts in which Zarkovic defends Miskovic from the accumulated “allegations that would sometimes be funny even to deny” and which are for Miroslav Miskovic “probably the greatest threat as regards his position in the society”⁵.

Foreign capital and the state as media owners

The daily papers *Blic*, *24 Hours*, *Alo* and the weekly *NIN* are a part of the multinational German-Swiss publishing network *Ringier Axel Springer*. This group was created last year by the merger of the Swiss *Ringier* and the German *Axel Sringer*. A significant part of other Serbian media is still owned by the state. Besides *Politika*, *Novi Sad Dnevnik* and, partly, *Vecernje Novosti*, the state as the owner controls a great number of local media in spite of the fact that the Law on Public Information and Broadcasting provides for that the state cannot be a founder of a

⁴ under No. Zl.br.4149/08

⁵ <http://www.politika.rs/pogledi/Dragoljub-Zarkovic/t26551.lt.html>

public media in Serbia, either directly or indirectly. These facts have only additionally contributed to the chaotic media situation in Serbia and it enables direct political control of the media.

Ownership abuse

The common feature of both the concealed media owners and the ones known to the public is the abuse of the frequencies for the purpose of achieving individual interests. Owners often treat the frequencies, leased to them as a public good, like their private property.

Perhaps the example of *Novosti* shows most illustratively the reasons and consequences of concealing the media ownership, which is done with the help of state institutions and reflects on the editorial policy of the media. Consequently, among other things, for years one has not been able to find in *Novosti* any analytical texts criticizing or problematizing the business operation of Miroslav Miskovic or Milan Beko, nor of their companies and related persons. Even when they could not avoid denying certain unlawful actions, as in the case of the takeover of *Luka Beograd*, the editors of *Novosti* always managed to avoid it, publishing only texts with the message that “we shall all benefit from *Luka*” and that “everything was in accordance with the law”, and it was always the same group of people sending the messages to the readers, including some officials, like Predrag Bubalo, but also representatives of the Securities Commission and the Serbian Privatization Agency.

Likewise, Miskovic and other big business owners are shown in this medium as “patriotic businessmen”, “persons of trust”, “successful domestic businessmen”, “intelligent business persons”, who are promoted through the headlines – “Businessmen Are Buying Plane Trees” (for the city), “Kraljevo (after the earthquake): Three Houses from *Delta*”, “*Delta* Keeps its Word”, “*Delta* is Conquering Slovenia Too”, “Three Prime Ministers at *Delta*”, “Dodik Wishes (to have) a *Delta* City”, “Business Does Not Tailor Politics”, “*Delta* Is Integrating the Balkans”, “Businessmen are With the President”, or “Serbs Behind *Salford*”, “Anyhow, *Salford* Gets Ljubljana Dairy”, “Beko: The Best are Leaving”, etc.

Enemies are treated quite differently in *Novosti*, hence “Radulovic was Robbing Everyone”, “Spanish Son-in-Law Launderers Money”, and there you could read headlines like: “Radulovic’s Network for *Mercator*”, etc. Especially impressive was the *Novosti* reporting when Milka Forcan decided to leave *Delta Holding*, when it was clearly seen who the boss was (“Milka Forcan Damages Miskovic”). How the owners’ opponents are treated in *Novosti* is also shown in the text, entitled “Whom Does Barac Advise?”, published on 9 February 2011, immediately after the announcement that the Anti-Corruption Council was working on a report about unlawful privatization of the media. This text is another example of drastic abuse of media because the aim was a showdown with the Anti-Corruption Council and its president, who publicly disclosed information about unlawful actions during the acquisition of *Luka Beograd*, because of which the Council has filed a criminal complaint against Milan Beko.

And not so long ago, *TV Pink* and *Novosti* reporting turned into a media war and showed how their owners, Zeljko Mitrovic and Milan Beko abuse media for achieving their individual interests. In February 2011, *Pink* suddenly started doing something this TV had **never** done before – investigative journalism. Over a few days this TV started “discovering” something

about which certain media had been reporting long ago – that the sale of the *Novosti* shares had been carried out unlawfully. According to the reports of other media whose attention was attracted by this conflict, the reason for *Pink's* sudden interest in the unlawful dealings with the *Novosti* was *Novosti's* previous reporting about *Pink's* business fiasco in Slovenia, which then provoked this “counterattack” by *Pink*. In this “counterattack”, in the middle of the February this year, beside the TV Pink, TV Avala took a part by transmitting almost the same news about the illegal privatization of the company *Novosti*. This fact showed the ownership connection between *Pink* and *Avala*.

When speaking about the abuse of media ownership, we should mention also the real private war fought for days by Zeljko Mitrovic against Croatia because of a dispute concerning his personal property, where he used the national frequency, which is a public good, for this purpose. The responsible Republic Broadcasting Agency (RBA) did not react to this example of drastic abuse of the national frequency in spite of calls by the journalist associations.

2. Financial influence of state institutions on media (buying influence) and the role of marketing agencies

The state institutions of Serbia spend significant budget money on advertising, which enables making personal and party promotions in the media. Annual spending by the state institutions on advertising in the media, based on a sample of the 50 most significant institutions from which the Anti-Corruption Council has obtained the data, exceeds 15m euros. When you add the funds which are officially assigned for the work of the media, we arrive at a figure of minimum 36m or even 40m euros paid to the media from state sources. If we compare this with the total market advertising, which according to some estimates amounts to approximately 160m euros, it means that the media get almost one quarter of their total income from state institutions. Thus the government gets a significant space for making its financial influence on the media, whereby it influences their editorial policy.

There is an actual need of state authorities for advertising regarding their different activities intended for the public, such as public procurement adverts, employment adverts, soliciting for tenders, etc. and such activities are precisely specified by the law. Article 86 of this Law provides that state agencies and organizations may advertise their activities and measures important for citizens, especially in five cases: as messages calling them to participate in elections or a referendum, measures for citizens' actions in case of general emergency, humanitarian campaigns, public tenders and calls, as well as in the case of economic activities, such as buying off, purchasing, etc. The Law exclusively forbids the use of a name, image, voice or a similar feature of an official, or direct or indirect advertising of a political organization.

However, most of the funds paid to the media were given precisely through different types of campaigns that most frequently did not have a humanitarian character, as foreseen by the Advertising Law, but whose aim was to promote the work and activities of the relevant ministries. The most expensive campaigns so far have been “Let's Clean Serbia” by the Ministry of Environment and Spatial Planning, the promotion of the ‘startup’ loans by the Ministry of Economy, “Kosovo Is Serbia”, the vaccination campaign against A H1N1 flu virus, the anti-smoking campaign, etc. For example, there is no advertising programme whose production was

paid by the Ministry within the campaign “Let’s Clean Serbia” where Minister Oliver Dulic does not appear as the protagonist.

Consequently, the publication of information on the work of state institutions has, over recent years, turned into banal publication of information on promotional activities of the officials who are in charge of state institutions, by the system “who pays more, gets more space”. When, besides all this, the media get already-prepared and free video materials, as in the case of the two related companies – *TV Infobiro* and *Frame*, whose services of monitoring and recording of the events are paid by the ministries and other state institutions, and not by the media, then they do not have to send their teams to the field at all. *Infobiro* provides them all they *need* and what is *desirable* to be published. Therefore, among other things, the TV and radio contributions, such as texts in newspapers, are most frequently deprived of any research or analysis.

It should be also noted that the Law on Public Information and Broadcasting, Article 2, Paragraph 3, specifies that no one may even indirectly limit the freedom of public information, and especially not by the abuse of government or individual authorizations. Nevertheless, many budgets of state institutions are used exactly for the promotion of officials, ministers, directors and thereby their parties. According to the documents obtained by the Anti-Corruption Council, the company *Telekom Serbia* pays the biggest amount of money to the media – the company for which it can be assumed that it has to advertise its mobile telephony services. However, this company is immediately followed by Ministry of Environment and Spatial Planning, then the Serbian Privatization Agency, then the Ministry of Economy and Regional Development, the Ministry of Health and the Ministry of Agriculture, the Institute of Health Batut, the Income Tax Department, the Electric Power Industry of Serbia (EPS), the Ministry of Interior, etc.

The examination of the Media Documentation Ebart⁶ from 2009, which included the list of politicians who are the most often present in the media, partly matches the list of the state institutions who spend the most money on the media, or those that have budget-funded media relation agencies. The greatest number of newspaper articles and contributions have been dedicated to the work of politicians who paid the biggest amount of money to the media, and so Mladjan Dinkic, Ivica Dacic, Tomica Milosavljevic, Rasim Ljajic, Slobodan Milosavljevic, Nebojsa Bradic ... have appeared most frequently in them. In spite of the fact that the portfolios of the mentioned ministers are among the most attractive ones for the media and the public because of their importance, the fact is, the amount of the awarded media space for the activities of their ministries is not in concordance with the required quality of information, texts and contributions published by the media about the same. Specifically, the amount of funds spent on particular media does not decide only what space would be allocated for particular politicians, but rather these funds are decisive when certain events or the responsibility of government officials or civil servants should be relativized in the media.

Thus, for example, the news about the Council’s Report on Unlawful Granting of Licences to the Company *Nuba Invest* for Laying Optical Cables was not even published by some media, and those which did published only scanty information about it. Unlike the Council’s Report, Minister Dulic, whose ministry granted the licences unlawfully, was

⁶ http://www.danas.rs/danasrs/politika/dacic_i_dinkic_majstori_marketinga_.56.html?news_id=193096

immediately given an opportunity by a greater number of media to present the positive results of the Ministry and to relativize the Council's Report. An illustrative example is how the media mitigated the unlawful actions at certain ministries established by the State Auditor Radoslav Sretenovic. The media showed special "understanding" towards precisely those ministries from the top of the list of those who spent significant budget funds on media activities.

Procurement through various models

The media have earned income from authorities and other state institutions in seven different ways, and the basic form was the publishing of advertisements, which has been ordered by nearly all state bodies. This basic form, which is foreseen by the Advertising Law, includes the lease of advertising space for publishing some concrete information important for the public, such as, for example, employment adverts, tenders for different projects, etc. Contrary to this basic form of advertising, the media also earned income on the basis of specialized information services, contracted information services, subscriptions to services, cultural subsidies, allocations of money from the funds foreseen for the civil sector for implementation of projects, and even for research services.

According to the Public Procurement Law, the regular public procurement procedure need not be carried out for research and development services, and a contract can be concluded directly; the same applies to the radio and TV programme production or programme broadcasting time. Thus, in 2009 the Agency for Small and Medium-Sized Enterprises ordered research services from the company *Ringier (Blic)*, which included "research regarding the needs of small and medium-sized companies for the purpose of improving their business operation", with the obligation to publish the same in the daily paper *Blic*. The services were 4.48 m dinars worth, and their purpose was "the use of the research results by all of the public". Such jobs for which state institutions hire media, which are not professionally qualified for research such as this one, were used to hide the actual nature of the cooperation between the media and party officials who are in charge of state institutions, because the subject of such transactions is actually a free political promotion of party officials.

It should be emphasized here that the ministries and the state institutions that are responsible for such type of works, and which have qualified staff and which get the money from the budget, are supposed to do these works by themselves and should not engage anyone else for them. Thus in the concrete case, the Agency for the Development of Small and Medium-Sized Enterprises, which hired *Ringier* for said research, has been established to otherwise carry out research itself for the needs of small and medium-sized enterprises, as it gets budget funds for such purposes. It can also cooperate with other state scientific-research institutions that are already funded from the budget of Serbia, such as, for example, the Statistical Office of the Republic of Serbia. However, it hired a medium, whose business is not essentially scientific-research work, to allegedly carry out the research; but, in fact, it is buying with that money advertising space and influence. Thus state politicians always get free promotion; the research required for the public is practically useless.

During this analysis the Council has discovered more similar examples where media were hired for research services, including the most drastic one in the cooperation between the

Ministry of Environment and the newspaper *Blic*, whose obligation was to research and publish topical appendices about the environment for a compensation of 47.2m dinars.

Another significant model for hiding the actual nature of the relations between state institutions and “buying” influence in the media is subscription. Certain state institutions have paid subscription for news agency services, or access to “read” news and other agency reports, that are primarily intended for other media. Though most of these institutions already pay for press clipping services, the actual purpose of this cooperation is that the news agencies are “paid” to report on the work of particular officials, and consequently some institutions even concluded parallel contracts with several news agencies at the same time. In this way the institutions ensure better dissemination of positive and promotional news about the state authorities, as news published at a news agency service is more easily “transferred” to other media as well. In this way media lose some of the most important roles they have and the criteria they should meet, such as truthfulness and objectivity.

Over the last three years much more information and many more contributions have been published about institutions which paid such monthly compensation than about those which did not pay a subscription. The Ministry of Justice, the Ministry of Culture and the Ministry of Foreign Affairs have been subscribed to the news agency services. A mere search on the *Beta* Agency web site will show a total number of published contributions containing the term Snesana Malovic – 10,400, 5,560 with the term Nebojsa Bradic, and 562 contributions where Vuk Jeremic is mentioned. It is interesting that the name of President Boris Tadic appears only 1,510 times.

A number of media have been awarded the jobs to follow-up the activities of particular state institutions, which means that the journalists of those media acted as a service to these state institutions instead of informing the public objectively about the work of these institutions. This “follow-up of activities” boiled down to the actual promotion of the work of the minister or director of a state-owned company or institution. The Advertising Law has been violated in a number of cases because the very official was promoted by the advertisement and not the information important for the public. Certain ministries and particularly public companies have indirectly practiced this. Thus, for example, the state-owned company *JP Srbijavode* leased space in the magazine *NIN* to publish promotional advertisements during 2008 and 2009, but actually these were interviews promoting the work of the director Nikola Marjanovic. When concluding business-technical cooperation, the media were also obliged to publish interviews with the minister or the director of the institution. Thus, within the contract for publishing the special appendix of the Ministry of Economy and Regional Development, *Blic* was obliged to publish interviews with Minister Mladjan Dinkic. According to the Law, such contents must be marked so that it can be clearly seen that it is a paid text, or a promotional advertisement, but this provision has rarely been observed by any medium, mostly because no politician finds it suitable that their “visionary” messages to the public be understood as paid promotional advertisements. On the other hand, the media do not find it suitable that such contents be clearly marked as paid, as in this way the true nature of their relations with the party and state officials and institutions would be disclosed.

A great number of such contracts between state authorities and media which were formulated as contracted information service, or specialized service, have been concluded below the nominal limit of the small-value public procurement, which enables that procurements can be

carried out according to the less strict procedure. In 2009 this limit was 2.9m dinars. By an analysis of the contracts we have found out that at least 19 state institutions had contracts with agencies, concluded just below the big-value procurement limit exceeding 2.9m dinars (or 3.44m dinars including VAT). We have found forty or so such contracts.

➤ *Telekom Serbia*

Every year *Telekom Serbia* spends almost 30m euros⁷ on marketing, but by this analysis we have found out that more than 10m euros is directly spent for media services. This is probably one of the reasons why it was almost impossible to find a text that would critically examine the problem of the sale of this company or an analysis of its business operation. The media mainly copy the official reports of the companies about their “successful business operation” and, therefore, the public is often deprived of the information about the indebtedness, economic reasons for the acquisition of the telecommunication companies in the Republic of Srpska and Montenegro, etc. Actually, during the privatization the public was regularly deprived by the media of a series of information that shed negative light on the “positive” topic of the privatization of *Telekom*. Thus the media did not publish the opinion of respectable and relevant experts who spoke negatively about the aspect of the privatization, but the sale was considered a “finished” matter by most major media, as well as by the ruling elite – so much “finished” that the media were more busy with the questions on what projects the money would be spent than with an analysis of the very sale. Some ministers were already “building roads” with money received from the sale, and all this so that the domestic public would accept this political platform, whose most probable interest was to have more money in the budget of the Republic of Serbia and consequently better chances to remain in power.

With an explanation that it is only advertising mobile telephone services, *Telekom Serbia* has contracts with most of the media in Serbia. The other two mobile telephone operators spend somewhat less money for marketing than *Telekom*. It spends most money for advertising on *RTS*, *RTV Pink* and *RTV B92*. In 2008 it spent 142.55m dinars for advertising on *RTS*, and in 2009, 124.02m dinars. In second place is *Pink*, which received from *Telekom* 92.82m dinars in 2008 and 136.05m in 2009. *TV B92* is in third place with 76.1m dinars in 2008 and 64.28m dinars in 2009. *Fox* is in fourth place on the TV list, while *TV Avala* is in fifth place. *Vecernje Novosti* had been the first among the print media by 2008, while *Blic* has taken over the leading position since 2009 (*Blic* made 43.25m dinars in 2008 and 58.95m dinars in 2009, while *Novosti* made 50.55m dinars in 2008 and 42.85 in 2009). *Telekom* paid significant amounts to other media as well, such as *Kurir* (47.40m dinars in 2008 and 35.40m dinars in 2009) and *Press* (34.57m dinars in 2008 and 40.92m dinars in 2009).

The data on the annual income share made by the media from *Telekom*, which ranges from 1.6 up to as much as 17.7 percent, show how important it is for the media in Serbia to have a sponsorship contract with *Telekom*. Thus, for example, *Telekom* spent 13.09m dinars for broadcasting commercials on *TV Avala* in 2009, while, according to the Business Registers Agency, *TV Avala* made an operating income of 172m dinars in that year. It should be mentioned

⁷ Telekom Serbia, “Report on Business Operation for 2009, Belgrade 2010, p.77
http://www.telekom.rs/Dokumenta/doc/telekom_godisnji_izvestaj_final_srpsk_%20za_internet%20prezentaciju.pdf

here that Aleksandra Radujko, the wife of the director of *Telekom*, Branko Radujko, was the editor-in-chief of this TV channel during that period. As to Branko Radujko himself, before assuming the office at *Telekom*, he had been the secretary general to President Boris Tadic.

The income of the daily paper *Danas* and *RTV B92* made from *Telekom* were about five percent in 2009. In October 2008 *Telekom* sponsored the broadcasting of the Champions League matches in 2008/09 (9.2m dinars) on *TV B92*, then in December of the same year it sponsored the programme *Operation Triumph* (29.2m dinars), and, in January 2009, the New Year's special feature, *Storks in the Fog (Rode u magli)*, and at the end of that year it sponsored the series programme *Big Brother* (35.4m dinars including PDV).

➤ ***Ministry of Environment and Spatial Planning***

Telekom is immediately followed by the Ministry of Environment and Spatial Planning, which spends more than 1.5m euros for promotion, though it need not advertise "its" products. A media sector should be justifiably added to this Ministry, considering the amount spent, which they do not show as advertising but as research or provision of specialized services. In 2009 this Ministry spent just over a half million dinars on advertising, but from other budget items it spent between 130 and 150m dinars on promotion, buying promotion space in the media. Minister Dulic concluded the most significant contracts with *Ringier (Blic and Alo)* for environment research services, amounting annually to nearly half a million euros (47.2m dinars). *Ringier* undertook the obligation to publish the research results in the daily papers *Blic* and *Alo*, so that the research results would be accessible to the public. Even though on the *Blic* web site a lot of articles about this area could be found, there is no texts on the research conducted by *Ringier* could be found by searching the *Blic* web site, with an indication that they have been paid by the Ministry, though there are many contributions dealing with the area. On the other hand, during 2010 alone *Blic* published a lot of texts in which Minister Oliver Dulic is mentioned, most frequently in a positive context: "Dulic Is Taking 200 Builders to Kraljevo", "Environment Better Than in Previous Year", "1633 Apartments Will Be Built Next Year", "Politicians Fell for Facebook", etc. We could find only rare critical texts related to the proceeding initiated against him by the Anti-Corruption Council because of allegations of possible conflict of interest, due to the fact that his company *DG Comp* was doing business with 70 companies and institutions financed from the budget of the Republic of Serbia. The consequence of the cooperation between media and state institutions can be relativization of the actions of the state officials and media are used to mitigate the public reaction, instead of being protagonists in discovering unlawful actions and corruption of state authorities.

➤ ***Serbian Privatization Agency***

The Serbian Privatization Agency is in third place with an annual spending of about 62m dinars and probably because of that a great majority of the media start informing the public about the privatization problems only when some privatization is officially revoked. The Agency spends most of the funds on print media – *Vecernje Novosti*, *Blic*, *Politika* and *Press*. It is interesting that the services of the TV broadcasting of auctions are provided by *TV Avala*, owned by Danko Djunic, who otherwise provides a greater number of consulting services for the

Agency. According to the contract for TV broadcasting of auctions, signed in February 2008, *TV Avala* gets 850 euros for broadcasting an auction and 350 euros for the broadcasting costs and 500 euros for the production costs. However, the contract does not define the time schedule or the number of auctions broadcast on an annual level and, therefore, it is not possible to calculate how much money *TV Avala* has made for this service.

➤ ***Ministry of Economy and Regional Development***

The Ministry of Economy and Regional Development follows the Agency with annual spending exceeding 60m dinars, which can be also a reason why there are almost no critical reports about it in the media.

Most of the funds have been paid for the services of TV channels with national frequencies: *RTV B92*, *RTS* and *RTV Pink*. The claims of the now already former minister Dinkic that he could not promote his work are not true considering the budget spending for media because this Ministry has had all the national TV channels on its payroll. Even a number of media started a campaign defending the former minister after his removal from the office. Those days Dinkic was on the front page of the *B92* web site a number of times, and his activities were regularly followed up in the informative programme of this TV channel, though he was then only the leader of the parliamentary caucus the United Regions of Serbia.

TV B92 has made 14.34m dinars, *Pink* 14.18m dinars and *RTS* 11.06m dinars from the Ministry of Economy and Regional Development. The print media received 2.7m dinars from this Ministry in 2009. In 2009 *Novosti* followed up the work of the Ministry in their Internet edition www.novosti.rs for a compensation of 210,000 dinars and it prepared the map of the Spas of Serbia for 290,000 dinars. In 2010 *Blic* prepared and published a special appendix in the area of economy for an amount of 590,000 dinars, where publishing of interviews with Dinkic was specially foreseen. In 2010 the magazine *Status* got a job from the Ministry to follow up the work of this institution for 3.3m dinars, with the obligation to publish a text about its work in each edition.

➤ ***Ministry of Health***

The Ministry of Health spends about 35m dinars on promotion in the media. Most of the money was spent on the vaccination campaign against the H1N1 virus “Roll Up Your Sleeve” (“Zavrni rukav”). That is the reason why a small number of the media reported objectively about the transaction of the urgent purchase of the vaccine against the H1N1 virus in 2009 and, therefore, instead of having objective information, the citizens received from the media only calls to get vaccinated. The responsibility of the Ministry of Health and Minister Tomica Milosavljevic in this transaction was rarely questioned in the media, though it turned out eventually that the purchase was disputable and the quantity of the purchased vaccines excessive and unnecessary.

The newspaper *Politika* rarely objectively reported on this problem, but during that period it made 3.22m dinars from this Ministry, second to *TV B92* which made 5.53m dinars for broadcasting related commercials. In 2009 the Ministry spent direct budget funds also on the

Blic-promoted project “The Human Body Atlas”, amounting to 2.36m dinars, but it was not shown as advertising. The Health Institute Batut is also related to this Ministry, with an annual spending of about 34m dinars for promotions, which have been mainly anti-smoking and some other anti-addiction campaigns; therefore, it is not unusual that reports on Batut are mainly positive. In 2008 *RTS* received 5.8m dinars from Batut, *B92* 4.97m dinars, *TV Avala* 2.74m dinars and the daily paper *Danas* 1.2m dinars.

➤ ***Ministry of Agriculture***

In 2009 the Ministry of Agriculture spent more than 30m dinars on promotions, but the money was spent through several marketing agencies and, therefore, it cannot be found out which media published the promotional adverts. At the same time there is an impression that the situation in this area has deteriorated over the past period, while the media popularized the activities of the Ministry instead of writing about topics important for agriculturalists. Thus the ecological appendix of *Politika*, “The Green Pages”, published in 2008, was also obliged “to support in the texts the activities of the Ministry” because of the paid 2.4m dinars. For the topical appendix “*Blic* Agriculture”, published in 2010, the Ministry was to pay *Blic* 510,000 dinars per appendix (total 5.12m dinars), and in accordance with it Minister Dragin appeared more frequently in *Blic*, as well as on *TV B92* because in June 2010 the Ministry paid 3m dinars for ten programmes of “Magnification” (“Uvecanje”).

➤ ***Ministry of Work and Social Policy***

In 2008 the Ministry of Work and Social Policy spent 28.3m dinars on media and promotion and 15.56m dinars in 2009, but most of the funds were spent through the agency *Maxim Media* and, therefore, it cannot be found out which media received the money.

➤ ***Ministry for Kosovo and Metohija***

The Ministry for Kosovo and Metohija spent the most money on advertising in the media in 2008 at the time when Slobodan Samardzic was the minister, i.e. 21.42m dinars, while a much smaller amount was spent in 2009.

➤ ***Ministry of Interior***

The Ministry of Interior spent 14m dinars keeping the public informed in 2008, 8.89m dinars in 2009, but the report we have received does not specify the names of the media. The Ministry of Interior advertised itself in *Blic* in the encyclopedia project “All About Serbia” (“Sve o Srbiji”) (590,000 dinars) but it is not stated when exactly. The flyer-inserting project on visa liberation was also carried out (680,000 dinars), but there is no the data on what media were involved.

➤ ***Tax Administration Department***

The Tax Administration Department has advertised itself mostly in printed media (21.62m dinars in 2008 and 23.48m dinars in 2009) and has spent most on the newspaper *Danas* (3.4m dinars in 2008 and 6.4m dinars in 2009).

➤ ***National Employment Office***

The National Employment Office (NSZ) spends 17m dinars annually on promotion in media, mainly in electronic media, and thus it spent 980,000 dinars on advertisements in printed media. In the same year it spent about 11.85m dinars for production of programmes on *TV B92*, and in 2010 it spent about 3.9m dinars. In May 2009 the NSZ paid 1.95m dinars to the newspaper *Danas* for the insertion of the publication “Poslovi” (“Jobs”).

➤ ***State-owned company Electrical Power Industry of Serbia (EPS)***

From 2008 to 2010 the state-owned company Electrical Power Industry of Serbia (EPS) paid 14.63m dinars for media services and cooperated with *TV Happy* on the promotion campaign “EPS and Children” (“EPS i deca”), which cost nearly 1m dinars. EPS paid the largest amount to the daily paper *Danas* – 2.6m dinars, but EPS spent 2.4m dinars on advertising in *Politika*, and 1.26m dinars in *Vecernje Novosti*. A public polemic on the need for advertising this monopolistic electrical power supply company was opened, especially in September 2010 when it was disclosed that this state-owned company, which was one of the companies with the biggest deficit, was to pay 800,000 euros to the football club Partizan, sponsoring it in the Championship League and other international matches until the end of 2011.

Influence of agencies for relations with media and private production companies

Public relations agencies, marketing and production companies, which are mainly owned by party activists or persons related to them, have a special place in the relations between state institutions and media. Some of these agencies provide services to most of the state institutions, so that some of the agencies receive income exclusively from state bodies. A number of state institutions and state-owned companies have specially hired agencies for relations with the media or production agencies, in spite of the fact that they have entire services of their own whose job is to maintain relations with media. Therefore, engaging companies for such jobs is not only disputable, but it is also problematic because its purpose is mainly the political promotion of the work of ministers and directors, and not informing the public.

Out of the 22 ministries of the Government of Serbia covered by the Council’s analysis, only three ministries have not used the services of these agencies (Ministry of Science, Ministry of Education and Ministry for Public Administration and Local Self-Government). Among the ministries, some hold a record in the use of services of the biggest number of agencies, such as the Ministry for Kosovo and Metohija, which used the services of eight different agencies in 2008. Over the last three years, as many as 11 agencies worked for the Ministry of Agriculture,

and some agencies were also hired for particular departments within this institution. The Ministry of Health has hired 10 agencies, and seven agencies worked for it in 2009 alone.

Moreover, these agencies, whose owners are most frequently high party officials or persons related to them, have controlled the advertising market for years. These agencies, actually, lease advertising space from media, and then they sell it to their clients or individual buyers at much higher prices. While working on this Report, the Council met with representatives of the company *McCann Ericsson*, who explained that they get these jobs because the media, which are in a poor financial situation, agree, under the condition of advance payment, to lease advertising space at lower rates than the actual market rates. However, according to the information obtained by the Council while researching this phenomenon, it happens that these agencies pay the media only a part of the contracted advance payment amount, and the payment of the remaining part is used to exert pressure on the media, and they stop paying if the medium starts pursuing a topic which is not in the interest of the agency owner's party, or if it is not in his personal interest.

Distribution of agencies by political parties

The analyzed contracts clearly show the party distribution of agencies, so that, for example, the agency *A Media* provides services to institutions controlled by G17 Plus activists, such as the state-owned Public Water-Management Company (*JVP Srbijavode*), or the National Agency for Regional Development, the Republic Institute for Sport, the Republic Institute for Health Insurance or the Grammar School of Kragujevac. That should not come as a surprise, as the director of this agency is Tomislav Damnjanovic, former chairman of the G17 Plus Executive Board and the creator of its campaigns. Damnjanovic is also the brother of Mladjan Dinkic's wife Tatjana. The Association of Independent Electronic Media (ANEM) has the biggest ownership share in this company (40 percent), then Mitko Jakovleski (10 percent), and then Veran Matic (*RTV B92* editor-in-chief), Sibina Golubovic, Tomislav Damnjanovic, Tatjanja Boskic (five percent), etc.

The Ministry of Health, at the time when Tomica Milosavljevic was the minister, also was in active cooperation with the agency *Cross Communications*, owned by Svetlana Blagojevic, who organized the campaigns called "Serbia Against Cancer". In order to promote a campaign against cancer, in 2009 this Ministry paid for the production of the TV series "The Village is Burning and Granny is Combing Her Hair" ("Selo gori a baba se ceslja") (8.35m dinars) through the consortium *Contrast Studios* and *Media House*. Blagojevic's agency also worked on the campaign "Click Safely" ("Klikni bezbedno"), which was given 2.5m dinars by the Ministry of Telecommunications, controlled by G17 Plus officials.

The agencies *McCann Erickson Group* and *Stoa* provide services to state-owned companies and state institutions controlled by DC officials, such as *Telekom Serbia*, the Ministry of Agriculture, the Ministry of Trade and Services or the Ministry of Foreign Affairs. The agency *Stoa* has already been working for the Assembly of the City of Belgrade for several years, as well as for the Assembly of the City of Novi Sad, which has been traditionally controlled by DS.

The agency *Profiler Team*, owned by Goran Veselinovic, where, according to the SRS information, SNS deputy president Aleksandar Vucic is employed, was providing PR services to the Ministry of Mining and Energy for a monthly compensation of 300,000 dinars, but since SNS has taken over power in Zemun and Vozdovac, this agency has received between 300 and 400 thousand dinars every month. It is interesting that the *Profiler Team* does not have any other clients among state institutions, except only where SNS is in power.

Before losing power, DSS and Nova Srbija had also had their favourite agencies, which can be seen best in the example of the agency *Arts & Crafts*, owned by Miljan Scekcic, which did a number of jobs for the Ministry for Kosovo and Methohija in 2008, for a total amount of 7.87m dinars. The agency printed table calendars, put up posters, billboards and produced TV programmes, and all that within the campaign “Kosovo is Serbia”. They created billboards with dominating photos of world leaders and their statements regarding the preservation of the country and democracy. In that year the agency made an income of more than 20m dinars, but the next year it made only 1.32m dinars; therefore, it can be concluded that it was surviving owing to the jobs obtained by political support, primarily by DSS and NS. Scekcic was advisor to Maja Gorjkovic at the time when she held the office of the mayor of Novi Sad, and his agency also organized the Nova Srbija presidential candidate campaign of Velimir Ilic in the elections of 2008. A series of other agencies (*Grifon Media, Masel Group, Mediana Adria*) and two related companies for the production of documentary films about Kosovo – *Ronin Pro* and *Sans Oil* - which are now in liquidation, were also hired within the frame of campaign “Kosovo is Serbia”.

- ***Personal predisposition towards certain agencies***

The analysis of the documentation shows that certain agencies provide services to a series of institutions related to the work of a particular politician. Thus the agency *Stoa*, although deprived of other bigger jobs, has always been engaged where Minister Sasa Dragin was. When he was the Minister of Environment from 2007 to 2008, *Stoa* was doing PR for the Environment Protection Fund, and when he took over the Ministry of Agriculture, the agency *Stoa* became the most favourable agency for this Ministry, but it was particularly hired by some bodies which are a part of this institution (General Inspectorate of the Ministry and the Department for Agricultural Payments). The Ministry of Agriculture separately paid the agency *Stoa* for information services (3.39m dinars), and separately for the services informing about the General Inspectorate of the Ministry of Agriculture and the Department for Agricultural Payments. The owner of the agency *Stoa* is Ljubomir Podunavac, a political scientist and a DS activist, who is presently, besides working for his agency, also the director of the *RTV Sabac*, with which this Ministry also has business cooperation, while the wife of this marketing expert, Jelena Kosanic Podunavac, has been since recently the head of the *RTV B92*.

Furthermore, the Ministry of Agriculture also had contracts with a greater number of other marketing agencies: *McCann Erickson Group, Media S SMVG, Ebart, Can Advertising, Grafoprojekt, Ideological Factory, Infobiro, Milk & Honey Communications* and *BimBros*. In 2008 *Grafoprojekt* produced four TV programmes entitled “Agroworld” (“Agrosvet”) costing 2.2m dinars, which were to be broadcast on 53 local TV stations, and the next year the same programmes were produced by the related company *BimBors*, belonging to a certain Zoran Vasiljevic, for a compensation of 3.06m dinars.

Among the agencies hired by the Ministry of Agriculture there is a certain number from Novi Sad, such as the *Ideological Factory*, which was hired in 2009 for shooting an educational informative spot for the Ministry, costing 3.33m dinars, which was the only income of this company in that year. The owner of this company is a certain Vujadin Vukmirovic, and the director Pedja Popic, both from Novi Sad and members of the *Rotaract Association*, the so-called *Rotary Club*, where Minister Dragin was active as well. At the same time Dragin hired another Novi Sad company *Milk & Honey Communications* to buy media time for an amount of 12.03m dinars. The owner of this company is a certain Goran Ivetic, who was on the MP candidates list for the Force of Serbia Movement.

The Minister of Agriculture, Slobodan Milosavljevic, in the period from 2007 to 2008 engaged the agency *Communis* for PR services; the same agency was “transferred” together with him to the Ministry of Trade and Services and was the most favourable there. The *Communis* is owned by Ivan Stankovic, who is known by the public as one of the first domestic marketing experts, the founder of the first marketing agency in Serbia, *Saatchi&Saatchi*. *Communis* created communication projects “We Give” (“Mi dajemo”) for the Ministry of Agriculture for compensation of 15,000 euros and the production of 26 TV programmes called “Agro Prognoses” for an amount of 26,000 euros. We found another contract for the same programmes, which was later on cancelled; but it was with another agency - *Media S SMVG*, whose owner is also Stankovic. Besides these contracts, in 2008 the agency provided specialized information to the Ministry of Culture for an amount of 2.68m dinars and radio spots for the Ministry of Trade and Services (2.6m dinars), promoting the development of trade in Serbia. The Belgrade Airport also engaged the *Communis* in 2008 for marketing presentation and production of films, and the value of the contract was 93,915 euros.

➤ ***Multikom Group, Direct Media, Emotion***

Agencies in which Dragan Djilas, the mayor of Belgrade and Democratic Party deputy president, owns a share have a significant place on the marketing and advertising market. Djilas owns one quarter share in the marketing agency *Multikom Group*, in which he used to have a half share, while now the other quarter is owned by Milica Delevic, the director of the European Integration Office of the Government of the Republic of Serbia. The company *Multikom Group* was established in 2004, and its business is related to advertising in media, leasing media space, financing productions, purchase and sale of TV rights, etc. *Multikom* has shares in other agencies, i.e. 93 percent in *Direct Media*, whose business is also sale of advertising space. Three companies called *Direct Media*, operating in Macedonia, Bosnia and Montenegro, with seats in Skopje, Sarajevo and Podgorica, are members of this Group.

Multikom Group is the majority owner of the domestic companies *Spark Event Promotion*, a company for promotional activities, *Sports ADD* accounting services, *Big Print* for printing services and *Frendee* for Internet trade, while the production company *Emotion*, in which *Multikom* had been a co-owner with a 49-percent share, produces the most expensive TV programmes, such as “Big Brother”, “48-Hour Wedding Party”, “All for Love”, “Swapping Wives”, “Operation Triumph”, “Take It or Leave It”, etc. According to the data obtained by the Council from the Business Registers Agency (BRA), *Multikom* was deleted from the Register as co-owner in the production company *Emotion*, and *IMGS*, owned by Goran Stamenkovic, has

been registered as its sole owner, which had had a 51-percent share until this change in the ownership structure of *Emotion*.

According to the BRA data, *Multikom* and *Direct Media* have had a constant growth of net profit from year to year. In 2008 *Direct Media* made a net profit of 558,628,000 dinars, while in the previous 2007 its profit was lower by almost 200m, amounting to 380,604,000. In 2009 its net profit was 619,679,000 dinars, and in 2010 it was 758,994,000 dinars.

It was similar with *Multikom Group*, which, together with related companies, made a net profit of 498,432,000 dinars in 2008 and 563,130,000 dinars in 2009, while in 2010 the net profit amounted to 790,216,000 dinars.

According to the data obtained from the NBS Treasury, the Anti-Corruption Council learned that the printing house *Big Print*, which is a member of *Multikom Group*, also has direct business cooperation with state institutions, including those funded from the budget of the city of Belgrade, whose mayor is Dragan Djilas. This company provides services to the Assembly of the City of Belgrade, the city municipality of New Belgrade, to most Belgrade theaters (*Atelje 212*, *Zvezdara Theater*, *Belgrade Drama Theater*, *Yugoslav Drama Theater*, etc.), and also to the Tourist Organization of the City of Belgrade, the Belgrade Library, the Cultural Centre of the City of Belgrade, the Youth Home, and the Health Centre of Rakovica. *Big Print* has also provided services to the Historical Museum, the Pedagogical Museum, the National Museum, the Museum of the History of Yugoslavia, and the Serbian Academy of Science and Arts.

According to press statements (<http://www.standard.rs/vesti/36-politika/6687-slobodan-antoni-mrea-kolskih-drugaraq-u-politiko-eliti-srbije-.html>), Dragan Djilas, through his agencies, controls the leasing of the biggest part of the advertising space on national and regional televisions in Serbia. In order to check this information, on 27 September 2010 the Anti-Corruption Council submitted an application to *RTS* to access information of public importance, requesting contracts for advertising in the media concluded with marketing agencies from 2007 to 2010. As *RTS* has not furnished most of the requested documentation to the Council, we could not examine this problem. We shall present the conclusions we have made on the basis of the requested documentation *RTS* has furnished, in the part of the Report dealing with the role of this public service.

McCann Erickson

During the last three years the *McCann Erickson Group* agencies have worked for seven ministries (the Ministry of Agriculture, the Ministry of Foreign Affairs, the Ministry of Economy and Regional Development, the Ministry for National Investment Plan, the Ministry of Health, the Ministry of Mining and Energy and the Ministry for Work and Social Policy), and on the basis of the answers we got from the state institutions we have found out that the Republic Telecommunications Agency, the Construction Directorate of Serbia and the Medicines and Medical Devices Agency of Serbia (ALIMS) have also been clients of this Group. However, according to the Treasury Directorate, from 2007 to 2011 the *McCann Erickson Group* agencies have provided marketing services to a total of 103 budget beneficiaries, or state institutions. There have been the highest state bodies among them, such as the President of the Republic of Serbia, the Government and ministries of the Republic of Serbia, and a great number of state-

owned companies, such as the state-owned company *Roads of Serbia (Putevi Srbije)*, cultural institutions, such as the *Terazije Theater* or the *Cultural Centre of Novi Sad*, state institutes and agencies, such as the Serbian Privatization Agency or the Health Insurance Institute, local self-governments, such as the self-governments of the City of Belgrade and of the municipalities of Novi Beograd, Vracar and Zvezdara, or of the Municipality of Paracin, clinical centres, such as the Clinical Hospital Centre of Bezanijska Kosa, health centres in Lazarevac and Leskovac, schools and faculties, and even judiciary institutions, such as the High Magistrates Court of Belgrade.

The vaccination campaign of the Ministry of Health against the flu virus A H1N1, costing 6.7m dinars, was the best known campaign of this marketing agency. However, the most significant marketing services of *Universal McCann* (since recently *Universal Media*), a member of *McCann Erickson Group*, have been provided for *Telekom Serbia*, which has a group of hired agencies, for production and media relations.

This agency is owned by Srdjan Saper, member of the DS Presidency and an informal advisor to the President of Serbia, Boris Tadic, who organized various pre-election campaigns. The magazine *Status* wrote about this Saper's informal role in June this year, as well as President Tadic himself. In a conversation with Svetislav Basara, Tadic said:

“It may sound very apathetic how I got involved in this. And I got involved in all this when four of us, my childhood friends and I met one night and talked about whether Serbia should be *given up to the Radicals... There were only four of us...

Basara: You, Krle, Saper, and who was the fourth?

Tadic: Tucko. The four of us.”

Following the proposal of the Government of Serbia, Saper also became the chairman of the Management Board of the Belgrade Philharmonic Orchestra, with which, according to the statements of the Treasury Department, his agencies have direct business cooperation, which constitutes a conflict of interest.

The agency *Universal Media* operates within the big marketing network *McCann Erickson* for SE Europe, which operates in Serbia, Montenegro, Macedonia and Albania, whose head is also Saper. This marketing network represents some of the biggest domestic and foreign companies and makes decisions about the biggest marketing budgets in the region. Its annual turnover is, according to the statements of the company itself, about 25m euros in the region and, according to the BRA data, in Serbia alone, the companies belonging to this Group (*McCann Group*, *McCann Erickson*, *McCann Erickson Public Relations* and *McCann Erickson Clipping*) made an income of about 1.19 billion dinars, which is about 12 million euros.

The agency *McCann Erickson Public Relations* had receivables from the budget institutions in amount of almost 26m dinars only in 2009, which shows a significant increase in comparison with 9.8m dinars, which it received from these institutions in 2007. According to the BRA data, *McCann Erickson*, a company for marketing and market communications, which is 100-percent owned by Srdjan Saper, owns 40 percent of the shares of the *McCann Erickson Public Relations*, while Borislav Miljanovic, a former *BK TV* journalist, owns 60 percent of its shares.

At the same time during 2009, the agency *McCann Erickson Press Clipping* (now *Real Time Clipping*), which was established at the end of 2008, had an increase of its income from the budget institutions, as some of the jobs and the budget institutions were “channelled” into it. This agency has had a total annual income from state institutions amounting to 7.1m dinars in 2009, and 6.5m dinars in 2010. It should be mentioned that the net profit of this agency has constantly grown since its establishment in 2008. Thus, in the first year of its operation – and it is important to say that *McCann Erickson Press Clipping* was established in October 2008, which means soon upon the formation of the present Government of the Republic of Serbia and the assumption of the power by the Democratic Party – its net profit was 35,000 dinars, the next year, 2009, it was 7,866,000, and in 2010 it reached an amount of 8,856,000 dinars.

McCann Erickson Press Clipping (or *Real Time Clipping*) is now owned 100 percent by said Borislav Miljanovic, as, according to the information from *McCann Erickson Group*, Srdjan Saper sold his 51-percent share after the “Philharmony Affair”. It is worth mentioning that it was learned that, at the beginning of this year, this agency concluded business contracts with the Belgrade Philharmonic Orchestra, where Saper is the chairman of the Management Board, which puts him in conflict of interest.

It is also interesting that the amounts paid for services to the *McCann Erickson* agencies mainly did not exceed the legal minimum for conducting the regular public procurement procedure, or they were within the limit of the small-value procurements, which is otherwise characterized, in analyses of corruption in public procurement, as the area where the largest budget funds are spent without any control.

Besides the marketing services provided to *Telekom Serbia* by *Universal Media*, a member of *McCann Erickson Group*, this company has signed many contracts with the production company *Adrenaline*, which is also a part of Saper’s Group and 100-percent owned by him. In 2008 *Telekom* sponsored *Adrenaline* with 23.28m dinars for 30 episodes of “Karaoke Showdown” (“Karaoke obracun”) on *TV Pink*; then 4.68m dinars was paid for 20 episodes of the programme “Genius Show” (“Genijalni sou”) on *TV Avala*; in 2009 it paid 28m dinars for the series “I’ve Got Talent” (“Imam talenat”); and then, last year, it paid 26.6m dinars for the series “The Sixth Sense” (“Sesto culo”).

➤ ***Initiative, Media Pool***

In 2008 and 2009 *Telekom Serbia* obtained marketing services also from the agency *Initiative*, owned by *Lowe & Friends*, whose only owner now is one of its founders, Branimir Dimitrijevic Tucko. Specifically, in 1990 he established *Lowe & Friends* together with Saper and Nebojsa Krstic, official adviser to President Tadic and the owner of the agency *Nova Communications*.

Media Pool is also one of the agencies which cooperated with *Telekom* in 2010. According to the Contract for promotion of this company in the TV series “The Village is Burning and Granny is Combing Her Hair” (“Selo gori, a baba se ceslja”), *Telekom* was to pay 28.71m dinars. *Media Pool* is owned by *Magna Europe*, a company from Macedonia, but in contracts with *Telekom* Tatjana Pantic, who had previously represented Saper’s *Adrenaline*, appears as the director of this agency.

➤ ***Morfeus Group and Morfeus Direct Communications***

The name of Tatjana Pantic appears also with the *Morfeus Group*, which has concluded with the Ministry of Environment and Spatial Planning deals worth dozens of millions of dinars. Until 16 August this year Tatjana Pantic had been registered as the owner of 34 percent of the *Morfeus Group* shares, while 66 percent belonged to Maja Totovic, who was, according to the data from her personal CV, the director for strategic planning at *McCann Erickson* from July 1998 till February 2007.⁸ As of the mentioned date, Maja Totovic has been registered as the 100-percent owner of *Morfeus Group*. It is indicative that this change in the ownership structure happened after the aforementioned meeting which the members of the Anti-Corruption Council had with representatives of *McCann Group* while working on this Report. Specifically, at this meeting, which was held on 2 August this year, the Council members were told that no indirect conclusion regarding any relation between *Morfeus Group* and *McCann Erickson* should be made “only on the basis of the fact that Tatjana Pantic had been a former director of *Adrenaline*”. The representatives of this agency added that Maja Totovic used to work for *McCann Erickson*, but that she had never been a director of this agency. While writing the conclusive parts of this Report, we noted that in the meantime, or within a period of only two weeks upon the meeting of the Council’s and *McCann Erickson*’s representatives, the ownership structure of *Morfeus Group* was changed and the name of Tatjana Pantic, who had doubtlessly been the director of Saper’s *Adrenaline*, was deleted from the Register.

In December 2008 Maja Totovic established the company *Morfeus Direct Communication*, which already in the first year of its operation, 2009, and with only three employees, made a net profit of 6,452,000 dinars.

In 2009 the *Morfeus Group* had the most valuable marketing contract among the agencies, concluded with the Ministry of Environment and Spatial Planning, worth 47.2m dinars, for production of spots and purchase of media time within the campaign “Let’s Clean Serbia” (“Ocistimo Srbiju”).

No financial report on the campaign “Let’s Clean Serbia” has ever been published, but with regard to the documentation it can be said that in 2009 the Ministry spent 100m dinars on this campaign, and in 2010 not less than 120m dinars. This has been the biggest expenditure of a state body on a media campaign in recent times. Besides the fact that the results of this campaign can hardly be measured exactly, the promotion of the personality of Oliver Dulic, minister and a DS official, is also disputable. This can be seen specifically on the web site www.ocistimosrbiju.rs (about whose disputable creation the public of Serbia has already been informed), where the programmes and advertisements, created within the production of this campaign, can be seen in the Gallery section. Minister Dulic appears in a significant number of the “Let’s Clean Serbia” programmes, which have been broadcasted on a great number of televisions, where he informs the public about the great results of his work, but also promotes

⁸ <http://www.linkedin.com/pub/maja-totovic/26/10a/147>

local DS officials throughout Serbia. Besides Minister Dulic, Nemanja Delic, the mayor of Sombor, also appears in the programme of 15 July 2010 on the web site, and Sasa Paunovic, the mayor of Paracin and DS cadre, appears in the programme of 5 August 2010. The list of DS officials appearing in these programmes is rather long, and includes Miroslav Krisan, the president of the Municipality of Kovacica, Zeljka Jurakovic, the director of the Environment Protection Fund, Slobodan Kocic, the mayor of Leskovac, Vesna Martinovic, the mayor of Pancevo, etc.

Therefore, it can be said that “Let’s Clean Serbia” was a great promotion of the officials taking part in it. Besides, there are all the legal premises that the government authorities should organize the cleaning of the country, but also punish those who pollute it, though voluntary cleaning should be organized by non-governmental organizations and not by the Ministry. The Ministry could have used the same money spent on the overly-expensive advertising campaign to cover the costs of the actual cleaning of the environment and the enforcement of the law; but it is not doing that because, it seems, the environment is not important either, but rather conducting a continuous political campaign is. In this way, party officials provide a political campaign for their party that they do not fund from the party budget, but from the budget of all the citizens of Serbia. Besides, a consequence of organizing such campaigns is creating influence over the media, which will not write critically about the fact that this Ministry always passes laws under urgent procedure, or explain the actual effects of the land conversion, or explain why some tycoons build even in protected zones of national parks, as in exchange they get money to advertise the campaign “Let’s Clean Serbia”.

Consequently, it is possible that 100 kilograms of dangerous medical waste is floating in the river Zapadna Morava, and no government institution accepts the responsibility for it, including the Ministry of Environment. Therefore, it is possible that the media, when they discover such alarming news, will later stop reporting about it or raising the question of the accountability, though it is very easy to discover the participants in this chain.

Besides the above stated, the Ministry of Environment and Spatial Planning has had a very “unusual” practice of engaging associations of citizens as companies, precisely for the campaign “Let’s Clean Serbia”. The association of citizens *Exit* had a contract for the production of a programme in the campaign “Let’s Clean Serbia” worth 23.6m dinars in 2009, and 20m dinars in 2010. The Independent *Association of Journalists of Serbia*, which should represent the interest of the profession, was also engaged to “follow up the activities of the Ministry during the campaign “Let’s Clean Serbia”” for an amount of 1.41m dinars in 2009 and 1.7m dinars in 2010.

More non-governmental organizations have been engaged to carry out some other activities in the area of media, and the *Media Association ASMEDI* was engaged in 2008 to co-fund the appendix to the weekly *Vreme*. In the same year the *Association of Journalists of Serbia* received half a million dinars for organizing the Eko Press Convoy.

For the same campaign the Ministry engaged *Orange Studio* in 2010 for an amount of 69.62m dinars.

➤ *Infobiro and TV Frame*

While analyzing the documentation, the Council found out that two related agencies, *TV Frame* and *Infobiro*, were practically “covering” the activities of all the state institutions and that their income comes exclusively from the state institutions. Both these companies follow up the activities of the ministers and directors, and then pack the shot material, without a critical and analytical approach, as journalist contributions and post them on the closed web site www.infobiro.tv, from where televisions throughout Serbia download them free of charge. That is why those institutions which pay for this service (about 200,000 dinars monthly) can be sure that they will personally appear on the electronic media programmes.

The owners of *TV Frame* are Mile Balac and Bojan Trajkovic, and each of them owns a 50-percent share. The two of them also own a 50-percent share in the company *Infobiro*, where Sanja Ignjatovic and Ljubisa Paunovic own a quarter each. The services of *Infobiro* have been used by: the Ministry of Mining and Energy, the Ministry for Kosovo and Metohija, the Ministry of Telecommunications, the Ministry of Finance, the Ministry of Agriculture, the Ministry of Justice, the Ministry of Trade and Services, the Ministry of Labour, the Office for Developing Regions, the state-owned company *JKP Parking Servis* and the Agency for Small and Medium-Sized Enterprises. The Serbian Privatization Agency paid the largest monthly amount of 9,000 euros to *TV Frame* to follow up its work, and at certain time the agency could separately charge the travelling and stay costs abroad. From October 2008 to the end of the year, the Agency for Small and Medium-Sized Enterprises hired both these agencies, *Infobiro* and *TV Frame*, which were providing the same service – the follow-up of the activities. *TV Frame* produced the spots “The Tire Repairman” (“Vulkanizer”) (1.21m dinars) and “The Hairdresser’s Shop” (“Frizerska radnja”) (1.68m dinars).

• *Agencies’ income from state institutions*

Over the last three years *Orange Studio* has had the highest value contract with a state institution concluded in 2010 for an amount of 69.62m dinars; then follows *Morfeus Group* with an amount of 47.2m dinars in 2009. Both these agencies were hired for the campaign “Let’s Clean Serbia”. They are followed immediately by the agency *Adrenaline*, which made an income from *Telekom Serbia* of 32.9m dinars, then *TV Frame*, which in 2009 made only from the state authorities an income of 29.78m dinars. Then follows *Idea Plus Communications*, whose majority owner is the Slovenian company *Pristop Group*, with 18.79m dinars in 2008 for the Ministry of Health’s campaign “Health Is Passed Along by a Smile”; then *Communis* (17.67m dinars in 2008), *Infobiro* (14.62m dinars in 2009), *Maxim Media* (14.37m dinars in 2008), etc.

When these amounts are compared with the total annual income of these agencies, it can be concluded that some of them operate only with the state institutions and not on the market. Thus *Morfeus Group* made an operating income of 55m dinars in 2009, and the contract with the Ministry of Environment and Spatial Planning alone was worth 47.2m dinars. *TV Frame* made an income of 41m dinars in 2009, while the value of its contracts with the state institutions was 29.78m dinars. *Maxim Media* made an income of 52,391,000 dinars in 2008, and the value of the contracts signed with the state institutions was 14.37m dinars.

RTS and RBA as services to the ruling elite

➤ *The Public Service RTS*

On a number of occasions over the last year the Anti-Corruption Council requested the documentation about the operation of the public service *RTS*, but received a partial response only in July and August this year. On 27 September 2010 the Council requested from the *RTS* director contracts concluded with independent production companies and individual authors in the period from 2007 to 2010, the contracts on business cooperation with the Eparchy of Backa, the companies *Communis*, *Cam Media Group*, *Film and Tone*, *Media Pro* and *Emotion Productions*, and copies of contracts for media advertising with marketing agencies which *RTS* concluded from 2007 to 2010, as well as all the contracts that were in force during this period and which had been concluded earlier. Since, in spite of the promises made by the director Aleksandar Tijanic, *RTS* has not delivered the requested documentation, the Council made an appeal to the Commissioner for Information of Public Importance. In spite of the Commissioner's Decision No. 07-00-02024/2010-03 of 29 November 2010 accepting the Council's appeal, and the submitted proposal by the Council for the enforcement of the Commissioner's Decision of 1 February 2011, the *RTS* director did not deliver the requested data, but decided to pay a fine for non-compliance with the law. Consequently on 16 May 2011 the Council addressed the *RTS* Management Board. After a meeting between the Council's representatives with the new chairman of the *RTS* Management Board, Slobodan Markovic, held on 22 June this year, *RTS* started delivering parts of the requested documentation, making excuses that the material is too voluminous to be delivered in one lot. Most of the requested documents have not been delivered to us so far. A part of the Council's request to *RTS* was made in order to check the statements from the complaint sent to the Council by *United TV Experts – UTE*. It contained statements of serious abuses of office, corruption, conflict of interest, personnel manipulations, financial abuses, violation of the Labour Law, the Public Procurement Law, etc. The Council could not check some of the statements from the complaint because *RTS* kept silent.

The *RTS* director's non-compliance with the Council's requests to access information of public interest is not an isolated case. Specifically, according to the data received from the Office of the Commissioner for Information of Public Importance, in the period from 2008 to 2010 alone *RTS* did not comply with as many as eight Commissioner's decisions, by which the Public Service was ordered to deliver to the requesters information about whether it has the information and documentation requested by a number of associations, institutions and individuals.

It is stated in the complaint sent to the Council by *UTE* that *RTS* was awarding contracts to independent productions through a non-transparent procedure, which caused doubt that certain interest groups were making financial gain whose value is measured by dozens million of euros. Once a year tenders are formally announced for selection of programmes of

independent radio and TV productions⁹, but the results of these tenders are not disclosed to the public. A typical example of disputable cooperation with independent production companies is the contract with the production company *NIRA Film & Television Consulting* for the series “Time for Babies”¹⁰ (“Vreme za bebe”), owned by Nebojsa Gagic, who is at the same time co-owner of the *Multikon Group* together with Dragan Djilas. It is a series which promotes child-bearing in Serbia. However, according to the *UTE* statements, several months before awarding the contract to *NIRA Film & Television Consulting*, a series with identical contents had been prepared by an *RTS* team, on the order of the *TV Belgrade* director Nikola Mirkov. However, before the shooting started, the *RTS* director general Aleksandar Tijanic had concluded a contract with a private production company.

Besides non-transparent procedures through which contracts are awarded, the values of the concluded contracts are also disputable. For a 30-minute programme some production companies get from *RTS* a 3-minute commercial time compensation, and some get for similar productions unreasonably high money amounts. According to the documentation delivered to the Council by the *RTS* director after the intervention of the Management Board, the highest financial compensation per programme was paid to the production company *Emotion Production* for the programme “48-Hour Wedding Party” (“48 sati svadba“). The contract for the transfer of the TV right, concluded on 19 June 2006 between *Emotion Production* and *RTS*, provides that *RTS* should pay *Emotion* for the right to broadcast the 104-episode series 12,948 euros per episode, and an annex for the extension of the validity of the contract for another 104 episodes was concluded on 29 June 2007. Additionally, according to the Contract, *Emotion* has the right to commercials and advertising time, which is specified by another contract, which has not been delivered to the Council. *Multikom Group*, owned by Dragan Djilas, had been a co-owner of this production until recently with a 49-percent share. According to the *UTE* statements, *RTS* pays for independent productions’ series feature programmes even more, as much as 80 to 130 thousand euros per episode.

Since 2006 *RTS* has also had business cooperation with the production of the Eparchy of Backa of the Serbian Orthodox Church (SOC). The contract from 2006, delivered to the Council by *RTS*, provides that 60 percent of the total annual budget for the programme “The Church Calendar”, which amounts to 187 thousand euros, should be paid in cash and the rest in advertising time. A five-year agreement for cooperation on production and broadcasting of the religious programme was concluded between religious communities and *RTS*, which provides that the SOC Eparchy of Backa should be the producer again, but the financial particulars of this deal are regulated by a separate contract, which has not been delivered to the Council. The photocopy of this Contract, which regulated the financial value of this programme from 15 May 2007 to 15 May 2008, was delivered to the Council by the *UTE*. The Contract provided that the

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<http://www.rts.rs/page/rts/ci/javniservis/story/621/%D0%9A%D0%BE%D0%BD%D0%BA%D1%83%D1%80%D1%81%D0%B8/254031/%D0%9A%D0%BE%D0%BD%D0%BA%D1%83%D1%80%D1%81%D0%B8.html>

<http://www.rts.rs/upload/storyBoxFileData/2009/10/26/1100828/Nezavisne%20produkcije%20Javni%20poziv%202011.pdf>

¹⁰ <http://www.rts.rs/page/tv/sr/series/20/RTS+1/64/Vreme+je+za+bebe.html>

RTS should pay 24.344.340,80 dinars to Backa Eparchy for one year production of the programmes “The Religious Calendar” and “The Religious Mosaic”. Besides the contract the UTE delivered to the Council two bills which Backa Eparchy sent to the RTS on 17 October and 1 November 2008, the amount of the bills were 2.028.695,00 dinars and 1.478.049,26 dinars.

Some members of the *RTS* Management Board, who make decisions on the appointment of the director of this medium, also appear as authors of programmes or are related to private production companies which cooperate with *RTS*. Thus Dr. Predrag J. Markovic, a member of the *RTS* Management Board and an official of the Democratic Party (DS), was also the author of a number of quizzes for which he received, besides the high monetary compensation he gets as a member of the Management Board, fees through the company *Film and Tone*, owned by his father Jovan Markovic. According to the received documentation, the company *Film and Tone* has cooperated with *RTS* since 2008 on the production of the quiz “The High Voltage” (“Visoki napon”). The annual compensation to the team of authors grew from year to year, from 4m dinars in 2007 to 7m dinars in 2010, while *RTS* also paid that company an amount of about 2m dinars for the licence. *RTS* has also delivered to the Council some annexes to contracts which show that this company also sold films to *RTS*, but the basic contracts have not been delivered.

Dusan Stokanovic, also a member of the *RTS* Management Board, was the leader of the production preparing the programmes “The Religious Calendar” (“Verski calendar”) and “The Religious Mosaic” (“Verski mozaik”), for which *RTS* pays significant fees through the Eparchy of Backa. Among its employees, *RTS* has owners of private productions; for example, Nenad LJ. Stefanovic, the responsible editor-in-chief of the *RTS* informative programme, is one of the ten owners of the company *Vreme Film*, which has concluded valuable contracts for the production of documentary-informative programmes for *RTS*.

The documentation delivered to the Council shows among other things that some contracts with production companies provide for compensation, not in money, but in seconds of advertising time. The research conducted by the Council among some small production companies hired by *RTS* in this way, showed that these companies are not often able to sell their seconds of earned advertising time, but they are obliged to sell them at a significantly lower price than their realistic price to big marketing agencies behind which are party officials and persons related to them. Representatives of one of the interviewed production companies stated that they had to sell their seconds of *RTS* advertising time to a big marketing agency at a price even ten times lower than the price foreseen by the relevant *RTS* pricelist. On the other hand, the mentioned contract with the production company *Emotion Production*, behind which Dragan Djilas had been until recently, provides that *RTS* pay for the right to broadcast 104 episodes of the series “48-Hour Wedding Party” (“48 svadba”), 13 thousand euros per episode. In other words, the same persons who stand behind the marketing agencies that buy off the seconds of advertising time from small production companies at unreasonably low prices get paid in cash and not in seconds of advertising time.

According to the statements in the *UTE* complaint, *RTS* has for years drastically violated the Advertising Law. However, only in 2011 the RBA started submitting charge sheets against media, including *RTS*, for violation of the Law on Advertising and Broadcasting. In 2010 the most serious misdemeanor in the work of *RTS* established by the RBA referred to the protection of the Serbian language in the programme, as it often happened that inscriptions are written in

the Latin script, but it is claimed that *RTS* fulfills all the supervised programme obligations. At the same time *RTS* does not publish data about its business operation, realization of the programme production, the share of the subscription and advertisements in its income, its expense, salaries of the employees, how business and programme decisions are made by the management bodies, etc.

In the presentation of the biggest *RTS* financial problems in its complaint, the UTE especially emphasized the organization of the Eurovision Song Contest 2008. The contract which *RTS* delivered to the Council, concluded between *RTS* and the agency *Communis* for the realization of the Eurovision Song Contest 2008, is worth 24,723,000 dinars, which is approximately 300,000 euros at the rate of exchange prevailing at the time. A precise financial report on this event has never been presented to the public. The UTE also states the existence of an increasing indebtedness of *RTS*. Both long-term and short-term liabilities have been constantly increasing. As of 31 December 2008 the *RTS* short-term liabilities exceeded its current assets by 1.484b dinars. All this indicates great uncertainty regarding the material business operation, which raises justified suspicion that *RTS* will not be able to operate in future in accordance with legal principles. *RTS*'s poor business operation worsened in 2009, but the financial reports for 2009 and 2010 have not been published to date.

RTS is funded from public revenues and it is an institution which has a special role in the social, cultural and political life of Serbia. The stated problems are so much bigger because *RTS*, as a public service, has a greater responsibility than other media and commercial televisions in the creation of public opinion and representation of the general interests of the citizens. However, the *RTS* management's refusal to comply with the Law on Free Access to Information of Public Importance and enable the public to see how public funds are spent, puts into doubt its ability to fulfill the most important tasks of this public service, one of which is the fight against corruption. An efficient fight against corruption, which is a priority interest of the citizens of Serbia, requires unanimous support from the public and the civil society, which can be achieved only through the media, primarily through the public broadcasting service. However, the question is how can *RTS*, which operates non-transparently itself, contribute to the fight against corruption? That is probably why programmes of the public service very rarely include investigative, analytical and critical contents.

➤ ***Republic Broadcasting Agency (RBA)***

The (RBA), for which it can be said that it has never been really independent, but rather has worked under the constant influence of political parties, has significant responsibility for the present situation in the media sector in Serbia. The first cases of disputable decisions on awarding national licences for broadcasting programme (*TV BK, RTL*) are known, then non-compliance with the Supreme Court's decision, then the unlawful Obligatory Instruction to *RTS* to broadcast the Serbian Assembly sessions, as well as a series of other RBA actions, such as approval of obvious and forbidden media concentrations. Thus, instead of defending the principle of the transparency of media ownership, RBA has contributed mostly to the creation of the atmosphere of concealed interest in the electronic media because it is exactly the RBA Council which has "in its hands" appropriate mechanisms for the prevention of forbidden media concentration in the media sector. During the past three years RBA has approved at least two

disputable concentrations of media ownership in the case of *TV Avala* and *RTV B92*. As could be seen, out of the eleven national broadcasters there are nine with non-transparent ownership. In the July 2011, when the Council finished the first Draft Report and delivered it to the relevant organizations, associations, and individuals with appeal to make the comments, the RBA published on its web site the data about ownership of the radio and TV stations with national coverage. Even though the RBA published certain data, which were not officially published before (even though that information were given to the public by unofficial sources), the media ownership is still non-transparent according to the domestic laws and the recommendations of the Council of Europe, which provide that the transparent ownership prevents the creation of monopoly in the public information sector, and to enable the judgment on the information and ideas presented by the media. The doubts about illegal media concentration in the cases of TV Prva/RTV B92 and TV Avala/TV Pink after the RBA has published the data on the ownership of the media were not confirmed nor eliminated. It is also not clear from the data on the RBA web site does a businessman Predrag Rankovic Peconi control Happy TV and Happy Kids TV, and without that information a judgment about their programmes can not be created.

The first problems in the work of this institution started with the first election of the RBA Council members in April 2003. A specific problem in the work of this institution is also the fact that the Broadcasting Law has been amended several times. According to the original solution, the Parliament of Serbia elected eight members to the Council following the proposal of authorized proponents: the Government of the Republic of Serbia (1), the Parliament of Serbia (1), the Parliament of Vojvodina (1), the Executive Council of Vojvodina (1), the University chancellors (1), associations of broadcasters, journalists and other professional associations (1), domestic NGOs (1), and churches and religious communities (1). The ninth member was elected by the Council members themselves, but he had to be from the territory of Kosovo and Metohija. It proved in practice that it was not clear who nominated candidates of the Council members, but it was most important who elected them – deputies of the ruling parties.

Three RBA Council members, Nenad Cekic, Vladimir Cvetkovic and Goran Radenovic, were elected in April 2003 contrary to the procedure, which caused a blockade in the work of the Agency as consequently some of the elected RBA Council members resigned (Snjezana Milivojevic and Vladimir Vodinelic). The foreseen nomination procedure, according to which the nominations, together with the CV data, must be published a minimum of 30 days before the election, was violated, as it was not done in the procedure of nomination of Cekic and Cvetkovic. In the case of Radenovic, who was elected as someone who was to live and work in Kosovo (which was a statutory condition), it was established that he had left the Province long before that. Consequently the RBA Council always worked in an unlawful atmosphere and, therefore, the first RBA decisions were always disputed.

Owing to the previous problems, the Law was partially amended in 2004 regarding the procedure of the election of the RBA Council members and the simplification of the election procedure; these amendments did not include the request of the media organizations that the prevailing influence of the state authorities on the election of the Council members be reduced, as it still does not provide independence in the work of RBA. The Law amendments only changed the wording referring to the authorized proponent nominating candidates for RBA Council members, so that instead of the “Government of Serbia and the Parliament of Serbia” the authorized proponent became the “responsible parliamentary board”, which boiled down to

almost identical political influence. Instead of the Government and the Parliament of Serbia, government bodies still directly nominated four RBA Council members (three by the responsible parliamentary board and one by the Parliament of Vojvodina), concealed behind the term *parliamentary board*, where the ruling coalition always has a prevailing influence.

The politicization of the election of the RBA Council occurred again at the beginning of 2009, when the term of office of some members expired and it took almost one and a half years to have new members elected. A specific problem was the fact that the first RBA Council members had not been elected for the same term of office of six years, as foreseen by the Law. It was clear in March 2009 that all the deadlines for the election of the members had been missed, but the solution was not in sight. Following the proposal of the Parliament of the AP Vojvodina, the University, the religious communities and NGOs, the RBA Council members were elected by the end of that year (Goran Karadzic, Vladika Porfirije, Svetozar Stojanovic and Goran Pekovic), where authorized proponents – NGOs and the professional media associations – nominated more than the foreseen number of candidates. Specifically, the Broadcasting Law provides for the nomination of two candidates for each member, while on their candidate lists they had three and four names and, therefore, Serbia's Parliamentary Board arbitrarily elected two candidates from each list, which caused great dissatisfaction with the proponents. This again created problems with the election of Council members representing journalists, and the election turned into a political mockery.

For months the RBA Council was incomplete, and at certain time it had only five members, instead of nine, because in February 2011 the term of office expired for Nenad Cekic, then for Aleksandar Vasic and Vladimir Cvetkovic, while Svetozar Stojanovic died in May 2010. At the beginning of April 2011, Goran Petrovic, a lawyer from Kragujevac, was elected. According to the media reports, his two previous employments had been at the Health Centre of Kragujevac and the Pharmaceutical Institution. Petrovic was formally nominated by the University Conference of Serbia, but he came to the RBA Council as DC cadre, who worked as a journalist only in his youth for *Views (Pogledi)*. His counter candidate was Dr. Natasa Gospic, who had graduated from the Electronics and Telecommunications Department of the Faculty of Electrical Engineering in Belgrade. She has published two monographs and more than 90 professional and scientific papers in the area of the development of telecommunications and information society. However, the professional criteria were not decisive this time either. All the described cases significantly burdened the work of RBA affecting the independence of the work of this institution, which, as it turned out, depended a lot on political parties.

RBA had most of the controversies in its work regarding the disputable award of licences to the national broadcaster for broadcasting programmes in 2006. On that occasion *TV BK* was practically closed because of the publicly disputed decision not to award it a national frequency licence. The licence was not awarded to the German company *RTL* either, nor to *TV 5* from Nis. *TV BK*, owned by the domestic tycoon and then-president of the political party the Force of Serbia Movement, Bogoljub Karic, formally lost the licence to broadcast its TV programme because of political bias. The programme of this TV station was stopped by force the very next day after the decision was made, when police invaded the premises and stopped the broadcasting of the programme. In spite of the ban, *TV BK* continued broadcasting its programme via satellite and organized protests, but it ceased these activities in 2007. In October 2008 the Supreme Court of Serbia overturned RBA's 2006 decision on awarding the licences for broadcasting

programmes on the national network by which the work of *TV BK* was forbidden; however, RBA not only refused to comply with the Court decision, but issued a new banning decision. After that, RBA has never issued a similar decision banning the work of any medium; it has been conducting a very weak penalty policy towards broadcasters.

The German *TV RTL* did not get a licence in 2006 because of the majority foreign capital, but at the same time a licence was awarded to *TV Fox*, though it was known that American capital prevailed in its ownership structure. That decision was also overturned by the Supreme Court of Serbia in July 2007, when the president of the RBA Council, Nenad Cekic repeated that they would not comply with Court's decision.

TV5 from Nis did not get a licence at the first tender in 2007 in spite of the fact that it was the regional TV channel with the greatest viewer rating in Serbia. It was rejected because of the ownership share of Olivera Nedeljkovic, Bogoljub Karic's sister, but at the next tender a year later, it met all the requirements to get the frequency as it had got rid of Nedeljkovic's capital.

At the same tender licences were awarded to *TV Kosava* and *TV Happy*, which had not existed before, and whose ownership structure proved to be disputable later on as it was related to some domestic businessmen. Subsequently it was published that *TV Pink* gave an 18-million dinar loan to *TV Kosava*, but it did not affect RBA's decision to award a licence to this TV channel.

On that occasion a national licence was also awarded to another newly-established television – *TV Avala*, which is co-owned by businessman Danko Djunic and whose ownership structure is still disputable, or insufficiently clear.

Besides the mentioned problems with national frequencies, there was a certain number of disputable decisions made by RBA related to local licences in Apatin, Subotica, Backa Topola, Kovin, Prijepolje and other places, which were often made in accordance with the local political needs of the city assembly majority of the relevant town or city. It was too late for *Radio Apatin*, whose appeal was accepted by the Administrative Court last year, for the decision arrived too late as the medium had already ceased its work.

Most of the international organizations, such as OSCE, the Council of Europe and the European Commission expressed their serious concern because of the procedure according to which licences were awarded, which was assessed as biased because it was conducted with inappropriate application of the rules and criteria. The European Commission specifically indicated the lack of transparency in the process of decision making by the Republic Broadcasting Agency (RBA). Nevertheless, most of RBA's disputable decisions have not been changed so far.

In 2008 the Constitutional Court of Serbia found that the RBA Council's Obligatory Instruction regarding the broadcasting of the Parliamentary sessions by *RTS* was unconstitutional and unlawful because of the transgression of competence by the Agency. Specifically, RBA obliged *RTS* to broadcast Parliamentary sessions at the times specified by the Rules on the Work of the Parliament, for the purpose of exercising special obligations in public interest. Two months later, RBA replaced the Obligatory Instruction with a Recommendation by which the same obligations are recommended to *RTS* for the purpose of exercising public interest in the area of public information.

The Report on the Work of RBA 2009 speaks to another problem with the work of this agency. In 2009 this institution made an income of about 457m dinars (€ 4,160,000) from licence fees, out of which an amount of 318.5m dinars (€ 2,905,000) was paid to the officials of RBA itself, while the remaining amount of 139.3m dinars (€ 1,270,000) was transferred to the Budget of the Republic of Serbia. Media organizations stated on a number of occasions that it is impermissible that the Agency itself decides how much money, received from licence fees, would be spent for its own needs and how much would be returned to the budget, while at the same time it does not participate in funding media development projects. When making an analysis recently, the Anti-Corruption Council found out that RBA had hired companies in a non-transparent way to carry out various types of research for the needs of the work of the Agency. Thus one of these companies, *News Pro* from Subotica, closely related to RBA deputy president Goran Karadzic, made some analyses of the media market of the local and regional broadcasters and *RTV* programmes. The owner of this company from Subotica is Velimir Kostadinov, a full-time journalist of *Vojvodjanski magazin (Vojvodina Magazine)*, whose owner and editor is Goran Karadzic himself. At the same time Kostadinov holds the office of deputy editor of *TV Super* from Subotica, but in 2009 Karadzic used him as his counter candidate for a member of the RBA Council, because the proposal of the Parliament of Vojvodina was to have names of two candidates.

RBA normally fails to react in cases of drastic jeopardizing of public interest by showing violence in reality programmes. Swear words, violence and insults are everyday features of these programmes, though according to Article 68 of the Broadcasting Law, broadcasters “must not broadcast programmes whose contents can be harmful for the physical, mental or moral development of children and youth, should clearly mark such programmes, and if they broadcast them, they should do it only between 24.00 and 06.00 a.m.”.

Despite everyday violation of the Advertising Law, until the end of 2009 RBA had not submitted any charge sheets or managed to make televisions limit their advertising time in accordance with the Advertising Law and stop with concealed advertising, and despite the fact that fines range up to 1m dinars. According to the latest data, the situation has changed a little this year and in the first half of 2011 RBA submitted a greater number of charge sheets. According to RBA data, national televisions violated the Advertising Law in that period 2,123 times. The record holder is *TV Prva*, which did not comply with the Law 539 times. Then comes *RTS 1* with 405 times, which is followed by *B92* with 338 violations. *TV Pink* had 315 violations, *TV Avala 93* and *TV Happy* 91.

The Broadcasting Law gives open hands to the RBA Council to regulate the media scene by starting with warnings, and if the television stations do not respond, to revoke their licences temporarily or permanently. RBA may order the following measures to broadcasters: warning, reminder, temporary or permanent revocation of the broadcasting licence, but it has been proven that RBA is ready to impose the most drastic punishment only when it is in a political interest.

Recommendations:

- Data on the actual media owners in the public media register should be made public, especially in cases where the ultimate owners are from an off-shore zone or where the real owners are hidden behind the individuals who appear as formal owners in the competent registers
- Commission for Protection of Competition, the Republic Broadcasting Agency and other competent bodies in accordance with their competences should monitor and regulate the level of media concentration related to the ownership, programme diversity, concentration on the marketing market, and also they should investigate and encourage media pluralism, diversity and quality of programme according to the European union norms.
- Budgets of state-owned institutions should be limited regarding the use of the budget for advertising and promotion, and state institutions which violate the Advertising Law should be sanctioned.
- Regular public procurement procedure should be prescribed for the services of providing information, production of *RTV* programmes and services in the area of relations with media, because transparent selection of tenderers can be ensured only in this way.
- Article 74 of the Broadcasting Law stipulates that the institutions of public broadcasting service of the Republic of Serbia, the autonomous provinces, as well as the local and regional broadcaster of the local communities, which are mostly owned by state, are obliged to made available 10 percent of the annual amount of programme to the independent radio and TV productions. The independent productions selection process should be transparent and according to the exact procedure based on criteria which are consistent with the public service role of the broadcaster and not with the commercial profit (some shows created by independent production, for example, 48-Hour Wedding Party)
- State institutions should in their regular reports consolidate all forms of cooperation with media and present them as advertising in media, and not as non-defined specialized services, research, and other classifications which imply simulated jobs.
- Commissioner for information: Information on business cooperation of the bodies of public authorities and media should be defined as obligatory contents of the Information Book on the Work of Authorities so that transparency may be enhanced in this area.
- The Government of Serbia should publish a consolidated tender for procurement of video recording services and post it on its Internet page, or establish a video recording department within its Office for Cooperation with Media
- The Government of Serbia should publish a consolidated tender for procurement or establish a press clipping department within its Office for Cooperation with Media.
- RBA and *RTS* should publish the official results of the tender for selection of *RTV* production programmes, and the financial statements, every year.
- RBA and *RTS* should prevent RBA Management Board and Council members from participating as programme producers.

COUNCIL PRESIDENT
Verica Barac

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