

V THE DIGITALIZATION PROCESS

We will not have digital television or the test digital signal on time, Vecernje Novosti reports. The deadline for digitalization in Serbia was initially set for April 4, 2012. With the slow completion of all the necessary requirements, it became clear that the said deadline could not be met. According to certain reports, the works were late, resulting in a delay of the test signal. Today, however, we hear that the reason for the delay is the parliamentary elections, because “it would not be appropriate in that period for people to be left without digital signal”. Elections as the cause for the delay were also invoked by Jasna Matic, the State Secretary for the Digital Agenda and Vladimir Homan, the Director of the public company “Broadcasting Equipment and Communications”, the bearer of the whole project. The experimental broadcasting of television program is also delayed – it was supposed to start in mid 2011, and then put off to September. However, according to Homan, the equipment for the transmitters, required for the start of digital television, is yet to arrive from abroad. The trial network is planned to be put into operation on 15 sites throughout Serbia, but it will not be broadcast in full force in order not to “override” the existing networks through which television signal travels to our homes. In order for digital transmission to start, we also must wait for certain transmitter sites, damaged in the NATO bombing in 1999, to be repaired. Experts estimate that about 70 million EUR are needed in order to finalize the digitalization process. That amount should also include the assistance to the poorest families with the purchase of decoders.

In our reports, we have long been pointing to the fact that the delays in the implementation of the Action Plan accompanying the Digitalization Strategy have rendered the initial deadlines for the digital switchover unrealistic. Serbia is not an isolated case in this respect, since almost all countries in the region and beyond have at some point postponed the digital switchover. However, the problem lies in the near-silence about the problems in the implementation of the Action Plan and the failure to postpone the deadline for the switchover immediately after it became clear that it has become unrealistic. Still, it seems that some progress will be achieved after all. The allocation plan, needed for launching the initial network for the testing of the digital signal, was tabled for public discussion in late October. Amendments to the Strategy and the Digitalization Rulebook are to be expected, which will hopefully introduce a gradual switchover by region, instead of a risky and forced transition in one day, marred by the absence of available frequencies. This was enabled by the ever reducing number of analog broadcasters in Serbia in recent years, due to the economic downturn. The crisis has thus freed part of the spectrum to the extent that it has enabled the switchover to be carried out in stages. It is true that greater transparency in the planning of

digitalization would help avoiding sensationalist texts in the media and enabling the citizens to receive accurate information about the meaning of digitalization for them.

VI THE PRIVATIZATION PROCESS

According to a press release of Austrian company OST Holding Suedosteuropa GmbH, posted on its official webpage, the Serbian Competition Protection Commission (CPC) has rejected that company's request for concentration. The request of OST Holding for acquiring 62.4% of the shares of the Novosti Company through the takeover of the entire stake of three foreign companies, shareholders of OST Holding (Trimax Investments, Ardos Holding and Karamat Holding) was rejected on October 12 by the decision of the chairman of the Commission. The Commission cited the failure to submit the required evidence on the necessary legal grounds as the reason for the rejection. Without such evidence, the press release says, the Commission's Council was unable to even start a debate about the requested concentration. OST Holding was given the possibility to file a complaint against such decision within three days. OST Holding, which is owned by the WAZ Media Group, requested the approval for the takeover of 62.4% of Novosti shares from the CPC more than two years ago, but the CPC suspended the procedure in mid-July pending the decision of the Administrative Court on the lawsuit filed against it by the Austrian Company. The Administrative Court, however, rejected the Austrians' claim and it was the reason for the CPC's new communication about the company's request for taking over the complete share in the three companies through which their owner, Milan Beko, took over the majority shares in Novosti in 2006. In the meantime, after Beko himself confirmed he was controlling three companies holding together 62.4% of the Novosti shares, the CPC ordered him last June to issue the offer for the takeover of the remaining Novosti shares no later than within three months, failing which he was to announce the sale of the share exceeding 25% of the shares. According to the current legislation, until such sale is completed, the owner shall be entitled to vote only up to the 25% limit. Hence, although being a minority shareholder with 36.6%, the state currently holds in Novosti the management rights to the majority of shares (29.5% owned by the Republic of Serbia and 7.15% via the PIO Fund – Republican Fund for Pension and Disability Insurance). This practically means that the state will not only be one of the owners of Novosti – it is already practically running that media company, contrary to the imperative provision of the Public Information Law stipulating that the state and territorial autonomy, an institution, company or other legal person in majority ownership of the state or legal person that is entirely or mostly financed from public revenues, may not be a founder/owner of a public media. The position that the state must withdraw from media ownership is, in cases like this,

enshrined in the Media Strategy. That document says that the state shall withdraw from Novosti within 24 months after establishing the legal grounds. As in the concrete case the legal grounds are there since the coming into force of the Public Information Law back in 2003, one may question the sincerity of the state to withdraw from media ownership: is it really intent on withdrawing or is it merely buying time by postponing it?

In the meantime, the media have continued to report about individual cases of unsuccessful privatizations. Hence, for example, according to such reports, four years after having acquired the regional station TV Pirot, the majority owner Milorad Pejic requested from the Privatization Agency a consensual termination of the contract. The reason is the difficult financial situation of the station and the impending layoffs. TV Pirot was sold on an auction in early November 2007 and it was the first media to have been privatized in the Southeast of Serbia. Four years later, however, the station's account was blocked due to unpaid electricity and other bills and the employees have not received several salaries. In late October, the media also reported that the Privatization Agency terminated the purchase and sale agreement in the privatization of the oldest Serbian weekly, the Kragujevac-based "Svetlost". The paper was sold in 2007 for 21 million dinars to the three-strong consortium consisting of Gvozden Jovanovic, the then councilor of the Christian Democratic Party in the City Assembly, the former Mayor of Kragujevac Vlatko Rajkovic and the local businessman Dragoljub Milovanovic.