

VI THE PRIVATIZATION PROCESS

While nothing has been done so far to implement the Media Strategy, i.e. the part thereof obligating the state to withdraw from media ownership, the controversy persists in relation to the already privatized media. In some of them, the state has kept a significant stake, such in the case of “Novosti”. Milan Beko, the majority owner of “Novosti”, announced on May 17 that his companies, which held the shares of that media company, had won an arbitration dispute against the media group VAC. The German-based group, which announced its withdrawal from Serbia two years ago, over the controversies that had marred their attempts to acquire the majority stake in “Novosti”, denied having lost the arbitration and rejected Beko’s allegations. They claim that, since they have withdrawn from Serbia, there is no reason to continue the arbitration against Beko’s companies and hence they have withdrawn the claim and paid the legal costs. VAC also said that, when initiating the arbitration, they had presumed they would have to pay the legal costs regardless of the outcome, since (they say) their studies had shown that Beko’s companies had no assets to compensate for the costs. We remind that Milan Beko himself confirmed he controlled three foreign companies (Trimax Investments, Ardos Holding and Karamat Holding), which jointly owned 62.4% of the shares of “Novosti”. In June 2011, the Securities Commission ordered Beko to issue the offer for the acquisition of the remaining “Novosti” shares within three months at the latest, failing which he ought to announce the sale of all shares above the 25% threshold. Nothing of the above has happened and Milan Beko is only prevented from voting on the basis of his shares exceeding the 25% threshold, which has created the situation where the shareholder with the most votes in “Novosti” is once again the state. The media have reported that Beko was unlikely to offer a bid for the acquisition anyway, since that bid would have to be unrealistically high. He also would have been unable to sell all shares above 25%, since these shares were reportedly pledged as collateral to protect the rights of the VAC media group. Meanwhile, VAC attempted to obtain the consent of the Competition Protection Commission for carrying out the concentration by acquiring the shares of Trimax Investments, Ardos Holding and Karamat Holdings in “Novosti”, but that request was rejected by the Commission last October, citing as a reason the non-submission of evidence on the legal grounds for the concentration. Until this whole imbroglio is settled, the state, which directly owns 29.5% of “Novosti” and indirectly, through the Republic Fund for Pension and Disability Insurance, an additional 7.15 %, will hence have the majority in the shareholders’ meeting of “Novosti”. The annual session, which was scheduled for May 25, was postponed due to the lack of quorum.