

V THE DIGITALIZATION PROCESS

The Ministry of Culture and Domestic Trade and Telecommunications released on October 25 the Rules on Establishing the Plan on the Allocation of Frequencies/Locations for Terrestrial Analog FM and TV Broadcasting Stations for the Territory of the Republic of Serbia. These Rules introduced a different allocation of the frequencies that remained vacant after TV Avala was stripped off its license in the fall of 2012. It should be noted that the Draft Plan underwent a public debate last March, where it wasn't adopted due to the opposition of the RBA. The position of the Agency was that certain frequencies, which were then determined for the expansion of the Initial Network for Testing the Digital Signal (Annex 4), actually belong to the K5 network, which are to be subject to an open competition in accordance with Article 49 of the Broadcasting Law. The competition was indeed called, but failed after almost half a year. After a lengthy debate as to which frequencies are really necessary for the digitalization process, a compromise was reached by having part of the frequencies that used to belong to TV Avala used for the needs of expanding the initial digital network, while the other part will be intended for calling a national coverage competition, as detailed in the part of this Report concerning the implementation of the Broadcasting Law. Here we will only reiterate that the new competition of the RBA has many formal and material shortcomings and it is particularly unclear if the frequencies for the transmitters on 21 transmitter sites will suffice for the new analog broadcaster to cover 60% of the population of Serbia, as provided for the Broadcasting Law. The second part of the story is particularly interesting for the digitalization process. Namely, how is it possible that a compromise solution has been found only now, when something like that could have been done as early as last March and maybe even when the RBA's decision on revoking the license of TV Avala became final? This opens up the question of responsibility of both regulatory bodies: the RBA, because it insisted on calling a competition for analogue television regardless of the potential consequences (slowed down digitalization; the possibility of the EU reclaiming from Serbia the equipment that supplied at Serbia's request, which equipment Serbia left rotting in warehouses, instead of installing it and using it; precluding the state to make profit earlier, by putting the digital dividends for an auction – the part of the spectrum that would be freed with the digital switchover, etc.), but that of RATEL too, which is exclusively authorized for the coordination of the radio-frequency spectrum and which should have known what may result from unreasonable usage of the spectrum. On the other hand, regardless of the unjustified delay, the adoption of the Allocation Plan removed the regulatory obstacles for expanding the initial network from 15 to 35 frequencies/sites, which will enable the remaining part of the EU-donated equipment to be installed. Furthermore and even more importantly, it will enable a greater number of citizens to receive the digital signal through that network. According to the

estimates of the competent ministry, it is about 75% of Serbia's population. Moreover, RATEL's earlier predictions confirm that the expansion of the initial network would create the conditions to complete the digital switchover by next summer, about one year before the deadline foreseen by the International Telecommunications Union, which expires on June 17, 2015. It should be said, however, that despite optimistic estimates, the digitalization process is still not in its final stage. The main reason is that the expansion of the initial network has created only the technical conditions for 75% of the population to receive the digital TV signal. Still, that does not mean that such percentage of the population will actually receive the digital TV signal, since that depends on the characteristics of their TV sets (whether they support the DVBT2/MPEG4 standards), namely on whether the citizens possess the required STBs. In addition, it seems that the broadcasters are still not completely informed about their rights and obligations in the digitalization process and especially not about the costs of primary distribution (from their studios to the head-ends of the new digital network) and secondary signal distribution (to the end users). Finally, a final regulatory document remains to be drafted (in accordance with the Digital Switchover Strategy) – the Switchover Plan, which will define the terms and the manner of the switchover in each of the 12 allotments (regions). Only when these preconditions are created, it will be possible to make a more specific estimate of whether digitalization will be completed in the term announced by the state officials.