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Media: The Business of Ethics, the Ethics of Business

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Preface

Media: The Business of Ethics, the Ethics of Business is a new research project of the South East European Network for the Professionalisation of the Media (SEENPM) focused on the good and bad practices of the media business. The project was conducted from April to September 2005, by the Center for Independent Journalism Bucharest, in cooperation with the Media Development Center Sofia, both members of SEENPM, while the actual research covered the period 1 June – 31 August 2005.

The project aims to identify the best practices in the media business, in order to increase the responsibility of media owners and managers for the good quality of their journalistic products. It also aims to promote healthy business practices and set desirable standards of business practice in the media field (fair competition, transparency of ownership and of state advertising contracts or state subsidies etc.).

The goals of the research are:

- to create a working document as a basis for a regional debate on the importance of the role that media owners/managers play in terms of freedom of the press and media pluralism;
- to identify, through documentation, the best practices in the region/Europe in terms of media owners' responsibility toward freedom of the press;
- to prepare and disseminate a publication presenting good practices and fair competition conduct, as a tool available for the media community, trade unions and policy makers.

The book was conceived as a benchmarking document, not an academic study, but a collection of good and bad practices. It focused on the conduct of publishers and broadcasters as well as codes of conduct, if any, in order to identify the management practices in terms of the media business.

The present study did not intend to be exhaustive, but was meant as a first step in evaluating the (un)ethical business behaviour of the publishers/broadcasters. Moreover, considering that in most of the countries included in the study the debate on ethics is almost nonexistent, the research aims to provide a comparative study as a starting point in raising awareness of business ethics.

The study focused on Media Accountability Systems where the owners and/or publishers are committed either by having initiated such systems themselves, or by any kind of formal acceptance.

It is important to point out that the research built upon the findings of the SEENPM study Media Ownership and Its Impact on Media Independence and Pluralism, published in Ljubljana, 2004. It used that study as a starting point and went into further detail on some issues highlighted by it

Scope of the research: Only private media were subject to the research, be they news agencies, print or broadcast media, national or foreign-owned. We targeted the ten most influential media outlets per country, of which seven had nation-wide coverage and three were local outlets.

Research techniques: Primary sources were used mainly in the form of interviews and documents, besides secondary sources such as sociological surveys, special reports and archives of personal interviews.

The ten media outlets were selected based on their influence, upon the following criteria:

a. private ownership;

b. ratings/circulation but only in correlation with qualitative impact; we were aware that there are highly-reputed outlets which may be more influential than popular media with higher ratings/circulation;

c. the type of media in terms of area covered (national/local);

d. the type of channel: news agency, television, radio, print media.

Acknowledgments

Country reporters, as nominated by the SEENPM media centers:

Albania	*Ilda Londo*	Albanian Media Institute Tirana
Bosnia and Herzegovina	*Nidzara Ahmetasevic*	Media Center – Sarajevo
Bulgaria	*Alexei Lazarov*	Media Development Center
Croatia	*Petra Bulić*	International Center for Education of Journalists – Opatija
Hungary	*Péter Bajomi-Lázár*	Center for Independent Journalism – Budapest
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Romania	*Răzvan Martin*	Center for Independent Journalism – Bucharest
Serbia	*Miodrag Miljkovic*	Media Center – Nis
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Editor: Manuela Preoteasa

Advisory Board

The advisory board contributed to the drafting and implementation of the project and was consulted by the editor on the drafted reports at different stages. The board included Ioana Avădani, Center for Independent Journalism in Bucharest, Maria Yaneva and Ognian Zlatev, Media Development Center, Sofia, Brankica Petkovic, Director of the Media Program, Peace Institute, Ljubljana, and Jens Otto Kjaer Hansen, Director of the Center for Journalism and Further Education, Aarhus.

The project team at the Center for Independent Journalism that initiated and coordinated this regional research, included Ioana Avădani and Mihaela Danga.

The efforts invested in the project derive from the need to start a serious debate on the specifics of the media business, which, though driven by profits, is still accountable to the public.

Regional overview

Argument

Imagine a diabetic person buying a product labeled “sugar free” – only to discover later that he or she had eaten a sugar-added counterfeit. This is an almost daily occurrence on the media markets in countries in transition. The public consumes daily what is sold as purely “independent, free, generalist” newspapers or programmes. Instead, what they get is tabloid news, entertainment programmes and sometimes the biased or partisan coverage that can be easily found in the media content.

Neither media independence nor ethics can be measured. The level of neutrality and the degree of balance cannot be mathematically calculated. But there is a driving line in journalism, despite the lack of measurement tools: good faith. Like journalists, media owners should strive to increase professional standards, media pluralism and independence.

Given this, this report tries to identify good industry practices, separate them from the bad ones and indicate possible solutions. The complexity of the media environments in South Eastern Europe makes it sometimes impossible even to draw a fine line between the good and the bad.

The fundamental focus of this report is the public interest and the way a healthy media environment facilitates the full exercise of the public’s right to know. In countries where legislation is lacking and monitoring bodies are weak or nonexistent (Macedonia, Montenegro, Republic of Moldova, Serbia) the public interest is endangered. In Serbia, tenders for granting broadcast licences have not yet been held, while the process of privatisation of the media outlets has been delayed for years. But even in the countries where regulatory bodies granted TV/radio licences following public biddings, the aired programmes might look different from those initially proposed and not necessarily in a good way.

There is a second important aspect which this study points to: the profit that ethics can bring, namely the business of ethics. Media are or should be profit-driven, but only with full responsibility to the public. Ignoring it can affect the long-term credibility and solidity of any media outlet. While all marketing manuals teach us that a product needs consumers’ trust, the realities of the Balkan moguls who got rich overnight demonstrate the opposite. The question is how long those practices are going to last. How long will the bad practices be profit-making?

“Lack of transparency might be one of the reasons for the declining social prestige of the Hungarian media: while in 1989–90 journalists scored 73–75 points on a 100-point scale of social prestige, by the mid-1990s they scored only 49–54 points, and their prestige has remained about the same since then”, writes Péter Bajomi-Lázár in the report on Hungary (See Hungary chapter).

Growing from selling and demanding “transparency” from others, the media business scores poorly when it comes to its own transparency. Of the eleven countries analysed, only seven have Codes of Ethics and none clearly refers to owners’ duties, but rather to journalists’ obligations. The same happens with the majority of the Codes of Ethics world wide[1].

Claude-Jean Bertrand, in his “Overview of Media Accountability Systems”, notes:

[1] A collection of Codes of Ethics across Europe and the USA can be accessed at the Center for the Study of Ethics in the Professions, Illinois Institute of Technology,<http://ethics.iit.edu/codes/media.html> (accessed 30 September 2005).

"One should not forget that, contrary to the common complaint, the media are much better now than they used to be. But they are not good enough." To ensure good service, there are two traditional policies in Bertrand's view: using the law and trusting the market. "Both negative", he says[2].

"So, maybe a third solution must be tried, more positive, less dangerous — like media ethics […] which can be done by the three groups of protagonists – owners, professionals and users – in many different ways, either separately or together in various combinations — using what I call 'media accountability systems' or MAS." In brief, MAS means the "social responsibility" of the media, a concept which is new in all business fields, in general. For Bertrand, ethics equal quality.

Another researcher, Geoff Hunt, points to what he calls OPAL principles: Openness, Performance with integrity, Accountability and Leadership[3]. The policy document of the European Federation of Journalists (EFJ) provides a set of principles as a basis to legislate for a democratic media in Europe, including self-regulation and journalistic ethics, controlled concentration of ownership, clause of conscience, editorial independence and structures for dialogue[4].

Competition framework

As stressed in the EFJ's policy statement, it is widely agreed that journalism should function on a self-regulatory basis. That should not mean a chaotic framework, as happens in Bosnia Herzegovina (where there is no implementation of the legislation on competition), in Serbia or the Republic of Moldova (where the state maintains the chaotic environment on purpose). The framework for fair competition should be secured by law, vigorously implemented, fully observed and regularly monitored.

Countries like Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Moldova and Serbia do not have even basic legislation on fair competition, while in other countries, where such legislation exists, it still needs improvement and better monitoring and observance (Croatia, Bulgaria, Romania). Moreover, even in developed countries such as Slovenia and Hungary, monitoring and observance need further attention.

Competition and ownership should be analysed together. Mapping ownership will give an idea of competition as well. For instance, in Albania, except for general definitions of the "dominant position", legislation does not stipulate anything specific to regulate print media outlets. A broadcasting licence holder can only hold up to 40 per cent of one outlet, but concentration is not really avoided in practice. In Romania, cross-ownership is not regulated. A closer look at the cable operators on the broadcasting landscape would reveal interesting competition cases, if the legislation in this country resembled Slovenian law.

In the majority of the analysed countries, the competition policy in the media field is defined by the general rules applying to all commercial entities, while specific ownership restrictions are included in the broadcasting regulations. Only in a few countries is the cross-ownership between different sectors restricted (between print and TV/radio sectors:

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[2] C.-J. Bertrand, "Media accountability systems: an overview", European Journalism Center, Maastricht, <http://www.ejc.nl/hp/mas/betrand.html> (accessed 30 September 2005). Note: Claude-Jean Bertrand is professor emeritus at the French Press Institute, Paris.

[3] G. Hunt, "Four Principles of Ethical Management: OPAL principles", <http://www.freedomtocare.org/page12.htm> (accessed 30 September 2005).

[4] The European Federation of Journalists, Policy Document from the European Federation of Journalists: Legislating for a Democratic Media in Europe, Brussels, January 2003, See <http://www.ifj.org/default.asp?index=206&Language=EN> (accessed 1 October 2005).

Croatia, Hungary, Slovenia); (telecommunication/advertising and TV/radio broadcasting: Slovenia and, for monopolies, Bulgaria). Except for Croatia, Hungary and Slovenia, in all the other analysed countries print media (cross)-ownership is not regulated by specific requirements.

Competition remains one of the most sensitive issues and, even in the countries where the regulations are strict, problems are not entirely solved. In Slovenia, a media holder sued the Broadcasting Council accusing it of subjective interpretation of the law, which led to "unfair competition". In Bulgaria, unregulated cross-ownership leads to various forms of concentration, besides the horizontal one, such as vertical (almost all cable operators have a TV or a radio station), or diagonal (i.e. Bulgarian sound recording company Payner music and its TV channel).

Bosnia and Herzegovina is a very interesting country to analyse as it is illustrative of the importance of the vigorous implementation of legislation. Although it has regulations equal to the European ones on horizontal concentration in the broadcasting field, its concrete measurement tools are not functional. Bosnia and Herzegovina is the only country in the region that has a Press Council in place, which is supposed to defend the quality of print media. In practice, its efficiency is rather low. Also, although the Competition Law was adopted in 2001, the implementation has not yet taken place. Bosnian legislation still needs further improvement in order to secure basic tools for preventing concentration, such as: transparency of ownership and audited audience/circulation data. Legislation in Albania also needs further improvement, as well as a strong political will to be implemented.

Regulations remain in a basic stage in countries such as Moldova, Macedonia, Montenegro and Serbia. The withdrawal of the state as a major player on the media market is an urgent issue in countries such as Moldova and Serbia. In Moldova, the background is remarkable. State intervention can be felt in several types of hybrid media, which lack independence. On the market one can find: state-owned media, private media still massively sponsored by public money, media that are subordinate to public institutions (the church, ministries), political party media, and finally private media claiming independence (and therefore sometimes called "opposition" media).

The delayed privatisation of municipal media in Serbia, as well as the dumping services offered by the state-owned news agencies, suffocate the private media. Dumping prices are one of the main problems on the Macedonian market as well, as many publications are sold below their real printing costs.

Transparency of ownership

As is the case with the competition framework, most of the countries also lack legislation that would oblige individuals to be transparent regarding their ownership of media outlets. However, the broadcasting industry is better regulated than the print landscape. From the transparency perspective, there are three categories of countries: countries where there is no legal transparency requirement and consequently no such practices (Albania, Macedonia, Moldova); countries where the legal framework is effectively ignored (Bosnia and Herzegovina, which lacks a database, Montenegro, where registered data are not accessible, Serbia, where parallel companies are set up to avoid tracing ownership); and finally, countries where the level of transparency depends rather on the sophisticated techniques that the owners have invented to hide themselves (Bulgaria, Croatia, Hungary, Romania, Slovenia). However, one difference is worth noting: only Croatia, Hungary and Slovenia have specific requirements for the print media.

In Hungary, ownership data are accessible to the public at no cost and broadcasters have to notify the National Radio and Television Board of changes to their ownership structure. In Romania, only after the publication of the SEENPM report, Media Ownership and Its Impact on Media Independence and Pluralism in mid 2004[5], did the Romanian regulatory body (CNA) ask the Romanian broadcasters to report their ownership data, which are now posted, with regular updates, on the CNA website. Although hidden ownership persists in some cases (irrespective of whether it concerns majority or minority stockholders), it was an important step towards transparency. In Bulgaria, anyone can request information on "the individuals who are directly involved in the activity of public information and who participate in the setting of editorial policy", but this right is little exercised.

In an attempt to maintain the appearance of independence, politicians and businesspeople have looked for sophisticated ways to estabilish media outlets. In Bulgaria, one of the newspapers is formally owned by the Bulgarian Socialist Party, which lent the trademark to a private company.

In Romania, rumors that a controversial businessman, Sorin Ovidiu Vintu, might secretly be behind the main all-day news television, *Realitatea TV*, shocked the audience. After the release of a recent EUMAP report[6], public pressure made the Broadcasting Regulator (CNA) ask *Realitatea TV* to clearly identify its owners. The station, officially owned by a small company registered in Switzerland, requested 90 days to do so. The obvious question is "Why 90 days?"

The leader of the Conservative Party, senator Dan Voiculescu, hid for years his identity as the holder of one leading media group in Romania, but one year ago he publicly admitted his stock-controlling position. Although knowing the owner is not enough to reach a conclusion about the independence of the station, this kind of information creates the conditions under which content can be monitored accordingly. Monitoring agencies can evaluate if the positive reports on a certain political party or the business friends of the holder are neutral or not. However, without written regulations to ensure the separation of business and editorial departments, the observance of comprehensive Codes of Ethics and respect for professional and ethical standards, the interference of the owner can often be perceived in the content.

In Bosnia and Herzegovina different rules and regulations require the transparency of the ownership structure. Broadcasting media have to report to the KRA about it. Albania provides a typical example of how media regulations can be avoided, no matter how strict they are. As the law forbids a single owner to hold more than 40 percent in one or more media outlets, one of the Kokedhima brothers owns 40 per cent, and the second brother holds another 40 percent in a group composed of: *Shekulli*, the largest daily, economic paper *Biznes*, sports paper *Sporti Shqiptar* and the weekly *Spekter*. The same applies to *TV A1*. Furthermore, the wife of one of the brothers, Brixhida Kokedhima, runs the Green Party.

The SEENPM study quoted above mapped in detail the ownership patterns, so the present research does not insist on who owns what, but extends the analysis to the ethical approach: how do owners behave towards their journalists? If a politician or a businessperson owns a newspaper, how can someone know that he or she will (not) interfere in the editorial content?

[5] B. Petković (ed.) Media Ownership and Its Impact on Media Independence and Pluralism, Ljubljana: Peace Institute, 2004.

[6] M. Dragomir, D. Reljic, M. Thompson, Q. Reed, D. Danov (eds.) Television across Europe: regulation, policy and independence, Brussels, Budapest: OSI/EU Monitoring and Advocacy Program, 11 October 2005.

The funding of the media business

Money is another sensitive topic when it comes to editorial independence. The funding of a media business is important in order to trace possible reasons to silence the critical voices.

As stated above, the transparency of ownership is not enough if not accompanied by the transparency of financing sources; moreover, in most of the countries, the legislation is not so demanding on this. While in Slovenia and Hungary media houses are obliged to submit financial reports, such obligations do not exist or are symbolic in other analysed countries. For instance, the Constitution of Romania creates the framework for this obligation to be created by law, but a specific piece of legislation has not been produced in the last fifteen years.

In Albania, the funding of media businesses and its transparency has remained at the debating stage, with mutual accusations among publishers themselves or between the government and media owners. In Albania and Moldova as well, the black advertising market remains among the highest concerns. In Serbia, Bosnia and Herzegovina, Macedonia and Montenegro dirty money is circulated on the labour market. Many journalists work with no legal contract or get on paper less money than in reality. Even in Bulgaria and Romania, countries with quite sophisticated markets and ready to join the EU, there are different forms of avoiding the payment of high social security taxes for journalists.

In most of the analysed countries, annual media costs are higher than advertising expenditure, and media live from sources such as sponsorship (i.e. Bosnia and Herzegovina, R. Moldova), government funds and sponsorship from parties (R. Moldova). There is a certain category of controversial businesspeople who have invested their capital in media, but, except for in Hungary and Slovenia, the transparency is low here and precise data are not available. The lack of statistics is a separate issue, and deserves the attention of the media regulatory bodies. Apart from the exceptions above, there are no reliable statistics on the net advertising income of the publishers/broadcasters, nor on the whole net advertising expenditure. The large discounts often offered by media outlets make any reliable estimatation impossible, even when gross figures are available.

The separation of the advertising and editorial departments and of advertising and editorial content were analysed together in this research, due to the premise that one influences the other. Indeed, in the outlets where the separation of advertising and editorial teams is clearly established by the internal regulations, an equally clear separation can be noticed in the content too. We should bear in mind that in most of the analysed countries, print media are not subject to any regulations, while broadcast media are. Specific provisions oblige broadcasters to clearly mark the advertising as such, and hidden advertising is forbidden by law (i.e. Croatia, Hungary Slovenia, and, only for the broadcating industry, in Bulgaria, Romania). However, there are media organisations that have adopted self-regulations on a large scale, although the areas of implementation vary from country to country (i.e. Bulgaria, Slovenia).

For instance, in Albania, the relationship between journalists and business management is not formalised in any way, and, except for claims of the editorial independence of journalists, no (self)-regulations are vigorously implemented.

In general, there are no broadcasters'/publishers' Codes of Ethics in SEE. Instead, in some countries the Journalists' Codes of Conduct include some protecting clauses on freedom of expression (i.e. Bulgaria, Bosnia and Herzegovina, Romania, Hungary, Slovenia). A relevant example is journalists in Slovenia, who have the right to refuse any assignment contrary to the Code of Ethics or their convictions, under clause 24 of the Code of Ethics of Slovene journalists. Moreover, in Slovenia the business management is obliged to consult the journalists when selecting the editor-in-chief, and in a few particular cases, to adopt their decision.

A different form of internal regulations is adopted and implemented in some cases by certain media houses (i.e. WAZ's "Model of Cooperation between Publishers and the Newsrooms", *Makfax*'s internal regulations in Macedonia, SBS Broadcasting's Code of Conduct in Hungary). Some of them "import" those internal documents from their headquarters abroad.

The chief remaining problem is the lack of internal Ombudsmen observing the implementation of the internal regulations on both sides: the journalists and the publishers/broadcasters themselves.

Most of the media players are reluctant to cooperate with initiatives to analyse their business behaviour, and, according to Bertrand, to accept any form of criticism as well. "Media people, some of whom spend their time exposing decision-makers for various sins, find it very hard to take criticism themselves."[7] That resulted in a lack of cooperation from the majority of media houses for this research in countries such as Croatia and Hungary. In Croatia, the country reporter was refused interviews by most of the players and got no responses in written form either, which left the section about specific business conduct uncovered. Under the OPAL principles, quoted above, openness is a basic aspect of ethics, applying not only to the media system but to all business sectors. Furthermore, professionalism (through training, self-education, awareness of ethics) is the basic prerequisite to increase the chances of a media business growing, with all the necessary implications that it may have: professionals working in clearly distinct departments (financial department, advertising department, newsroom) are expected to set stricter rules to secure the non-interference of advertisers and avoid pressure. Thus they will better safeguard the independence of the editorial team.

One more point needs to be stressed. Despite similarities in the main trends, the realities in this field are different from country to country and this research does not intend to generalise, but to give specific examples. Each country report needs attention and, despite the unique guidelines, the country reporters had the freedom to adapt the content to the peculiarities of each country.

To conclude, the question "To what extent are media businesses accountable to the public?" remains the crux of the ethics debate. An honest answer to this question, which considers media solidity in the long run, is crucial to establish the social responsibility of the media. This research has only opened Pandora's Box, from which lots of unanswered questions emerge and wait for a response. Positive islands and patterns of transparency and media solidity, as identified in this research, may be the basis of an honest, candid and consistent debate.

[7] C.-J. Bertrand, "Media accountability systems: an overview", European Journalism Center, Maastrichts cited.

Media Business Conduct in South Eastern Europe – A Comparative Overview

Country	General framework on competition	Ownership, cross-ownership, vertical and horizontal concentration	The funding of the media business	Separation of editorial and advertising, journalists' rights and editorial freedom	Codes of Ethics, other self-regulatory documents
Albania	Policy: general rules on competition. Print media is regulated under the general competition framework: • the law forbids a "dominant position"; • there is a dispute about dumping prices; • the topic is little debated. Broadcasting industry: specific legislation restricts horizontal concentration through limits imposed on ownership.	Broadcasting industry: • horizontal concentration is regulated (i.e. an owner can hold max. one radio and one TV licence for a certain local territory and can hold only one national licence). • A TV/radio owner can hold max. 40 percent of a broadcasting outlet. Cross-ownership between broadcasting and print media is not regulated. Cross-ownership between broadcasters and cable or advertising companies is not regulated. The transparency of ownership is not secured by legislation. Few outlets make it transparent at their own initiative. A significant number of business people close to politicians hold equity interests in media outlets.	Alarming figures show that all television outlets operate at a loss. Balance sheets submitted to tax authorities, but not publicly available (positive efforts by *Gazeta Shqiptare* and *Biznes)*. No detailed financial reports required by law. No strict criteria and no transparency of advertising with public money or other form of state subsidies. No practice of transparency with regard to financial resources.	A lot of journalists work without contracts. There are no written regulations establishing: • the separation of business and editorial departments; • the protection of the journalists' rights; • non-interference of owners or other sources of pressure; • freedom of expression. Lack of a credible journalists' trade union organisation. Usually journalists can be sacked for not observing non-written obligations. Journalists are allowed to sell advertising.	No publishers'/ broadcasters' Code of Ethics. No other documents obliging the owners not to interfere with the editorial content.

Country	General framework on competition	Ownership, cross-ownership, vertical and horizontal concentration	The funding of the media business	Separation of editorial and advertising, journalists' rights and editorial freedom	Codes of Ethics, other self-regulatory documents
Bosnia and Herzegovina	Policy: general rules on competition (Law on Competition, 2001). Ownership restrictions are laid out in RAK's Rule No 21/2003 on Media Concentration and Cross-ownership. (RAK is the Broadcasting Council.) The law is not implemented and the regulatory body (Council of Competition) has not yet been set up. Unfair competition (especially from state-owned outlets) and weak implementation of regulations. Strong competition on behalf of media imported from neighbouring countries. No licence needed for radio/TV set up by military/ international organisation to promote democracy. Bureaucratic barriers to foreign investors.	RAK's Rule No 21/2003 on Media Concentration and Cross-ownership (enforced in early 2004) provides specific restrictions in broadcasting field: • no individual is allowed to hold two or more broadcasters, either television or radio, at the same time; • someone can hold maximum one radio and one TV outlet covering a certain segment of the population. Broadcast media have to report their ownership structure to RAK. Every outlet has to register itself in the Media Register. Owner has to provide all necessary information about the outlet, including ownership and income, in the Court Register of Companies. Theoretically, this information should be public. In fact, there is no central register or electronic database publicly and easily accessible. Transparency of ownership is ensured by law, but the implementation is weak. There is an obligation for owners to publish in their outlet key data about ownership, editorial board, the registration number of the outlet, address and other relevant information.	Shadowy financing resources. Although financial balance sheets are submitted to the tax authorities, the figures are not made public. Legislation does not oblige media outlets to release detailed financial reports. Sponsorship should be transparent, according to the "Advertising and Sponsorship Code of Practice".	Press Code, Article 12, reads that "commercial and political advertisement and sponsored material (articles or supplements) must be distinguished from editorial content and clearly identified as such". Lack of separation of functions and departments (manager is at the same time editor-in-chief). The Press Code provisions are often ignored or violated. Lack of protection of individual rights. Lack of internal self-regulatory bodies.	Press Code (1999) sets out ethical journalistic conduct. There is an "Advertising and Sponsorship Code of Practice". The two regulatory bodies – Press Council (for print) and the Communication Regulatory Agency (RAK) for broadcasters – should monitor and watch the implementation of the legislation and Codes.

Country	General framework on competition	Ownership, cross-ownership, vertical and horizontal concentration	The funding of the media business	Separation of editorial and advertising, journalists' rights and editorial freedom	Codes of Ethics, other self-regulatory documents
Bulgaria	Policy: general rules on competition (in line with the *acquis communautaire*). Specific provisions limit ownership only in the broadcasting field. However, vertical concentration (between TV and cable) is allowed and commonplace.	No restriction of cross-ownership between broadcasting and print media or between media and cable operators. Telecommunication operators with a monopoly position cannot hold a broadcasting licence. Licence cannot be granted to an advertising company. Two laws establish public access to media ownership data, but the implementation is weak. Sometimes ownership is hidden abroad. One newspaper is formally owned by the Bulgarian Socialist Party, which has lent its publishing rights to a private company under specific, temporary terms.	Balance sheets submitted to tax authorities (hardly accessible to the public). No detailed financial reports. Agencies monitoring the advertising markets (gross value) provide global data. State advertising not relevant (it used to be at one point).	Clear separation of advertising and editorial department in the well-financed outlets. Clear separation of advertising from content in the electronic media. Advertorials are not always clearly marked by the print media, but often only the layout is different. *BH Novinari* Association aims to protect journalists' rights.	The "Code of Ethics" of the Association of Newspapers establishes journalists' proper conduct and accountability. No owners' code of conduct exists. Press Council to be formed by a joint effort of the industry (ongoing).

Country	General framework on competition	Ownership, cross-ownership, vertical and horizontal concentration	The funding of the media business	Separation of editorial and advertising, journalists' rights and editorial freedom	Codes of Ethics, other self-regulatory documents
Croatia	Policy: general rules on competition under the Antitrust Law (2003). A dominant market position is defined as: controlling more than 40 per cent of a given market; two or three entrepreneurs are allowed to hold max. 60 percent; and four or five max. 80 percent. Intended concentration should be reported to the Authority for the Protection of Competition. Specific restrictions on ownership are laid out in the Law on Media. Inefficiency of the relevant state departments, agencies and other institutions dealing with competition issues. Agency for the Protection of Competition overwhelmed by fast movements on the market.	Cross-ownership between broadcasting and print media is regulated under the Law on Media (May 2005): • One national player can hold max. 25 per cent of a local licence, max. 10 percent of a daily, or max. 10 percent of a newsagency. • One local licence holder cannot edit a local publication. The same applies to family members. By law, all media should report their ownership structure annually to the Croatian Chamber of Economy (print media) and Ministry of Culture (electronic media) and publish the data in the "Official Gazette". In reality, few media meet the requirements. Half of the outlets do not comply with the legal obligation or delay the reporting.	Media are not required to publish their financial results other than their total yearly revenue. Media are obliged to report financial results to the Croatian Chamber of Economy, but must also report the identity of any advertiser from whom they make more than ten per cent of their advertising revenue. Public institutions should spend 15 per cent of their advertising budget on local and regional electronic media. Fund for the Encouragement of Pluralism and Diversity in the Electronic Media (for public interest programmes, other than entertainment).	Separation of editorial content - advertising: hidden advertising is forbidden. (Note: data about separation of editorial and advertising departments are not available due to the lack of cooperation of media outlets).	All media recognise the Code of Ethics of the Croatian Journalists' Association.

Country	General framework on competition	Ownership, cross-ownership, vertical and horizontal concentration	The funding of the media business	Separation of editorial and advertising, journalists' rights and editorial freedom	Codes of Ethics, other self-regulatory documents
Hungary	The Competition Act (1996) – general framework on competition, no specific provisions on media. Ownership restrictions are laid out in the Broadcasting Act (as amended in 2002). Cases of concentration need authorisation from the Office of Economic Competition. Despite regulations, the media markets are highly concentrated in terms of audience and advertising share.	Vertical concentration is forbidden under the Broadcasting Act: no one can own or have a controlling interest in both a nationwide newspaper and a nationwide TV/radio channel. No newspaper of over 10,000 copies can be held by the owner of a TV/radio station within the same coverage area. One person/organisation can have licences for only: • one nationwide broadcaster; • two regional or four local broadcasters; • 12 local broadcasters. Horizontal concentration is not restricted. All business entities must register at one of the courts of registers, where ownership data are accessible to the public free of charge. No legal provision stipulates that newspapers display their ownership structure on their pages, which makes it difficult for the average reader to see the organisational ties. Those are available rather to journalists or academic researchers. Broadcasters should notify the regulatory body of changes of ownership.	All media outlets must submit an annual income report to the State Tax Authority (APEH), which is accessible to the public. Few outlets display such data on their websites. The existence of 'advertorials' in several media outlets. The existence of non-transparent subsidies, distributed to politically loyal media outlets. The lack of a press fund supporting loss-making news outlets in a transparent and politically neutral way.	There are two major organisations protecting journalists' rights, the Hungarian Journalists Association (MUOSZ) and the Press Union (*Sajtószakszervezet*). The employment of in-house Ombudsmen is practically unknown in Hungary (with one exception). Editorial content – advertising: the law stipulates that ads should be separated from the editorial pages and edited programmes marked clearly. No detailed data is available to the public on the enforcement activities of interest of the various journalists' associations and the Press Union.	Existing codes of ethics are a reflection of the ideal of neutral, objective journalism. In practice, partisan journalism is common-place. Lack of codes of ethics in many media outlets. Various outlets claim to respect different codes (i.e. TV 2 – Advertisers' Code of Conduct, SBS Broadcasting Code of Conduct etc). In general, there is no Ombudsman to discuss controversial cases.

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Macedonia	Policy: general rules on competition are newly adopted (Law on Competition Protection, January 2005). Regulations on ownership are laid out in the Broadcasting Law (1997). The law describes "the dominant position" as more than 40 percent on a given market; two or more companies are considered dominant if they share over 60 percent. High level of concentration: of the ten daily newspapers, three are owned by WAZ, one by the biggest advertising agency, and one has concealed ownership ties with the top-rated national TV station. Obstacle: no audience data (or advertising share data) are available. Large discounts are common. Unfair competition from the state-owned outlets (especially news agencies).	The Broadcasting Law includes specific restrictions on ownership. A company or individual can be the founder of only one broadcaster and can have a maximum additional 25 percent of the capital in a second outlet. At the national level, horizontal concentration (ownership within one sector - radio only or television only) is restricted. Vertical concentration, ownership and integration of capital between one sector and its related activities (production and distribution) are not regulated under the current law. There are no legal requirements to make ownership information public. It is very rare for a media outlet to publish ownership data at its own initiative. The ban on concession transfers is expected to be removed by end 2005, eliminating restrictions on the entry of foreign capital.	There is a significant difference between the business conduct of the print media outlets and of the broadcasting industry; the latter is unethical more often. Print media usually separate advertising from content, and hidden advertising is rare, which does not apply to broadcasters, especially to smaller players. Black market advertising is visible in the broadcasting field: some media outlets do not invoice the whole sold advertising time. Broadcasters often air hidden advertising. No media outlet has ever published information on its financial sources. Unfair competition in advertising sales. Several smaller print media are financed by political parties, in which case the transparency is low.	Departments: separation formalised in very few cases (e.g. WAZ). Written rules state that editorial content is separated from advertising in only a few cases (e.g. WAZ's Code). Journalists' work contracts contain no stipulations providing protection from undue influence (except at *Dnevnik* and *Utrinski vesnik*). Small broadcasters lack internal document: statutes, organisational charts. Small broadcasters have few employees, and no business departments. Journalists are asked to sell advertising, and there is no separation of the advertising and editorial teams. Owners of large TV stations use the media to promote their own businesses or political interests. They censor controversial stories that might affect their affairs. National broadcasters and dailies have separated their business departments from the newsroom; marketing or advertising people rarely interact with reporters. The opposite applies in smaller outlets. Journalists in the news departments are the single biggest category of full-time journalists at national broadcasters. If they exist, employment contracts have no specific provisions to ensure editorial freedom.	There are no codes of conduct for owners emphasising their responsibility, except at WAZ and *Makfax* (e.g. WAZ's "Model of Cooperation between Publishers and Newsrooms").

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Montenegro	Policy: general rules on competition; ownership restrictions are laid out in the Broadcasting Law. Unhealthy competitive framework because the questionable origin of most capital (some media are backed by government or tycoons close to it).	Broadcasters should notify the Broadcasting Agency of all changes in ownership. A national licence-holder cannot hold more than one quarter of shares in another broadcasting company with a similar licence. A nation wide broadcasting licensee cannot publish newspapers with a circulation greater than 3,000 copies, nor can he own more than 10 per cent of a news agency. Local and regional broadcasters are restricted to maximum 30 per cent-stake in a different broadcaster in the same field and to publishing local dailies. Companies should register their ownership in Court and broadcasters should report those data to the regulatory body, but the law does not go down to the level of individuals. Those data are hardly accessible to the public. High level of non-transparency, with off-shore companies with hidden ownership.	The sources of money are unknown, as the law does not require the transparency of financial resources. No financial report is published, only balance sheets are submitted to the tax authorities. There is not enough transparency on public money for media. High suspicions that several media are financed by parties.	Usually journalists are not asked to sell advertising. A lot of journalists are paid on the black market, social securities are not paid in full. Due to the general lack of ethical standards, foreign investors (e.g.. WAZ) seem to be the only ones to formalise the relationship between the newsroom and the other departments. Company bylaws stipulate that the owner should not get involved in the editorial policy. Journalists have low salaries, and their contracts are standardised, with no specific provision for professional conduct. High level of self-censorship. Pressure goes so far that a journalist was murdered (Dusko Jovanovic of *Dan*). Libel – under Criminal Code, but only punishable with criminal fine. Jail was eliminated.	Professional standards are easily sacrificed for higher audience ratings. No Codes of Ethics, no Ombudsman of the profession.

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R. Moldova	Policy: general rules, under the Law on competitiveness and limitation of monopoly activities (1992). Private monopoly is forbidden, while state monopoly is allowed. State monopoly in the distribution of print media and in the radio communications field. The state is the largest player and interferes across the whole landscape. The increasing number of state, institutional or party media distorts competition.	Through ownership and sources of money, media are massively controlled by the state; private media benefit from public money and/or are supported by a certain party and are often considered party media; the few outlets critical of the government are called "opposition" papers. The transparency of ownership limits itself to the requirement to reveal the name of the founder (who might be different from the owner); electronic media should submit ownership data when applying for a licence to the regulatory body. Cross-ownership is unregulated, but there are some restrictions on telecommunications which might represent a starting point.	Funding depends on political will. Advertisers avoid critical media fearing government and tax authorities. Lack of financial resources. Advertising is roughly estimated at €5-10 million. International funds, which were beneficial to media, were stopped by law in 2001. Privatised media are still dependent on public money.	Owners usually hold editorial positions. Very few outlets refuse state subsidies to preserve their independence.	No Code of Ethics, no Ombudsman.

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Romania	Policy: general rules on competition; ownership restrictions laid out in the Audiovisual Law (2002). Print media have no specific anti-concentration provision. Broadcasters have limitations only in radio and television sectors. Concentration media cases need the Competition Council's approval.	A licence holder cannot own more than 30 percent of the market. One major holder of a certain radio/TV station can own no more than 20 percent of another. No legal restrictions on cross-ownership between broadcasting and print media. No restriction on cross-ownership (between telecommunication and media or between advertising agencies and media). Ownership data are reported to the regulatory body (CNA), which publishes those data on its website, with regular updates. Broadcasters should notify the CNA of any change in ownership.	No Romanian media company publishes detailed financial reports, they only submit balance sheets to the authorities, which can be accessed on the Internet. The Constitution states that media can be obliged, by a specific law, to reveal their financing sources. A debate has been started on that. Public money is allocated on stricter criteria than in previous years and transparency is guaranted by law.	Business and editorial departments are separated in only a few outlets through written rules. Journalists deal with advertising depending on the outlet: some houses forbid this practice, others encourage journalists to sign ad contracts, with commission. Advertising is clearly marked in broadcasting media. Major print outlets also separate advertising from content, but the practice of 'advertorials' is evident. Papers used to openly have different tariffs for advertorial marked with an A or without an A (whose price was double).	There are two main associations representing owners. Each has a Code of Ethics applying to journalists, not to the owner.

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Serbia	The state is a big player on the media market. The privatisation of municipal media still delayed. Formally, the Broadcasting Law forbids concentration, but in practice owners set up parallel companies, and there is no monitoring body to trace their roots.	Private media houses operate with no licence, and the first licences are expected to be granted by end-2005. The legislation does not set down specific obligations for media ownership other than registration at the Court of Commerce, but those data are hardly accessible to the public (under the Public Information Law, 2003). Data about owners are usually unavailable, most media holders conceal their identity. There are neither ownership not cross-ownership restrictions. Few media outlets (highly reputed for their independence) make transparent their ownership at their own initiative.	There are no reliable data on advertising expenditure. The transparency of financing sources is not required by law and information about income is often kept as a business secret. The Advertising law has only recently been drafted.	It is common for media owners to run the media business. There are no written rules formalising the separation of editorial and business departments. The majority of media in Serbia do not have a managing board, and only when journalists hold stocks do they get voting rights as board members.	No document establishing ethics or a business code for media owners or publishers.

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Slovenia	Policy: besides general rules on competition, ownership restrictions are laid out in the Mass Media Act (2001). Competition on the advertising market is strong. The Broadcasting Council gives an opinion on concentration cases, while the final decision is at the discretion of the Ministry of Culture.	A stake of more than 20 percent of shares in any media outlet (TV/radio/daily) is at the discretion of the Ministry of Culture. The Mass Media Law requires all media houses to publish yearly the full name and address of permanent residence of any individual and/or the business name and head office address of any individual who in the publisher's assets holds a stake of five percent or more of the capital or a share of five percent or more of the management or voting rights, and the full names of the members of the publisher's board of directors or management body and supervisory board. The publisher has to list any changes in the Official Journal.	Legislation requires that all companies must publish a yearly financial report. The state is not a big player, but a new amendment will change that if approved. The law regulates hidden advertising. Lack of clear criteria by which money would be distributed from the proposed special fund aimed at media pluralism. The danger of more political influence on the media when distributing the money from the fund.	Managers and editors agree that advertising should be separate from editorial content. Relative autonomy of the editor's budget. Editors have the final say about the placing of advertising. There is a relatively clear separation of editorial staff and management in terms of the decision-making process of selecting the news. There is not enough money or people for the development of investigative journalism.	The Code of Ethics of Slovene journalists (under clause 24, journalists have the right to turn down any job in contradiction of the code of ethics or their convictions). Clause 25 reads that no one is allowed to alter or revise the content of a journalist's report or other piece of work without his or her consent.

Regional good practices and recommendations

Transparency of Ownership and its impact on media pluralism

- Wherever the law does not require for media ownership transparency, publishers should promote such transparency as a good practice, making public their stockholders down to the level of individuals (natural persons).
- Publishers and broadcasters should cooperate with professional associations, academics and media NGOs to promote media ownership transparency;
- Wherever regulatory bodies exist, they should secure the transparency of media ownership, as a means to avoid ownership concentration and monopoly;
- Media NGOs should concentrate on raising awareness of the impact of ownership on media pluralism and credibility and should ask for legal provisions to ensure the transparency of media ownership. Such legislation should be adopted based on a broad public consultation.

Fair Competition

- Wherever necessary, legislation on fair competition should be adopted and vigorously implemented, with clear provisions aimed at regulating the concentration of ownership and establishing admissible limits for ownership;
- Wherever necessary, legislation should be modified to cover vertical and horizontal concentration, as well as cross-ownership, and to set admissible limits for this;
- Wherever missing, reliable systems for monitoring the implementation of fair competition regulations should be put in place, based on unitary circulation and audience measurements;
- The state should ensure the equal treatment of players in the media field under registration, licensing, finance and fiscal regulations, as well as access to information.
- Wherever necessary the state should establish a special status and provide support for the development of non-profit print and broadcasting local, minority and community media ("third sector") through granting special frequencies and subsidies, but these have to be provided under clear conditions and in a transparent manner.

The Funding of the Media Business

- The state should ensure non-discriminatory access to publicly-financed advertising, based on professional criteria and allocated through transparent and predictable procedures provided by law;
- Publishers should release periodically (but at least annually) detailed financial reports, listing the sources of revenue, expenditure and type of activities of media organisations;
- Wherever the legal framework allows for it, specific legislation on this should be adopted and implemented;
- Wherever press subsidy systems are in place, they have to be transparent and politically neutral.

Separation of editorial and business departments

- The relationships between owners and publishers/broadcasters and publishers/broadcasters and editorial staff should be clearly defined, based on written agreements;
- The publisher/broadcaster should not interfere in any way in the editorial content of the media outlet, after the clear formulation of its editorial policy of the media outlet;
- The editorial and the business functions of any media operation should be clearly separate, under internal statutes;
- Advertising in any form, including advertorials, has to be clearly separated from editorial content;
- Advertising in any form, including advertorials, has to be clearly marked as such; unmarked advertising material should be treated as a serious violation of editorial standards;
- Internal regulations should be adopted to prohibit editorial content providers (journalists, camerapersons, etc) from engaging in advertising sales and purchases on behalf of the media operation;
- Publishers, broadcasters and editors should use their respective associations to safeguard editorial independence and adopt self-regulatory documents;
- Wherever possible the regulation and self-regulation provisions should be made to request the clear distinction of the positions of owner, general manager and chief editor in the media, and prevent the “three-in-one” model.

Individual rights and editorial freedom

- Labour relations between journalists and their employers should be regulated through written contracts that clearly state the rights and obligations of each party;
- Status, professional and labour rights of freelance journalists should be clearly regulated to eliminate the phenomenon of forced and fake freelancers in the media industry;
- Work contracts should enshrine the “clause of conscience” that allows journalists to avoid being forced into unethical conduct;
- The various media outlets and journalists’ organisations should make sure that journalists observe the existing codes of ethics. Therefore, code violations should be discussed publicly;
- The various media outlets and journalists organisations should establish in-house and/or joint (on a national level) effective self regulatory mechanisms such as press councils or/and press Ombudsmen in order to deal with complaints from readers/listeners/viewers, discuss controversial cases of ethics and to mediate public expectations of journalists;
- Publishers should share the legal responsibility for the editorial content and provide legal assistance to their journalists, either as consultancy prior to publication or as support for litigation;
- Publishers/broadcasters should offer continuous training to journalists, editors and managers in order to increase their professionalism and enhance their competence.