



NEW MONOPOLY ON THE MACEDONIAN MEDIA SKY:

THE STATE WILL CONTROL TV AND RADIO STATIONS, AND WAZ THE PRESS

WAZ is turning into a potential political monster because there's no legislation to determine the maximum percentage of control over the market, and because of the fact that unlike in the region, the head of WAZ in Macedonia as well as the second owner in order of importance in the newspapers bought have reasons for political revenge or hold political ambitions.

By: Iso RUSI

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With the approaching of 2004 – the year of the presidential and local elections, the Macedonian Radio and Television grows further apart from being transformed into a public service, and the chances of passing new laws on telecommunications and broadcasting are diminishing. For the majority of the most influential broadcasters there are ways to discipline them.

Public appeal

To Mr. Prcevski, Public Prosecutor of the Republic of Macedonia

Dear Mr. Prcevski,

The Editorial Board of the weekly LOBI is familiar with the fact that even information published in the media, if it contains information of interest to the prosecutors, can be a sufficient reason for them to investigate whether everything is fine with the case involved.

The simple layman's logic makes us think that even the government decisions for the allocation of funds to "Utrinski vesnik", "Vest" and "Dnevnik", contain enough elements for you to investigate the information presented there. Some lawyers are trying to convince us that this case of allocating funds from the budget has too many similarities with the "case of privatization of NIP Nova Makedonija"- in both cases, our public money was given to foreigners so that they could buy one of the home companies. The only difference is the amount and, of course, that in the NIP "Nova Makedonija" case the state itself gave money for purchasing something that was in its property, whereas this case involves predominantly private property.

But isn't giving money, although it's not a matter of millions, but only hundreds of thousands euros, by the Government of the Republic of Macedonia to a foreign company in order for them to buy some domestic companies - predominantly private ones - something more than a sin?

We take the liberty, besides this public appeal, to submit to you a copy of our newspaper together with a translation of this article in Macedonian.

Best regards,

The Editorial Board of the weekly LOBI

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the second owner in order of importance in the newspapers bought have reasons for political revenge or hold political ambitions.

With its scandalous decisions, the Government has effectively given away 10,300,000 denars to WAZ. These decisions are very similar to the previous Government's decision to enable foreigners buy "Nova Makedonija" with public funds. "Journalist won't get arrested for defamation", reads the headline published in "Dnevnik" several days ago. Journalists have won a victory over the experts and the politicians who wanted to punish them for slander and insult. Before that, with their reaction to the planned articles in the new Criminal Code which is currently in parliamentary procedure, journalists reached Strasbourg, managed to achieve a partnership status in the defining of the new contents of the Criminal Code regarding the criminal acts of defamation and insult, won the support of political parties in an express way, and achieved for the same acts to not exist in some special form for the President of the country and others in the highest circles of government. Celebrating this in a TV show, distinguished representatives of the "seventh power" did not hide their pleasure for having defeated a former justice minister and a professor of criminal law who worked on the new Criminal Code and who has a deeply rooted hatred for journalists because of his own bad personal experience with them.

"For SDSM, the greatest ally and partner of Macedonia and democracy are precisely the media and independent, objective and conscientious journalism, which SDSM has always supported and respected," said the spokesperson of the ruling Macedonian party on that occasion. A representative of the Association of Journalists immediately returned the favor by expressing satisfaction that their demands are to be accepted. A real bed of roses, no argument there!

Public appeal

To Mrs. Slagjana Taseva, President of the State Anticorruption Commission

Dear Mrs. Taseva,

We hope that our article contains enough information which can be used as a reason for the commission you lead to investigate this case and - if nothing else - to try to provide an answer why a poor state like the Republic of Macedonia, represented by its Government - finds it appropriate to directly and indirectly give away 10,300,000 denars from this year's state budget to the powerful German media giant.

We take the liberty, besides this public appeal, to submit to you a copy of our newspaper together with a translation of that article in Macedonian.

Best regards,

The Editorial Board of the weekly LOBI

What's our situation with the media like?

However, this short-lived blissful situation in the relations between the ruling politicians and the journalists/media is far from the reality of the media condition in this country. In our humble opinion, dark clouds have overshadowed the media situation in Macedonia.

The condition of the media in Macedonia seems to be returning to the one we had in the beginning of the independence, which we thought we had definitely overcome. The bipolar monopoly of the period, inherited from the socialist days – a monopoly on print media concentrated in NIP "Nova Makedonija" (plus a monopoly on printing and distribution) and a monopoly in broadcasting focused in the second mastodon MRTV –has now gotten a different form. A new transitional bipolar monopoly seems to be establishing, combining government control over the most important broadcasters and a newly established monopoly on print media.

Let us try to explain why this is so. We'll start with broadcasters. There're over 150 of them working with all the

necessary permits, more or less in accordance with the law. They can be divided into big ones – those with national concession (covering the full territory of Macedonia) and little ones (local ones). The members of the second group – with the exception of some - are finding it increasingly harder to survive in the market, are weak in economic terms, have a small production of information shows, and are gradually losing their influence in the regions they cover. The two private TV stations which cover whole Macedonia are goods which can easily be controlled or bought, primarily due to the weaknesses stemming from the personalities of their owners. One of them, as a politician, will bow to any deal he cuts with the authorities in order for him to survive politically, but also as a businessman to avoid being held responsible for the tax money he owes to the state. The other is facing two rulings by US courts who found him guilty of redirecting over one million dollars intended for TV transmitters into frozen American chicken legs.

With the approaching of 2004 – the year of the presidential and local elections, the Macedonian Radio and Television grows further apart from the transformation into a public broadcasting service. Its resistance to government control has been reduced to zero with the exhausting delaying of the search for a solution for its financing.

How is WAZ entering Macedonia?

To get even

What did LOBI and LOBI DITOR receive from the budget?

With the two government resolutions on allocation of assets-transfers from the budget intended for newspapers and magazines, the weekly LOBI got **1,500,000 denars or 24,510 euros**, as calculated by the average exchange rate of the National Bank of Macedonia. In the same government decision from the 25th of July, LOBI DITOR was given **2,000,000 denars or 32,680 euros**. But in order for these assets to be utilized, LOBI's daily would have to be published. And that is not going to happen until funds are obtained to cover printing expenses for LOBI DITOR for at least 6 months. That in turn cannot happen before the end of this calendar year, when all obligations arising from the state budget for 2003 will end. In that way, the 2 million denars allocated to LOBI DITOR will probably slightly contribute to reducing the budget deficit.

For comparison, just for the redesigning of LOBI, the present OSCE mission and the Canadian organization CIDA gave LOBI **51,815 euros**, in the form of funds for promotion and difference in the printing costs for 4 months.

After entering almost every country in the region (Croatian, Serbia, Montenegro, Romania, Bulgaria), the German media giant Westdeutsche Allgemeine Zeitung (WAZ) moved into Macedonia as well. As it is known, it bought the three newspapers in Macedonian language with biggest circulation – “Dnevnik”, “Utrinski vesnik”, and “Vest”.

WAZ's entering into Macedonia is different from his presence in the region in two respects. Every country in the region where WAZ bought at least a 50% stake has a legally defined maximum of the extent to which the market can be controlled – up to 35%. In Macedonia, there isn't such a limit in the control of the newspaper market. That's why it was possible for WAZ to effectively gain domination with the buying of the three newspapers with biggest circulation, thereby controlling at least 90% of the market.

Wherever it is present, the true monopoly WAZ establishes is in the advertising market, combining the high circulation of its newspapers with normal advertising prices and bonuses for bigger advertising contracts, which in turn frees the advertisers from agonizing over the dilemma whether it is worthwhile for them to lose money by advertising in other newspapers. They're simply choosing WAZ, and the “small fish” are left in the dry since they don't have a sufficient number of advertisements to survive. Thus, even where control of the market is limited, WAZ is annihilating small publishers by establishing a monopoly in advertising.

Of no lesser importance are the rest of the priorities WAZ is imposing with its presence: printing and distribution of the

newspapers, which go hand in hand with marketing.

Normally, WAZ doesn't interfere with the editorial policy of the newspapers it takes over. At least that's how it was in the region. However, it is here that the second Macedonian distinction arises. Namely, this is the first time in the region that WAZ is choosing a former politician as head of the company. Srdjan Kerim has maybe spent more time as a diplomat, but in the waters of Macedonian independence he

A bit of math

The Government gave away more money to WAZ than it gave to all Albanian newspapers!

With the decisions "on allocation of assets - transfers to newspaper and magazine publishers for 2003" from the 25th and the 28th of July, the Government of the Republic of Macedonia has given "Utrinski vesnik" 3,800,000 denars, "Vest" - 3 million and "Dnevnik" - 3.5 million denars; or in other words, through them WAZ was endowed with a total of **10,300,000 denars**, or more than **168,000 euros** (as calculated by the average exchange rate of the National Bank of Macedonia).

Albanian newspapers and magazines altogether have received approximately 178,000 euros or 10,900,000 denars ("Flaka" and "Lobi Ditor" - 2 million denars each, "Fakti" - 2.5 million, "Lobi" - 1.5 million, "Globi" - 1 million, "Vepra"-300,000, "Drini" - 450,000, "Pika" - 400,000, "Brezi 9"- 450,000, "Vlera" - 300,000 and "Prokultura" - 450,000 denars). If we subtract the 2 million denars for "Lobi Ditor" from this amount, which would probably remain unused, it turns out that the newspapers and magazines in Albanian will altogether receive at maximum **8,900,000 denars** or about **145,000 euros** from this year's state budget.

also had a political role, sufficient enough for him to gain opponents to which he can now repay the debts from the position he now holds.

On the other hand, the second owner in terms of size - not an "official" one, but a "shadow owner" - in "Utrinski vesnik" and "Vest" is the businessman Trifun Kostovski. To this one needs to add that WAZ is also in negotiations to buy "Graficki centar" in Skopje, whose "shadow owner" is once again the same person, and the talk is that in case of a deal WAZ would pay a part of the price for "Graficki centar" in Dnevnik's stocks. That would also indirectly make Kostovski the second most important owner of "Dnevnik". By the way, people who've had business relations with Kostovski here are saying that he's not a taxpayer in Macedonia! But, the man who led one of SDSM's lists on the 2002 parliamentary elections - as an independent candidate - which provided him with a seat in the parliament, has been surrounded by rumors about his ambitions to become the next president of Macedonia ever since he became involved in politics.

We are closer to the position of declaring the rumors that Kostovski is behind WAZ in Macedonia as paranoid, but the link between Kerim's and Kostovski's political ambition and media power represents a sufficient potential threat.

Scandalous decisions by the Government

At the end of June and July, the Government made two decisions regarding the allocation of budget funds intended for print media. In doing so, it also granted funds to "Utrinski vesnik" and "Vest", and one month later - to "Dnevnik".

When it comes to the first decision, the Government can justify it with the fact that at the moment when the funds were granted, "Utrinski" and "Vest" were still not formally in WAZ's hands, but we don't know whether that excuse holds water because their sale was talked about for months on end, and there were also pre-negotiations. At the end, the formal sale was executed just 20 days after the decision to grant budgetary funds to the aforementioned two papers became operational.

What can be said of Dnevnik's case, when the decision to grant money from the budget was made after the signing of

the agreement with which WAZ bought 93.8% of this newspaper?

The lawyers we spoke to confirm the similarity between these decisions of the Government with the former Government's decision to grant "Nova Makedonija" money for salaries via the Privatization Agency, which the Slovenian businessmen eventually used to buy this outlet with. The only difference may be the amount of public funds which in the end finished into private foreign hands. It'll be really interesting to see how the Public Prosecutor of Macedonia and the president of the State Anticorruption commission will react to our appeals.

A small episode: this spring, LOBI sent a letter to the top people of DUI, informing them about the procedure regarding the allocation of budgetary funds for the newspapers. We thereby warned them of two things: the forthcoming sale of the three daily newspapers to WAZ and the needless reduction of funds for Albanian newspapers by the granting of funds for cultural magazines (for which there's a budget within the Ministry of Culture). They didn't follow our suggestions in both cases. However, for our subject here the important part was that their coalition partner regarded the allocation of budgetary funds for "Utrinski", "Vest" and "Dnevnik" as its obligation, despite the knowledge that WAZ would buy the leading daily newspapers in Macedonian language. But, what could be the answer to the question why the Government found it appropriate to present WAZ with 10,300,000 denars (more than 168,000 euros)? The explanation that the Government had no knowledge of where the money was going is far too naive even for this Government.

In such a climate, Albanian language media are the most tragic part, and the easiest prey. They lag behind Macedonian language media a lot, both on account of their past efforts and because of the negligence displayed by all Albanian participants in the Governments so far regarding their status. Small, weak in economic and professional terms and depending on charity, they can even be put aside as insignificant and uninfluential. And the domestic media in Macedonian language or imported media – broadcasters through satellites, print ones as part of some future WAZ's project – could emerge as their substitute.