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Report from the roundtable discussion on international practices and potential models to support print media

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This report is based on discussions during a roundtable discussion on international best practices and models to support print media, held on 4-5 September 2018 in Popova Shapka. Special acknowledgement should be given to the active role of the Association for Print Media (APM), which has coordinated previous discussions among its members and has contributed to the formulation of policy recommendations for short- and long-term government measures aimed at supporting the sustainable development of print media.

The global financial crisis of 2008 had a devastating effect on the media sector globally, most severely affecting print media. This is especially obvious in smaller media markets, such as this one, where the scope of commercial sources of financing is limited, the purchasing power of the population is reduced and the political culture overloaded with clientelist relationships between political parties and certain media.

One of the crucial roles of government is to regulate the “rules of conduct” within the media sector in a transparent, non-discriminatory and fair way in accordance with public interest and the citizens’ need for information. While the majority of EU member states implement some form of public/state support for the media, different models and specific measures exist according to the needs of the media market.

Media subsidies by the State aim to financially support media in general, but also to incentivize the media market to provide concrete programming in the area of public interest or to cover areas which do not receive enough attention.

Media subsidies can be systemic (indirect) or structural (direct). Systemic policies are based on non-selective financing of the whole media sector (through the funding of public media; lowered tax rates; special tax deductions meant to cover postal or communication expenses; advertising by public authorities in the media), while structural aid is intended for a specific branch of the media industry (through direct assistance for individual media industries/press outlets; through the financing of particular content/co-funding for programming) or specific groups in the society (by granting non-majority communities an outlet for their views or in their language; or by subsidizing programming for people with special needs). When dealing with structural forms of media subsidies the key challenge is to ensure that as little political influence as possible is

exerted (funds are usually allocated by special committees whose composition must represent media needs of the entire society) and a maximum level of transparency.¹

A study of public support for the media in six selected countries, published by the *Reuters Institute for the Study of Journalism*, presents three dominant models of redistribution of public funds. The dual model of state support, favoured by Finland, Germany and the U.K., is based on a high share of state funds for the public service broadcasters, as well as substantial indirect financial support for privately-owned print media. The mixed model, adopted in Italy and France, is characterized by a lower share of public funds intended for the public broadcaster, and a wide-range of direct and indirect state support for private media (newspapers, local radio and television outlets), and for the promotion of media literacy among the “digital generation”. The third minimalist model, characteristic of the United States, provides significantly less support for the functioning of both public and private media.²

Participants at the Mission-organized workshop concluded that print media have been affected by a deep and long-standing crisis. This crisis was caused not only by the development of the Internet and new forms of online communication that represent, for a majority of people, the major source of information, but also by a sort of crisis in the field of journalism due to the vocation’s precariousness (a vocation that is increasingly dominated by temporary and precarious types of employment), the general distrust in the media and the unwillingness of print media owners to react to strategic transformations in the sector as a whole. This creates a context in which once flourishing business models find themselves less successful, as advertising money is being transferred to other communications platforms with a different outreach. Sales of print media have halved in the last decade, as they are forced to compete for reader attention in an informational ecosystem dominated by social media networks. Simultaneously, we are witnessing a growing need and demand for quality journalism, investigative stories and in-depth coverage of local and global events.

In this context, media expert Thomas Baekdal analyses the current position of print media as follows: *“People have been constantly expanding their use of sources all the way from the 1960s, to the point that we see today where we have so many interests that no single source can provide us with a useful package of news. (...) (T)he definition of what it means to be a newspaper is changing. Even the growth in subscription revenue that we now see from many newspapers, doesn't make up for the fact that this is a very different world then what we had in the 1960s. This is something we have to think about.”*³

In order to counter the erosion of the print media sector, one can conclude that any decision of Government on the types of structural and systemic support for the print media should be well

¹ Sandra B. Hrvatin and Brankica Petković, 2016, *Financial engineering for state and media capture*. <http://mediaobservatory.net/radar/state-media-financial-relations-countries-south-east-europe>

² Nielsen, Rasmus Kleis and Geert Linnebank. 2011 (pp. 19). *Public Support for the Media: A Six Country Overview of Direct and Indirect Subsidies*. University of Oxford: Reuters Institute for the Study of Journalism. [http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Public support for Media_0.pdf](http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Public%20support%20for%20Media_0.pdf).

³ Thomas Baekdal, June 2018, *The Updated (and scary) Circulation and Revenue Figures for Newspapers*. <https://www.baekdal.com/monetization/the-updated-and-scary-circulation-and-revenue-figures-for-newspapers/>

thought through, based on the public interest, and also providing solutions for the public's need for credible information that enables people to shape informed opinions on key political, economic and social issues.

The most revealing data that can provide us with some understanding of the situation of local media in the last decades, dates back to 2003, when the Government allocated 56 million MKD (around €1 million) as a one-time direct state support to 58 print media. Fifteen years later, only three print media from that list are still publishing.

The Second Priebe Report (Assessment and recommendations of the Senior Experts' Group on systemic Rule of Law), published in September 2017 states that *“The reduction of print media could be seen as a sign of a market that is regulating itself as the market is not sustainable without the significant state/government support. However, the situation of the print media should be addressed as the number of national newspapers is very low (only five daily newspapers) and a potential threat to a free and pluralistic media, which is essential for any democracy”*.⁴

In this respect, it is crucial that credible, unbiased and quality information is available to citizens in a democratic society. Given market failures, the government and the state have somewhat of an obligation to support an independent and quality-based media. Democracy cannot exist without independent and quality-based media and vice-versa, independent and quality-based media cannot exist without active state policies that strive to respect basic democratic principles such as the freedom of expression.

This report therefore foresees some concrete suggestions with regard to regulating state support for the media. The process should be realized in two phases. The first one consists of the state's short-term intervention in the form of allocation of a one-off financial facility for print media in the year 2018. The second phase, however, should ensure a prudent systemic regulation of state support for the media through corresponding legislative measures (meaning a reform of the Media Law) that would set clear, transparent and non-discriminatory criteria for the allocation of state resources in accordance with standards to protect public interest, freedom of expression and freedom of the media. The fundamental role of the state lies in defining what the public interest is and protecting media pluralism.

Phase one – short-term support

The extremely difficult position of the print media, worsened by the price-increase of paper (by 27%) and fuel (which has a direct effect on distribution), suggests that the government could aim to allocate a one-time direct support from the state budget to subsidize print and distribution expenses. Based on the public interest of the state to ensure credible, impartial and quality journalism as well as to protect media pluralism, the government (or the relevant line Ministry) should invite print media to apply for state support through a public call with clear criteria. The Government would then issue a decree allocating state support for selected media. The adequacy of the application is determined by the line Ministry in accordance with an administrative procedure.

⁴ pp. 23. https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14_seg_report_on_systemic_rol_issues_for_publication.pdf

State support would be intended exclusively for general informative print media (daily, weekly or monthly newspapers or printed products published within a six month interval), that publishes original content aimed at continuous information of the public on current political, economic, social and cultural developments, and all other events in the country and worldwide.

The support is intended for:

- Print media registered in the Register of publishers of print media at the Agency for Audio and Audiovisual Media Services;
- Print media that have been present on the market for at least one year counting back from the day of the release of the public call (alternatively: Print media that are present on the market on the day of the release of the public call);
- Print media that is sold on the market for a price of minimum 10 MKD for local daily papers, minimum 15 MKD for local weekly newspapers and minimum 50 MKD for national weekly papers.

In the process, the Ministry can ask the Association of Print Media (APM) for further information and clarification regarding the (fulfilment of the) above-mentioned criteria.

The representative of individual media wishing to receive support should provide the following documentation:

- A certificate of the state authority that demonstrates that the media in question has settled all its tax-paying obligations to the state.
- Original invoices of printing and distribution expenses for the year 2017;
- A statement of the representative of the individual print media, stating that the media in question is following the standards defined by the national Code of the Ethics of Journalists and respects decisions and opinions made by Council of Media Ethics.

One-time state support should cover a maximum of 50% of the expenses of printing and 50% of the distribution costs of a specific print media. This sum could be increased by an additional 20% for print media publishing in languages of ethnic communities in the country, following the same criteria as mentioned previously.

The entirety of the process must be conducted in a transparent manner and in dialogue with the representatives of the Association of Print Media.

Phase two – systemic regulation of state support

This phase would foresee the preparation of statutory provisions (reform of the Media Law) that would define public interest in the field of media and shape the criteria for systemic, long-term support for media in accordance with the rules for allocation of state support. Simultaneously it is necessary to ensure the complete transparency of media ownership as well as transparency of their sources of financing.

All forms of state subsidy (on the national as well as the local level) must be transparent and non-discriminatory.

Systemic regulation should encourage quality journalism and ensure access to information on all platforms and for all parts of society. The case of print media requires the provision of credible data on circulation that could be collected by an independent organization (e.g. in Slovenia all the data is published by the Slovenian Chamber of Advertising, financed as a self-appointed regulatory body jointly by advertisers, advertising organizations and media).⁵

The decision for concrete systemic solutions must be the result of a public discussion between all stakeholders and take the actual needs of the citizens into consideration.

The content of this publication does not necessarily represent the views or the position of the OSCE Mission to Skopje. The Mission adheres to PC.DEC/81.

⁵http://www.soz.si/projekti_soz/rpn_revidiranje_prodanih_naklad/preglednica_revidiranih_prodanih_naklad