

## [HR] Privatisation of Third National TV Frequency and Division of HRT

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The Croatian Prime Minister last month expressed his dissatisfaction with "the speed and quality of transformation" of Hrvatska televizija (Croatian Television - HTV) into a public broadcasting service and announced that the ruling coalition is determined to divide the existing public service broadcaster Hrvatska Radiotelevizija (Croatian RadioTelevision - HRT) in two separate companies radio and television. According to the existing Zakon o Hrvatskoj radioteleviziji (Law on Croatian Radiotelevision, see IRIS 2001-5: 11) this division had to take place on 1 July 2002, but since the complete implementation of the law was delayed for more than four months due to the very slow nomination of controlling bodies by Hrvatski sabor (the Croatian Parliament) this deadline was interpreted as an instructional one.

The Prime Minister (PM) also strongly supported privatisation of the third national terrestrial TV frequency currently operated by HTV, saying that only stronger competition can ensure better programming. HTV currently operates 3 national terrestrial networks and still holds an average 87% share of the viewers, although the commercial competitor Nov@ TV has been in existence since 2000 (11% share), as well as the network of local and regional stations CCN that broadcast 5 hours per day on national level (2% share). According to the existing Law on Croatian Radiotelevision, the third frequency of HTV had to be privatised one year after the law had been passed i.e., March 2002, but the Croatian Government has not published any tender for its privatisation so far.

The HTV's third network currently covers at least 98% of the territory of the Republic of Croatia with its signal and HTV's annual expenses for its transmitters network are estimated at EUR 4 millions. This issue has been discussed since 1997, and so far several foreign and domestic investors have expressed their interest in privatisation of the third terrestrial network. Silvio Berlusconi's "Fininvest" expressed interest in investing in TV in Croatia as early as 2000, having in mind a program broadcast in Croatia and then distributed by satellite in the region but there has been no further news since. Central European Media Enterprise (CME), owner of private TV stations in several transition countries, including neighbouring Slovenia, is considered to be the most interested in this acquisition. June's meeting of the PM with Robert Murdoch in New York proves that even News Corporation is eager to expand more in the region after its success in Bulgaria. Croatian regional TV Net also recently expressed their

willingness to compete for the privatisation of the third network. According to the existing Zakon o telekomunikacijama (Law on Telecommunications) one single shareholder can hold up to 33% of the shares. Having this limit in mind, as well as further limitations imposed by other legislation, the Government on 16 May 2002 assigned to the Ministry of Culture the task of preparing the necessary changes in the Law on Croatian Radiotelevision and the Law on Telecommunication no later than December 2002. The first drafts of these laws are expected to be made public in November 2002, since these changes are an essential part of the Agreement on Stabilization and Association signed between Republic of Croatia and the EU.

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