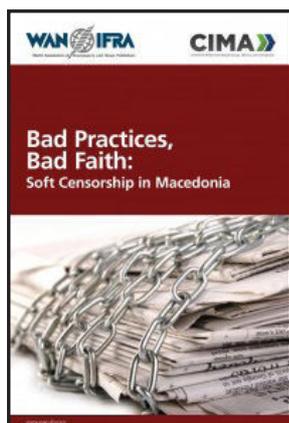


Appendix 1. SOFT CENSORSHIP CASE STUDY BY COUNTRIES

According to the reports by the World Association of Newspapers and News Publishers (WAN-IFRA)

Macedonia⁶⁶



A principal challenge to independent journalism is the symbiotic relationship between the ruling party and many media outlets and their owners in Macedonia, according to the WAN-IFRA report. Government-friendly outlets are bolstered by various means, particularly non-transparent allocation of advertising and other official funds, generating an environment where partisan political and business interests set media agendas and directly shape reporting.

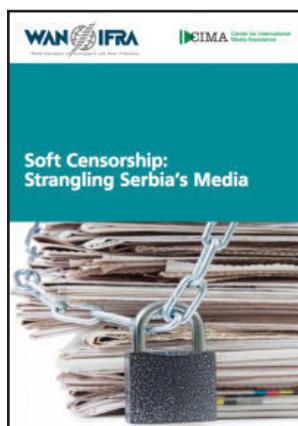
The Association of Journalists published a study regarding the financing of media for the period of October through December 2014. More than EUR 6 million in public funds were invested in six private national TV stations, the MRTV, eight daily newspapers and three weekly magazines, based on the official price lists of all these media outlets from October through December 2014.

According to the Nielsen agency, the largest single recipient of funds from national and local government projects during this period was Kanal 5, which received EUR 1,415,470, followed closely by Alfa TV, which received funds grossing EUR 1,408,698. Most municipal government funds were invested in the newspapers Nova Makedonija, Lajme and Koha. The central government invested most in Koha, followed by Dnevnik and Vecher during this period. Of the weeklies assessed during this period, the central government invested most in Republika. These publications are very rarely critical of official policies.

The governmental campaign allocations are made through intermediary marketing agencies. Some government advertising seems little more than self-promotion, as when some mayors paid for full-colour pages offering 2015 New Year greetings. Local organisations criticized such advertising as lacking any public interest.

⁶⁶ World Association of Newspapers and News Publishers, *Bad Practices, Bad Faith: Soft Censorship in Macedonia*, 2015 http://www.wan-ifra.org/sites/default/files/field_article_file/Soft%20Censorship%20Macedonia%20Dec%2015.pdf

Montenegro⁶⁷



Media in Montenegro are financed by private sources, mainly paid advertising, and to a lesser extent by state aid, which is nominally regulated by laws and regulations. Funds allocated from the public budget to media are largely spent on advertising by public institutions, as well as on agreements for specific services aimed at better communication with citizens, such as information/public awareness campaigns. In its Montenegro 2013 Progress Report, the European Commission expressed concern about the existence of “state aid and financing through advertising to a number of printed media, which is not paid in accordance to the rules on public procurement and can undermine market competition.” Editor-in-chief of the daily newspaper Dan, Nikola Markovic, said that his paper is unable to obtain any information from the Government of Montenegro on criteria used to select media outlets for their advertisements.

Montenegro does not have specific rules on state funding to media, including advertising. This permits government interference in the work of Montenegrin media through nontransparent and selective allocation of public funds. The lack of rules on advertisement of public institutions enables abuse of public monies for political and personal promotion of state officials. In Montenegro, state aid takes various forms, including direct subsidies and indirect aid such as loan guarantees, debt forgiveness, or tax breaks. A problem in applying these rules are the minimum reporting thresholds—there is no obligation to report and monitor state aid below EUR 10,000, which is why most subsidies to the media escape control or even public notice.

The latest report on the allocation of state aid in Montenegro for 2014 also notes that official bank guarantees issued to the formerly state-owned—and still reliably pro-government—daily Pobjeda for a loan with Société Générale were activated when the newspaper failed to meet its payments.

According to editor-in-chief of the daily Dan, Nikola Markovic, “The examples of dailies Dan and Vijesti are excellent illustrations of how the government selects whom to reward with advertising revenue

⁶⁷ World Association of Newspapers and News Publishers, *Eroding Freedoms: Media and Soft Censorship in Montenegro*, 2015. http://www.wan-ifra.org/sites/default/files/field_article_file/Eroding%20Freedoms%20-%20Soft%20Censorship%20in%20Montenegro.pdf

based on your editorial policy. The Government of Montenegro and its ministries have for a long time justified their decision to allocate most advertising commissions to the daily Pobjeda by the fact that the state owned the paper. Although this was equally detrimental to fair competition, it was perhaps a more or less passable excuse, but the government lost it the moment Pobjeda was privatized. Nevertheless, there has been no decline in the amount of advertising going to Pobjeda.”

Interviews with the editors of several major media outlets in Montenegro identified specific example of withholding of state advertising from the dailies Dan and Vijesti by the State Employment Office (SEO). Most advertisements by public institutions went to the until-recently state-owned daily Pobjeda and to the public service RTCG. The SEO, a public institution, does not place vacancy announcements in in the most widely read Montenegrin dailies. Dan editor Nikola Markovic confirmed this practice. “Our editorial board sent the management of the SEO an offer to publish their vacancy notices with us, given that we were one of the most widely read dailies in the country,” he explained. “The SEO refused, although our offer was by far the cheapest and definitely lower than that of the state-owned daily Pobjeda.”⁴⁰ The experience of the web portal Vijesti is similar. “Portal Vijesti has been most seriously affected by denial of state advertising,” said its editor-in-chief, Srdan Kosovic. “For three years, this portal has received no state advertising even though we are convincingly the most visited and most trusted in comparison with all other Internet portals.

Serbia⁶⁸

Most public funds that reach Serbia’s media are distributed arbitrarily and in a nontransparent manner, without clear and measurable criteria, public procedures, or controls. These funding methods are drastically undermining free competition in the media industry. The most prominent forms of state intervention in the media sector are instrumental in translating financial power of state bodies and organizations into political influence on media content. They effectively function as indirect, soft censorship.



⁶⁸ World Association of Newspapers and News Publishers, *Soft Censorship: Strangling Serbia’s Media*, 2015 http://www.wan-ifra.org/sites/default/files/field_article_file/SoftCensorship%20Serbia%202015%20update%20final.pdf

According to the ACC report, the biggest advertiser is the state-owned telecommunications company, Telekom Srbija, which spends at least €10 million (about RSD 1 billion) on advertising annually. It has for years ranked high among the 20 top advertisers in the Serbian market, which includes only four other domestic companies. The Ministry of Environmental Protection and Spatial Planning has the second-largest advertising budget. In 2009, it spent €1.5 million (RSD 140 million) on promotional activities, including the Public Service Announcement (PSA) campaign “Let’s Clean Up Serbia,” aimed at evoking support for environmental protection.

The Anti-Corruption Council’s report argues that state bodies expend large sums of money for advertising primarily to buy positive publicity and to boost the image of their activities and their leading officials. While official advertising campaigns might often be ethical and necessary, how contracts are assigned and their provisions can prove problematical. Advertising contracts offered by Serbian state bodies often require media outlets to broadcast or publish interviews with state officials or print as news PR articles on the work of state organs or public enterprises. These are not marked as paid content, and they may mislead the public into believing they are independent, journalistic reporting. Both the Advertising Act and the Code of Conduct of Serbian Journalists prohibit this practice, but neither state advertisers nor journalists seem to refrain from it.

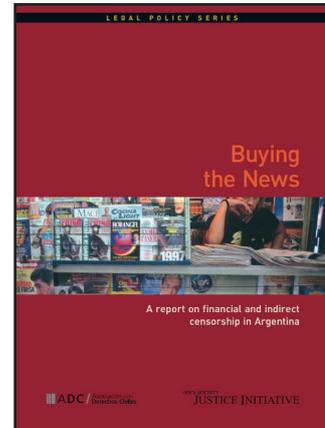
The most favored media outlets are those fully or partially owned by the state. According to a journalistic survey on Serbian ministries’ expenditure in 2010, 10 ministries spent about €440,000 (RSD 45 million) on various media services, of which at least €72,000 (RSD 7.4 million) was for advertising in nine newspapers and magazines. The Politika daily, which is 50 percent state owned and ranks fifth by circulation among dailies, received €44,700 (RSD 4.6 million), 62 percent of the total paid to all nine publications. Publishers of higher-circulation newspapers were awarded only very small contracts: Blic, €3,890 (RSD 400,000), and Novosti and Press, €1,945 (RSD 200,000).

Discriminatory allocation of advertisements

The Neuquén provincial government has particularly sophisticated tools — funded with taxpayer contributions — to assist in making content-based decisions on the placement of government advertising. The government uses the services of the Neuquén-based Clipping de Medios (Media Clipping), a media-monitoring company owned by Grupo Crear, S.R.L. According to Clipping de Medios’ website, the company is principally a clipping service, and its clients include the Neuquén legislature. According to documentation obtained by our researchers, the government of Neuquén is also a client of this firm, and in the first five months of 2004 paid 49,300 pesos for the firm’s services, which came out of the province’s advertising budget.

According to a journalist at a radio station in the city of Cutral-Có, Neuquén, Clipping de Medios rates the image of various media outlets in the province and this information is then used as the basis for the allocation of public advertising. This journalist told our researchers that when his radio station’s income from government advertising was cut in mid-2004, the owner of his radio station queried a provincial official in charge of government advertising, who told him to approach Clipping de Medios instead. When the owner did so, representatives of the firm told him that his “negative image” made it impossible for him to receive government advertising. When he asked if the problem was that his radio attracted too small an audience, he was told it was rather the way he had handled a March 2004 scandal regarding water shortages in Cutral-Có that implicated the provincial government. A former staff member of Clipping de Medios told our researchers that following this scandal, Clipping de Medios prepared numerous transcripts of radio and television programming in Cutral-Có and sent them to the governor’s office. Reports of this nature typically included exhaustive analyses of each media outlet’s coverage of the issue at hand.

According to the former staff member, as of April 2003 or so, Clipping de Medios began to use a sophisticated system to rate the coverage



⁶⁹ Asociación por los Derechos Civiles Open Society Justice Initiative; Buying the News: A Report on Financial and Indirect Censorship in Argentina; 2005

of the provincial government in monitored media, and to produce and analyze transcripts of the radio stations based in Neuquén city. Political and current affairs programs were the most closely monitored. All these reports were sent directly to the governor's office and the Neuquén legislature contracted this service, as well. The former staff member affirmed that Reale-Dalla Torre, one of the advertising agencies contracted by the provincial government to provide advertising-related services, had also used the files created by Clipping de Medios and analyzed the stories that had been run on Channel 7 news in the last months, classifying them as positive and negative. The government of Neuquén refused to comment or provide information regarding these practices. Likewise, despite several attempts, we were unable to obtain comments or information from representatives of Clipping de Medios

The allocation of advertisement as a sanctioning measure

Río Negro: Retaliatory Withdrawal of Lottery Advertising from the Río Negro In April 2002, the Río Negro published a series of articles that implicated Miguel Irigoyen, the head of the Río Negro provincial state-run lottery agency, in alleged bribes and other acts of corruption. In response, the state pursued criminal prosecution of Irigoyen and other government officials for fraud and related crimes. At that time, the Río Negro had a contract for daily publication of lottery results, which was not renewed—although the agency continued to send results to the Río Negro, and the newspaper printed them without charge for approximately six months. The agency then stopped providing the lottery results to the paper, a situation lasted approximately one year.

The change in editorial policy caused change in the allocation of advertisement

Neuquén: Discriminatory Allocation of Advertising to La Mañana de Neuquén and the Schroeder Group The Schroeder group is a significant family-run conglomerate that partially or fully owns important provincial businesses in agriculture, medical services, and wine, as well as several media outlets, including LU5 Radio Neuquén, which attracts the largest audience in the province of Neuquén. According to credible media reports, in March 2003, the Schroeder family purchased the daily La Mañana del Sur and changed its name to La Mañana de Neuquén. According to press reports, the Schroeder family has re-

ceived several sizable loans and contracts from the provincial government, some of which were tainted by allegations that the government provided questionable benefits as part of the transactions. According to government information obtained by our researchers, advertising spending by the Neuquén province in *La Mañana de Neuquén* increased significantly after the paper was sold to the Schroeder group and Juan Carlos Schroeder became its director. In fact, government advertising in that newspaper tripled in 2003 to 1.1 million pesos from the 334,000 pesos received by its previous owners in 2002. The paper received another 574,000 pesos in the first five months of 2004 alone. *La Mañana de Neuquén* is generally and consistently uncritical of the provincial administration. The increase in advertising took place at a time when the Neuquén government withdrew advertising from its main rival, the *Río Negro* (see above), in apparent retaliation for critical coverage. Our own study of advertising trends in Neuquén from June 1 to June 15, 2004, showed that the provincial government published 2,848 cm² of advertising in *La Mañana de Neuquén* during that period, as against 30 cm² in the *Río Negro*, 30 although the *Río Negro* has at least double the circulation of *La Mañana de Neuquén*. At the same time, as discussed in more detail below, government advertising in the Schroeder group's LU5 Radio Neuquén during the same period increased considerably, from 31,400 pesos in 2001 to some 400,000 in 2002 and up to 909,000 in 2003. Despite our requests, neither the Neuquén government nor members of the Schroeder group provided explanations for the exponential increase in government advertising carried by the latter's media outlets, which does not appear to be justified by market or other content-neutral considerations.

Córdoba: Discriminatory Allocation of Advertising Among Four Newspapers

Four leading Córdoba newspapers from May 1 to 31, 2004, revealed that more than 65 percent of the provincial government's advertising went to the two with the smallest circulation by far.

Comercio y Justicia is a small paper focused on legal and business issues with an estimated circulation of only 3,800, yet it received 45 percent of government advertising. By comparison, *Hoy Día Córdoba* has a circulation over three times that of *Comercio y Justicia*, yet received only 17 percent of the advertising space, about one-third that received by *Comercio y Justicia*. The largest paper, *La Voz del Interior*, with a circulation 16 times that of *Comercio y Justicia*, received a slim

18 percent of the advertising in question. Rather than being justified by market niche or other technical factors, the privileged treatment of the two smaller papers appears to be the result of considerations of a different nature. In 2001, at a time of severe economic recession, Comercio y Justicia's owners abandoned the paper. Since then, like the Diario de Villa María, it has been run as a cooperative by its workers. And according to the local press union, the provincial government made a tacit agreement, with support from the vice governor, to provide financial subsidies via government advertising contracts in order to sustain this source of employment. While government subsidies for the media are not per se an improper interference with freedom of expression, it is inappropriate and, in this case, far from transparent, to use government advertising as a means of subsidizing a media outlet. The second-largest recipient of government advertising in newspapers was La Mañana de Córdoba (Córdoba Morning), despite having the second lowest circulation, estimated at just about 4,000 copies. At the time, however, its content was generally more favorable to the provincial government than its competitors, according to our researchers. Until it was bought by the owner of the Río Negro in June 2004, La Mañana de Córdoba was owned by the conservative Buenos Aires-based daily *Ámbito Financiero*. According to media expert José Luis Tarrico, La Mañana de Córdoba was "impregnated by its [former] owners with a center-right position. It had a strong alliance with [governor] De la Sota...and was not going to conflict with his government." The government of Córdoba's general secretary for public information failed to respond to written request for information or comment regarding these issues.

Neuquén: Government-paid Space Presented as Independent Journalism

A company called Macrocom produces three television programs Primer Plano (First Glance), El Mirador (The Observer) and En Voz Alta (Out Loud), each of which is shown on the private, Neuquén city-based Channel 7.59 Speaking off the record, one media expert said, "These three programs present all the good things about the government, [and] are consumed in the interior of the province where there is no cable television, and in large parts of the capital, Neuquén, where many people cannot afford cable." A source close to Primer Plano told us that of the program's five segments, two were reserved for the provincial government, for whatever interviews or content it desired. En

Voz Alta consists fundamentally of interviews of politicians and government officials from the province of Neuquén, although at times the program addresses issues related to the province of Río Negro. Another source knowledgeable of the administrative details of this program told us in April 2004 that at the time Macrocom advanced Channel 7 20,000 pesos per month for the air time for En Voz Alta and use of the station's infrastructure, and paid another 6,400 and 3,600 pesos per month for Primer Plano and El Mirador, respectively. At the same time, these programs carry a significant amount of government advertising. For example, on June 12, 2004, according to our own calculations, government advertising during En Voz Alta represented 44 percent of the total advertising carried by the program (165 seconds of government advertising vs. 211 seconds of private advertising). Subsequent editions of the same program demonstrated a similar trend. According to our source, the government is charged 50 percent more per second of advertising in these programs than private advertisers. According to the information on government outlays for advertising provided to us, the province of Neuquén made advertising-related payments to Macrocom of 135,400 pesos in 2002, 98,000 pesos in 2003, and 44,500 pesos in the first five months of 2004. Despite repeated attempts, we were unable to obtain any information or comments about these payments or the programs in question from either the secretary general of the interior or the director of public information of the government of Neuquén, or from Macrocom. As a result, it was not determined for what specific advertising services these payments were made.