

Green College, Oxford
Reuters Foundation Paper No: 233

**NEWS AGENCIES IN
COUNTRIES IN TRANSITION**
Case Studies of the Czech Republic and Slovakia

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Trinity 2004



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Acknowledgements

There are a lot of people I want to thank for making it possible to spend three months in Oxford and write this paper.

First of all my thanks go to my employer, the Austrian Press Agency (APA), for creating and funding the Alfred Geiringer Fellowship and allowing me to come here. Access to the Reuters Foundation Programme at Oxford University goes far beyond any kind of award: It is perhaps the best thing that could happen to an Austrian journalist.

I must pay a particular tribute to Wolfgang Vyslozil. He not only had the idea to the Geiringer Fellowship but also contributed to this research project and gave his endorsement when it was finished.

A major part of the research behind this paper is based on information provided by the news agencies of the Czech Republic and Slovakia directly and I want to thank Pavol Mudry, Peter Nedavaska and especially Milan Stirbral for their help and the patience in answering all my questions.

I want to thank my academic supervisor, Danilo Leonardi, of the Programme for Comparative Media Law & Policy who helped me to shape my ideas and structure them, so that the paper reached his high standards.

Doing research and writing a paper is only part of what makes the Reuters Foundation Programme outstanding. Paddy Coulter, director of the programme and Jenny Darnley, charming administrator, make sure that the three month fellowship in Oxford is not spent sitting in front of the computer searching through the Internet. I would like to thank them for all the efforts they made to provide us the most interesting range of lectures and contacts possible.

My co-fellows in Trinity Term 2004 were the best I could imagine. Special thanks to Mark Torley for trying to improve my imperfect English to the standard of a New Zealander. And thank you to all the others for their inspiration and the good time we spent on conferences, dinner seminars and attempts at punting.

I also want to thank editor-in-chief Wolfgang Mayer for supporting and encouraging my ambitions, Stephan Proksch for giving me the freedom to study and all my colleges in the APA Business Department for working harder to cover my absence.

Special thanks to Christian for being here at the right moment, cheering me up when I needed it and putting me at ease when times got tense.

1. Introduction

News agencies used to play a very special role in communist countries: not only were they the official mouthpiece of the state or the Communist Party but they also were fierce gatekeepers, controlling the flow of news into the country as well as domestic news going to the outside world.¹ They enjoyed a total monopoly in their home countries - the government appointed the management and fully subsidised their costs. The Czechoslovakian news agency, Ceska Tiskova Kancelar (CTK), was no exception to this rule.

After the "Velvet Revolution" that brought Communism to an end in Czechoslovakia in November 1989 changes ensued which considerably affected all media including CTK. Three years later, when post-communist Czechoslovakia broke up in a "Velvet Divorce", the old central news CTK also split amicably in two, the Czech CTK and the Slovak TASR.

In this paper, I will look at their mixed fortunes over the past decade.

CTK, although not yet privatised, re-invented itself and turned into a public service company. It is now one of the most profitable agencies to emerge from post-communist Europe. It provides independent and impartial news coverage and has diversified and created new products like an electronic database containing its own news as well as the major domestic papers or a subsidiary to deal with Internet and new media.

I shall be contrasting this successful experience with the fortunes of the Slovak agency, TASR, which does not appear to have shaken off its "soviet" inheritance, and has been the subject of political meddling over the past decade. After more than a decade of change in the life of the country, the agency is still considered to be the mouthpiece of government.

My hypothesis is that countries which emerged from their communist past to adopt a more liberal political and market-oriented outlook have at the same adopted an open attitude towards their news agencies. Even if still state-affiliated, these countries allow their news agency greater autonomy. This enables those agencies to meet the requirements of the market, by providing impartial news as well as the range of services modern news agencies offer in order to be profitable. By contrast, governments of states with a more centralised concept tend to keep a strong grip on the state-owned news agencies, with the result that those agencies are far less responsive to market demands and leave space for competitors.

The question remains - what is it that makes one news agency more successful than another? Apart from impartiality in news coverage, experts have identified a number of factors that contribute to the success, for example diversification and productivity. In order to provide context to the discussion on the reasons for the success or lack of it of CTK and TASR, as well as the privately owned agencies, their performance will be compared to the average performances of European national news agencies.

¹ Terhi Rantanen, *From Communism to Capitalism*, in: Oliver Boyd-Barrett and Terhi Rantanen, *The Globalization of News*, Sage, London 1998, p. 127

As is the case in most post-communist countries, the future ownership of the Czech news agency is under scrutiny. Early plans for privatisation have been put off twice but not cancelled completely. For TASR, on the other hand, the moment is even more decisive, as a new law now in preparation is expected to define its future role. In this paper the question of ownership shall be placed in a broader context, and I propose to elaborate on the benefits and disadvantages of different ownership models and focus on the future of national news agencies. As Liana Giorgi explains:

“The study of communication politics can, in other words, contribute to the understanding of how public opinion but also collective identities are formed and mobilized and of how information is mediated, controlled, distributed and perceived.”

2. From State Mouthpieces to Model Agencies

2.1. The Velvet Revolution and CTK

About a month after the fall of the Berlin Wall in 1989 communism came to an end in Czechoslovakia. The six-week period between November 17 and December 29 with its mass demonstrations and general strikes is known as the “Velvet Revolution” or the “November Events”.

By the end of the year Alexander Dubcek, one of the leading figures of the ‘68 Prague Spring, was speaker of the Federal Assembly and the writer and former dissident, Vaclav Havel, was President of Czechoslovakia.

The role of the Czechoslovak media during the event of November was “more of a symbolic rather than of substantial character”, experts point out, although radio and television played a leading role that should not be underestimated. The media took about a week or more to begin reporting on the events, possibly because of the strict censorship in Czechoslovakia since the “Prague Spring”.²

The management of CTK (as well as TV and Radio) was changed almost immediately by the new government. Havel-ally and “Charter 77” member Petr Uhl became the new head of CTK. He replaced Ales Benda who had been appointed by the communist party in December and stepped down after two months³.

Uhl started “the first stage of transformation”⁴. The number of employees was reduced, people co-operating with former state secret police (Stb) had to leave the agency. The printing house was separated from the agency and transferred into a share holding company. A new editorial system was bought and separated editorial news desks were integrated.⁵

² Giorgi Liana, *The Post-socialist Media: What Power the West?*, Avebury, Aldershot 1995, p 110

³ Austria Presse Agentur, APA0207, 14. Feb 1990

⁴ Milan Stibrál on the history of Transformation of CTK, by e-mail, June 2004.

⁵ Ibid.

To fully understand what it meant to transform an institution like CTK, one has to take into account the “the full picture”. CTK had 1,700 employees in 1989, about 1,300 in the Czech part and 400 in the Slovak part. “CTK was not only a news agency, in fact it was a news agency with a number of various enterprises like a publishing house, advertising enterprise and a printing house. These enterprises formed parts of the agency. All these activities were doubled – they existed in the Czech part as well as in the Slovak part.”⁶

Part of the changes concerned the relationship with customers. Milan Stibral, general director of CTK, stresses that “it is necessary to realise that until 1989 the agency’s news service was given to all media almost for free”. Commercial contracts, although they existed, “played only a formal role”.⁷

But the media scene and the clients of CTK had changed dramatically as well. Most of the state-owned newspapers were privatised following the radical opening of the country to a market economy, although the circumstances of the privatisation were often “questionable”⁸. Apart from privatisation it was the strong foreign participation that marked the alteration of the Czech media sector, as there were almost no legal constraints for foreign investment in media.⁹

The media boomed during this period. The total number of newspapers and other periodicals in Czechoslovakia was about 1,100 and grew by an estimated 2,500 new ones by early 1991, although most of them had a short lifetime because they could not cope with the rise in production costs and the decline in the number of readers.¹⁰

In 1991 the change in the political spectrum was reflected in the agency¹¹. Uhl faced allegations about problems of access for rightwing parties to the news service of CTK. However, he rejected the reproaches and threatened to sue the parties, who disputed the impartiality of the agency¹².

2.2. The Velvet Divorce at CTK – Bratislava office to TASR

The early elections in June 1992 set the seal on the division of Czechoslovakia. “The escalation of national conflict” commenced with the spin-off of Vladimír Mečiar (Movement for a Democratic Slovakia, HZDS) of the Public Against Violence (PVA) and the popular success of their nationalist message¹³. Slovak’s fight against the federal state was fuelled by the fact that negative effects of the radical market-liberalisation of Finance Minister and ‘Thatcherite’ Vaclav Klaus have been

⁶ Milan Stibral on the history of Transformation of CTK, by e-mail, June 2004

⁷ Ibid.

⁸ Jan Culik *Media – The Czech Republic*, Slovak Studies at Glasgow University
http://www.arts.gla.ac.uk/Slavonic/Czech_Media.doc

⁹ Liana Giorgi, *The Post-Socialist Media: What Power the West?*, p. 118.

¹⁰ Ibid. p.111

¹¹ From the different camps in the Civic Forum several parties emerged: The most important were the Civic Democratic Party, headed by Vaclav Klaus, the Czech Social Democratic Party, Civic Movement and Civic Democratic Alliance

¹² Austria Presse Agentur, APA0139, 20 Feb. 1991

¹³ Petr Kopecký, *The Czech Republic*, in: Zielonka, Jan (ed.), *Democratic Consolidation in Eastern Europe*, Vol. 1, Institutional Engineering, Oxford, Oxford University Press, 2001, p 329.

felt more severely in the Slovak Republic".¹⁴ With the election victory of the Civil Democratic Party (ODS) of Vaclav Klaus in the Czech part of the country and HDSZ in the Slovakian Republic, the split was clear.

Already by April 1992 the Slovakian government decided to found its own – state-owned - news agency. The Slovak part of CTK always had “a special position with some autonomy (it had its own director who was a deputy of the main head seated in Prague)”, but the whole agency was run from Prague.¹⁵ Later that year the CTK-office in Bratislava as well as the other offices in Slovakia - about one third of the assets of former federal CTK – and all its employees were transferred into the new TASR (Tiskova Agentura Slovenske Republiky)¹⁶.

The new government under Meciar appointed the former journalist Dusan Kleiman as new head of the agency. Between 1989 and 1992 he had been General Secretary of the Slovak Union for Journalists.¹⁷

On the Czech side the new successor agency was again called CTK¹⁸. In October 1992 the so-called Law on CTK passed through Parliament of the then Czech Republic, called the Czech National Council. With this law CTK was not privatised but granted extensive autonomy.

In September 1992 Uhl was recalled from his position as head of CTK. According to news reports on the events, both parties ODS and HZDS agreed on his dismissal, but the decision was criticised by opposition parties. The federal government appointed a member of the leading Czech party ODS, Tomas Kopriva, as the new – interim-director.¹⁹ It is stressed now that both, Petr Uhl and Tomas Kopriva were “political figures, they both were director general and deputies of the Czechoslovak Parliament at the same time”²⁰

The split of the agency did not end as amicably: in January 1993 the two new agencies could not agree on the price of exchange of news. Even today CTK and TASR do not cooperate. TASR-General Director Peter Nedavaska is still critical of the fact that “CTK has retained word and picture archives since 1918, which are not available to TASR”.²¹

2.3. The Legal Framework for the new news agencies

The Czech and the Slovak Republics – in contrast to many post-communist countries - were very quick to adopt a new law on broadcasting and news agencies as well.

¹⁴ Liana Giorgi, *The Post-Socialist Media: What Power the West?*, p 106

¹⁵ Milan Stibral on the History of Transformation of CTK, by e-mail, June 2004

¹⁶ The start of TASR actually dates January 1993. In the months between April 1992 and December it was called TKSR (Tlacova Kancelaria Slovenske Republiky) APA0225, 20 Nov. 1992.

¹⁷ Austria Presse Agentur, APA0331, 19 Aug. 1992.

¹⁸ Between October 1991 and November 1992 the name was changed in CSTK to stress the federal character of the agency.

¹⁹ Austria Presse Agentur, APA 406 9 sept. 1992

²⁰ Milan Stibral, *ibid.*

²¹ E-mail-interview with Peter Nedavaska, June 2004

There is, however, an important difference between the approaches in the two countries:

“As expected, the adopted laws reflect the variations in the process of disentanglement from state structure in different countries. It is the Czech law that gives most autonomy to the agency in its relation of the state, while the Slovak law leaves the agency under government influence. The Hungarian and Polish laws stand between these two.”²²

In fact, the different laws on news agencies of the two newly separated countries mark the two extremes on the scale of possible relations between the state and its former mouthpiece.

2.3.1. CTK - Content follows Form

The law on CTK as adopted in 1992 is a unique model for news agencies and grants it a very special status: according to this CTK owns itself – with a similar status to a foundation - and is included in the Company Register. Usually CTK is called a “public corporation”, although there is no definition for public corporations in the Czech legal system.²³

A special council of seven members who are appointed by the Lower House of the Czech Parliament and are not allowed to hold any position in political movements, in the government or in companies that operate mass media, supervises the agency and chooses the general director.

The genius of the law on CTK, however, does not seem to be either the ownership formula, or the CTK council, but the term of the council and the general director: the members of the council are elected for five years, the general director for six years. The fact that none of the two terms of office corresponds with the normal election period and even not with each other, makes it less probable that a change in government would lead to a change in the council or in the management.

In Hungary, although the law on MTI stipulates a similar council as a cushion between government and agency as the law on CTK, it obliges the agency to transmit statements of public interest from the state and other organisations. The crucial difference, however is, that the President, at the behest of the Prime Minister, appoints the head of the agency and – as with the Polish PAP- its premises are state owned.²⁴ There are similarities between CTK and one of the biggest news agencies in the world, the French AFP, though the head of AFP is only appointed for three years and the board is created in a different way.²⁵

In spite of the sophisticated construction of the law on CTK, there was still a controversy about the possible political influence via the election of the council

²² Terhi Rantanen, *From Communism to Capitalism*. In: Oliver Boyd-Barrett and Terhi Rantanen (ed.), *The Globalization of News*, p. 129.

²³ E-mail-interview with Milan Stibral, June 2004.

²⁴ Terhi Rantanen, *ibid.*

²⁵ Milan Stibral, *ibid.*

members and the fact that most of them were not media- experts. Any kind of state interference was a sensitivity issue to publishers then.

It is not only the law itself that has had a positive impact. While they are not included in the law, Stibral considers that the two most important “freedoms” of CTK are “no state regulations of wages” and “no obligations to publish official statements”. In contrast to CTK, employees in some of the state owned news agencies are seen as employees of the state and therefore their wages are settled by state regulations. “This causes serious problems because good quality people leave the agency”, the CTK-head points out.

Independence entrenched in the law is key – as it is key in the regulation of public broadcasting. The law on CTK is similar to those used for public service television and radio in the Czech Republic, which were passed in 1991 but, unlike them, CTK does not get any licence fees or state subsidies.

Stibral describes the reason for this kind of law, which gives a lot of freedom to the three public media, as follows: “It is very important to notice that at the beginning of the nineties, when these laws were passed, it was a time of ‘eruption’ of freedom and all was very liberal. Czechoslovakia started to build a so-called dual media system, the first public media were created. One of the main ideas pushed forward in this process was to separate originally state owned media from the influence of the government and create condition for their free functioning”.²⁶

”I dare to say that without a proper form it is very difficult to create a good content, but at the same time I would like to express my deep conviction, that a lively, strong, creative, dedicated etc. content can sometimes make up for the unfavourable form”, CTK head Milan Stibral emphasises the strong link between “form” - as set by legal form and framework - and “content” - the real life of the news agency.²⁷

2.3.2. TASR – Under Meciar’s thumb

The legal framework for TASR, as created in 1992, was more vague. No independence guarantees were entrenched in the law. Its status is described by the management as an “allowance organisation”: TASR is obliged to fulfil the law given tasks, which often are loss making. Therefore the agency needed state contributions to the news agency’s budget”. Another reason for the losses is seen in the weak media market in Slovakia, where many newspapers were liquidated and left unpaid liabilities on TASR.²⁸

News agency expert Terhi Rantanen notes that in contrast to the law on CTK the legal frame for TASR “has left many features of the old state agency untouched”: TASR is fully financed by the state (although subsidies were reduced continuously over the years), defined as “the agency of the Slovak Republic”, obliged to transmit

²⁶ E-mail interview with Milan Stibral, 11. June 2004.

²⁷ Ibid.

²⁸ E-mail interview with Peter Nedavaska, 24 June 2004

government news and the government still nominates and dismisses the general director of the agency.²⁹

Four years ago the Ministry of Culture was asked to transform TASR. The result is a new law currently (June 2004) in preparation that should provide the new framework for TASR as of January 2005. According to preliminary information it is supposed to be transformed into a government press service. The management of TASR “prefers a transformation into a public (service) institution, similar to Slovak Television and Slovak Radio”.³⁰

The new law on Slovak Television and Slovak Radio approved in December 2003 by the Parliament established a new supervisory commission in addition to the current Television council and Radio Council. Some guarantees of independence were built in. The Council was enlarged to 15 members and the general directors are no longer chosen by the parliament, but appointed by the council.

2.4. The contrasting Politics of the two new States

2.4.1. CTK in the Enabling environment of the Czech republic

The year 1993 was pivotal for CTK as a consequence of serious management and financial crises: in spite of the fact that the agency was subsidised it had serious financial problems because it had lent a lot of money for the purchase of a new editorial system in 1992. It seemed the agency was drawing near to a collapse: “It was not able to pay its bills, there was not even enough money to pay salaries”³¹

The reason for the troubles was primarily the poor quality of its news service. As a consequence the Union of Newspaper Publishers (UVDT) decided to establish a new private news agency.³² UVDT also criticised the fact that the members of the new CTK Council, who were elected at that time, should be paid by the agency.³³

In April 1993 almost 80 employees, including five of the eight heads of departments tendered their resignations in protest at “mismanagement” of the agency by the temporary director Kopriva and the dismissal of the editor-in-chief.³⁴ After months of negotiations the newly appointed CTK-Council succeeded in settling the conflict and deciding on a new director general, former head of the picture desk Milan Stibrál, through open competition.

According to him the 1993 “revolution” was “a turning point in the process of transformation of CTK”. “When judging the development of the agency we should take into account the fact there was (and still is) a group of people who do not accept mismanagement, lack of independence etc”.³⁵

²⁹ Terhi Rantanen, *From Communism to Capitalism*, p. 130.

³⁰ E-mail interview with Peter Nedavaska, June 2004.

³¹ Milan Stibrál on the history of transformation, by e-mail 26 June 2004.

³² Ibid.

³³ CTK, C04447, 24 Feb. 1993

³⁴ CTK D01058, 7 April, 1993,

³⁵ Milan Stibrál, *ibid.*

Kopriva had prepared CTK for privatisation. Stibral favoured a slower pace and privatisation of CTK "as a consolidated and prospering enterprise". No matter if it was going to be a joint stock company or a cooperative, the most important thing would be that new group of future owners should have a dominant position. The discussion on the privatisation continued throughout the year but got no further.

President Vaclav Havel, generally a strong advocate of freedom of speech, had a dispute with the news agencies of the country, CTK and Reuters. He announced that he would give no more interviews to them unless he could read texts in advance of being published. Both rejected the request.³⁶ This kind of "gentleman's agreement" exists in some countries and is seen as an encroachment on freedom of speech by media monitoring organisations.

The question of privatisation emerged again in 1995 along the lines of whether CTK was obliged to publish governmental statements word for word. Prime Minister Klaus, who in a *Forbes* interview in August 1994 referred to journalists as "mankind's greatest enemies"³⁷, contended that editing or rephrasing of governmental statements "violates the very essence and purpose of a news agency". The Klaus government tried to change the law on CTK to force the news agency to publish official statements. The idea was abandoned after protests by opposition parties and media monitoring organisations like the US-based Foreign Press Association. The privatisation-plans were once more postponed.

CTK management had already prepared for a potential privatisation: according to the plans the agency should be transformed into a joint stock agency: 33 percent of the stocks being held by print media, 18 percent by broadcasting, 12 percent by radio, 32 percent by non-media companies and 5 percent by employees of the agency. Property and the archive were supposed to be transferred into a foundation and rented out to the agency for a token payment. Most of the left wing parties were opposed to the idea, the position of Prime Minister Klaus's party, ODS, was said to be inexplicit.³⁸

The permanent parliamentary commission on the media called for CTK to keep its present status as a public sector company, and asked at the same time for the Culture Ministry to consider privatisation "as envisaged by law".³⁹

In 2003 the new President Vaclav Klaus started another dispute with CTK, insisting on the replacement of the political correspondent for the President's office. Klaus accused him of "incompetence". CTK and the Council of the news agency rejected both the request and the criticism and stressed how necessary it was "to always thoroughly protect the independence of the agency so that it can provide objective all-round information for people that freely create their opinion". The Council furthermore assured the staff "that it is fully aware of its mission, using all means available to protect CTK from a possible pressure from the political sphere and from

³⁶ Austria Presse Agentur, APA0329, 12 April 1994

³⁷ op. cit. in Beverly Wachtel, *Czech media: Democratic or anti-communist?*, Nieman Reports, Cambridge 1996, Vol. 50, Iss. 2, pp 51-55.

³⁸ Austria Presse Agentur, APA0125, 14 April 1995.

³⁹ CTK, C01586, 15. June 1995.

elsewhere”.⁴⁰ Anyway the Presidential Office announced the cancellation of the contract with CTK. The President’s spokesman, Petr Hajek, said this was not supposed to be a punishment, but the money should rather be used to renovate monuments.⁴¹

2.4.1.1. The Czech Media Landscape

The general environment and the legal framework was conducive not only for CTK but for media more generally. The most important amendments to existing Press Law were made immediately in 1990 by abolishing censorship and registration regulations for publishers and there were no legal constraints on working as a journalist.

About 15 years after the Velvet Revolution the media industry in the Czech Republic has been stabilised. Five national daily papers, the biggest of them a tabloid, and about 50 regional dailies are competing in the country. All of them but one are owned by foreign – mostly German and Swiss publishing companies. This openness to foreign capital could be seen as a sign of a favourable media environment in the Czech Republic

The Czech TV world is dominated by the commercial channel NOVA, one of the first private Channels to start in a Central Eastern European country. The second commercial channel Prima lags behind somewhat, but has recently improved its market position. The public service broadcasting company has two channels. In radio, the public service Czech Radio with its four nationwide stations is ahead, while a couple of commercial national channels and several dozens of regional stations are trying to keep up, but none of them has substantial numbers of listeners.⁴²

Most conflicts between media and politicians have had to do with the defamation law as it existed in most post-communist countries. According to the Czech Penal Code defamation of the president of the country could be punished by up to two years prison. The law on defamation of the president was revoked at the end of the nineties and further amendments to weaken the protection of public figures were made.

Prime Minister Milos Zeman’s view of the press was similar to that of his predecessor Klaus: he has described journalists as “stupid, corrupt and damned idiots”. “Most journalists have the intelligence of remedial school graduates. They are liars and amateurs” he said in an interview on Czech Radio. In another interview he said, “although journalists claim that they are watchdogs of democracy, they are not pitbulls of Czech society, but just degenerate mongrels only searching for sensations and affairs”.⁴³

During Zeman’s time allegations about state interference especially in regard to public television emerged. The appointment of Jiri Hodac - accused of being “a stooge of ODS” - as director of Czech Television (CT) by the Television Council led

⁴⁰ Austria Presse Agentur, APA0093, 14 July 2003.

⁴¹ Austria Presse Agentur, APA0295, 14 July 2003

⁴² Austria Presse Agentur, APA0071, 16 Dez. 2003

⁴³ International Press Institute (IPI), *World Press Freedom Review 2000, 2001*, <http://www.freemedia.at/wpfi/Europe/czech.htm>.

to strikes in the newsrooms and mass demonstrations in the Wenclas Square. The protests ended with Hodac's resignation, with health reasons citing.⁴⁴

The most spectacular case of – attempted – media interference in the Czech Republic was the involvement of the former general secretary of the Foreign Ministry in a conspiracy to kill one of the best-known reporters in the country. He was arrested and later convicted of plotting a murder, receiving a sentence to eight years in prison.⁴⁵

2.4.2. TASR in the obstructive environment of Slovakia

The contrast between the political situations in the two counties could not be more marked. Political analysts describe the political style and ideology of Vladimir Meciar between 1993 and 1998 as “Meciarism”, a regime characterized by authoritarianism and involvement in crimes like kidnapping, murder and corruption.⁴⁶ Economic policy was influenced by groups of Slovakian economists, most of them proponents of market socialism in the 1960s and heads of large industrial enterprises, who profited from privatisation.

For the media this political style caused considerable difficulty. HZDS and Meciar “viewed independent press more or less as the opposition media of their political enemies”. Not surprisingly, all newspapers – apart from HDSZ-controlled Slovenska Republika - were opposed to him. TASR and the state-subsidized public radio and television were maintained under direct influence. Meciar's ruling coalition maintained a “communist-era attitude towards the media best summarized in the saying ‘Who is not with us, is against us’”.⁴⁷

In 1992, when Meciar requested time for his regular speeches, the editor-in-chief of the Slovak TV news programme refused and was forced to leave his job⁴⁸. Later the President of Slovakia, Michael Kovac, a strong opponent of Meciar was prevented from appearing on Slovak TV to speak in favour of NATO.

In the 1994-elections HZDS lost its majority in parliament and Meciar a vote of confidence. He was obliged to hand over power to an interim government.

Pavol Mudry, then the head of the English language desk of TASR, and others saw that the new political situation “offered a chance to TASR to initiate some changes”. Kleiman was dismissed and Ivan Melichercik appointed as the new general director. “The idea was to transform a state agency into a corporation whose owners would consist of media and industrial associations with a minority stake remaining in the hands of the state”. But the new government was reluctant to loosen its grip on the

⁴⁴ International Press Institute (IPI), *World Press Freedom Review 2000, 2001*,

⁴⁵ Ibid.

⁴⁶ Kieran Williams (ed.), *Slovakia after Communism and Meciarism*, School of Slavonic and East European Studies, London, 2000, p. 6.

⁴⁷ Pavol Mudry, *SITA Slovakia's first Independent News Service and its Battles with the Huey Long of the Danube*, in: Joseph. B. Atkins, *The Mission – Journalism, Ethics and the World*, Iowa State University Press, 2001p 101-109.

⁴⁸ Andrej Skolkay, *An Analysis of Media Legislation: The Case of Slovakia*, in: International Journal of communications Law and Policy, Issue 2 Winter 1998/99, www.

agency, because of upcoming elections. Nevertheless, Meciar was brought back to power and he re-installed Kleiman as general director of TASR.⁴⁹

As a consequence the proponents of the changes were dismissed. "TASR now again became a staunch supporter of Meciar and HZDS, so much that it even published fabricated documents from the official state secret service, SIS".⁵⁰

Nonetheless TASR representatives had no problem to agree on "The Warsaw Declaration on News Agencies", signed in August 1996, which expanded fundamental principals such as that "state owned news agencies must be granted full journalistic independence".⁵¹

When Meciar left office things started to change slightly for TASR and Ivan Ceredejv succeeded Kleiman. Members of Parliament in their first critical statement said that a "state agency, whose director is appointed by the cabinet, can be accused of not being absolutely objective" and that "there is no place for such an agency in Europe". The government proposed a radical reduction of the budgetary contribution to the news agency from 72 to 45 million SK. The Minister for Economy, Ivan Miklos, even proposed to cut state funding for TASR completely but stepped back soon after.⁵²

In 2002 the government dismissed Ceredejv for reasons of mismanagement. Furthermore TASR was convicted to a fine because of misuse of its dominant market position. This led again to controversies about the future of TASR.⁵³ Finally the new general director, former editor-in-chief of TASR, declared himself as "the first not-political head of the agency", because he was not endorsed of a political party.⁵⁴

2.4.2.1. The Slovakian Media-landscape

Slovakian politics has not offered an "enabling environment" for media. "During his six-year rule (...) Meciar had done everything he could to muzzle what for him was the most aggravating aspect of the fall of communism: the press."⁵⁵ The Council for the Protection of Journalists named Meciar even once as one of the world's "Ten Enemies of the Press".⁵⁶

The encounters ranged from physical attacks on journalists by the police or the followers of Meciar during demonstrations to the destruction of cars of disagreeable editors, for example after stories about Secret Service (SIS) involvement in the kidnapping of the son of Slovakian President Michael Kovac.

⁴⁹ Pavol Mudry, , *SITA Slovakia's first Independent News Service and its Battles with the Huey Long of the Danube*

⁵⁰ Pavol Mudry, *ibid.*

⁵¹ International Press Institute (IPI), The Warsaw Declaration on news Agencies and e-mail-contact.

⁵² International Press Institute, (IPI), *Slovakia - World Press Freedom Review 2000*

⁵³ Austria Presse Agentur, APA0200, 6 Aug. 2002

⁵⁴ Austria Presse Agentur, APA0658, 4 Sept. 2002

⁵⁵ Foreword to Pavol Mudry, *SITA Slovakia's first independent News Service*. in: Joseph. B. Atkins, *The Mission – Journalism, Ethics and the World*.

⁵⁶ *op. cit.* in International Press Institut (IPI), *Slovakia - World Press Freedom Review1997*

Meciar's coalition developed other measures to obstruct journalists, like a ban on photographers in the Chamber or an election law, forbidding all non-state radio and television stations to report on activities relating to political campaigns. Less drastic was the simple refusal to make statements to papers which took a critical line. In December 1997, Meciar cancelled the weekly government news conference after the cabinet meeting because of "low journalistic standards", as he put it. Uncritical journalists in contrast were allowed to participate directly at the cabinet meetings.⁵⁷

A speciality of Meciar was what media monitoring institutions call "economic censorship": State owned companies were ordered to withhold advertising from critical papers and the government tried to increase VAT from six to 23 percent on newspapers with more than 10 percent advertising content. According to publishers this step was a threat to the very existence of a lot of the opposition papers. In protest all ten non-Meciar-controlled dailies ran blank front pages for one day.⁵⁸ Two years before a similar plan to increase VAT on foreign newspapers was scrapped after furious protests of independent newspapers.⁵⁹

In the post-Meciar years the attitude towards media has changed – but slowly. In particular Slovak Television remained under undue influence for a long time.⁶⁰

As in the Czech Republic, conflicts between the press and politicians over alleged defamation and libel continued. In 1999 Schuster pursued a journalist for defamation because he described a speech by Schuster as indicating "signs of mental incapacity to lead a country that is trying to join modern and developed nations".

In 2002 the Constitutional Court suspended the paragraphs relating to defamation of public officials and the republic.⁶¹ Further amendments to the Slovakian Criminal Code are supposed to be discussed in Parliament in October 2004 that would abolish remaining criminal penalties for defamation.⁶²

2.5. Private initiatives – Foreign competitors

Post-communist societies are no longer the closed societies of the past, and competition is possible. The end of the state monopoly of information in most of the post-communist countries allowed foreign and private news agencies to start businesses almost immediately.

When a national agency's performance is poor, it opens up space for other providers to enter the market, such as the privately owned SITA in Slovakia. This venture, initiated by two former TASR-journalists, neatly filled a gap in the market for impartial news. SITA became self-sufficient two years after it was started. In contrast, a similar project in the Czech Republic was restrained by the success of CTK.

⁵⁷ International Press Institute (IPI), *Slovakia - World Press Freedom Review 1997*

⁵⁸ Pavol Mudry, *SITA Slovakia's first Independent News Service and its Battles with the Huey Long of the Danub.*

⁵⁹ International Press Institute (IPI), *Slovakia - World Press Freedom Review 1998.*

⁶⁰ *Ibid.* p. 8

⁶¹ International Press Institute (IPI), *World Press Freedom Review 2002,*

⁶² Article 19, by e-mail

2.5.1. Reuters as a serious competitor

During state socialism the national agencies subscribed to all major western news services such as Reuters, AP, AFP and most of the contracts continued after the end of Communism.⁶³ Reuters, the biggest news agency in the world, quickly became “the most serious competitor” for the national agencies in post-communist countries. The Reuters office in Prague opened in 1990 and in Bratislava in 1993. Although only the leading and financially strongest media in the countries in transition can afford to subscribe to international agencies like Reuters, AP or AFP, their activities cut off a – often lucrative - piece of the market.⁶⁴ Reuters has more non-media than media-clients in the CEE countries and furthermore often hired the best qualified journalists in the country.⁶⁵

2.5.2. Ephemeral CTA/CTI

In February 1993 the Union of Newspaper Publishers (UVDT) in the Czech Republic announced the foundation of a new news agency. The idea was presented as a reaction to the election of the members of the Council of CTK by the Parliament and particularly their remuneration.⁶⁶ Although the publishers gave up the idea, an agency named CTA (Ceska Tiskova Agentura) was founded in April 1994 by a private financial company and offered its service for about half the price of CTK.⁶⁷

The news agency focused on business news and on non-media-clients like banks and companies, as well as traditional local and foreign news.⁶⁸ Two years later CTA had about 170 employees and serious financial troubles. According to reports its liabilities amounted to one million dollars. The agency was taken over by a new company, CTI, but was forced to close down by the end of 1997.⁶⁹

With the benefit of hindsight CTK general director Stibral looked favourably on the “quite new situation” created by the existence of competition. “All of a sudden CTK had to fight with a competing product which was heavily subsidised by its private owner. Ironically, it helped CTK, which had to speed up its transformation, to improve its service and to fight for clients again and again.”⁷⁰

2.5.3. Lively SITA

In Slovakia there was no domestic rival to TASR until 1997. Behind the scenes, a group of former managers and journalists of TASR, who had been fired after their attempt to transform the agency, had already been working on plans for a new news agency for two years. One of them, Pavol Mudry, general manager of SITA said that “it was not an easy task, particularly in view of the political situation. But we saw that

⁶³ Terhi Rantanen, *From Communism to Capitalism*, p. 133f

⁶⁴ Ibid.

⁶⁵ Oliver Boyd-Barrett, Terhi Rantanen, Michael Palmer, *Global Financial News*, in: *The Globalization of News*, p. 76.

⁶⁶ Austria Presse Agentur, APA0119, 25 Feb. 1993

⁶⁷ Milan Stibral, *CTK-History of Transformation*, by e-mail June 2004

⁶⁸ Austria Presse Agentur, APA0068, 6 April 1994

⁶⁹ Austria Presse Agentur, APA0345, 31. Mai 1996, APA0302, 14. Nov. 1997

⁷⁰ Milan Stibral, *CTK-History of Transformation*, by e-mail June 2004

indeed there was a big niche in the information market for us, a great demand for unbiased information, a need for real-time, online business and economic news about Slovakia”.

The most difficult problem turned out to be the search for investors, as a majority of Slovak business leaders at that time supported Meciar and his newly elected government. “They showed little interest in supporting a source of information that could not be controlled by government.”⁷¹

On the other hand, offers from mostly foreign foundations were rejected as they were in favour of creating a non-profit organisation. But, as Mudry points out, “we felt that maintaining the profit motive was the best assurance of quality on our product.” Finally investment bankers and financial advisors provided the funds needed. SITA Ltd. was established in January 1997 and was due to start by mid June. The names of the investing companies have not been openly communicated, but they are supposed to be Slovak businessmen.⁷²

About a week before the planned start the entire computer system was stolen. The burglars were never found but the story brought the new agency “a great deal of publicity and subsequent media support from every corner”. The exceptions were TASR and the HZDS-dominated Slovenska Republika which accused SITA of stealing its own computers in order to cast suspicion on the ruling coalition.⁷³

With a grant from the United States Embassy in Bratislava new equipment was provided. The SITA management still emphasises that “we stressed to them and all our supporters that that we welcomed assistance but could never accept any help that was politically aimed”. The reason for this affirmation was that letters were circulated by the Ministry of Culture warning government administration offices not to provide SITA with any information, because it was “reactionary and financed by unclear sources”.⁷⁴

Given that the politicians of the ruling coalition could not prevent SITA journalists from attending press conferences or from reporting on parliamentary sessions, they refused to comment or answer any question posed by SITA-reporters. Therefore the news agency started to publish the “no comment” responses. Three months later most politicians had changed their attitude. The agency found it hard to search for non-media customers, as “the owners of financial institutions were literally afraid to use SITA’s business news service”. During the 1998 elections campaign, however, the young news agency strengthened its market position.

Even when Meciar’s reign was over, SITA still did not have an easy life: from 2000 on SITA was in a kind of permanent legal war over the question of unfair competition with the state owned TASR.⁷⁵ The allegations from both sides pertain to copyright infringements, but SITA also filed – successfully - a complaint at the Antitrust Office

⁷¹ Pavol Mudry, *SITA, Slovakia’s first independent News Service and it’s Battle with the Huey Long of the Danube*.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ International Press Institute, Slovakia - World Press Freedom Review 2000

accusing TASR of misusing its dominant position by undercutting prices. No decision has been made on the question whether the law on TASR is constitutional.⁷⁶

3. Business Model

3.1. Benchmarking

It has been argued that news agencies are not “the most lucrative end of the communications industry”.⁷⁷ However, experts Boyd-Barret and Rantanen have emphasised that there are significant differences between agencies. The larger European agencies such as AFP (France), Ansa (Italy), PA (UK) or EFE (Spain) “tend to have sizeable and wealthy markets and also, with the exception of the PA, have significant international operations, although it is not size alone that matters. A comparison of the turnover yield (profit-turnover-ratio) of European news agencies in 1999 showed that it was one percent on average, but with a range from nine percent for the Finish STT/FNB to zero or losses at AFP.”⁷⁸

Comparative studies on the economic performance of European news agencies has up to now been almost non-existent in academic writing, although data were available, but exclusively to the news agencies themselves, organised in the European Alliance of News Agencies (EANA), or in the Group '39. The writer of this paper had access to some of the comparative information collected by EANA, which included for the first time data referring to news agencies in transition societies (data will be published by Klemens Ganner and Wolfgang Vyslozil later in 2004).⁷⁹

Ganner and Vyslozil classify the European agencies into:

- Larg, mainly international agencies
- Independent national agencies
- State-run national agencies

In this first group the news agencies of the most populous European countries, Germany (dpa) France (AFP), United Kingdom (PA), Italy (ANSA) and Spain (EFE), are represented. Four out of the five are internationally active, three of them (dpa, ANSA and PA) are cooperative agencies owned by media groups, while in the case of EFE and AFP the state retains a majority of ownership. On average the turnover of these agencies is about 120 million € a year.

⁷⁶ Austria Presse Agentur, APA220, 19 Dez. 2003.

⁷⁷ Oliver Boyd-Barrett, Terhi Rantanen, *European National news Agencies – the End of an Era or a new Beginning?* In: Journalism: Theory, Practice and Criticism, Vol. 1, No. 1, pp.86-105

⁷⁸ Ibid.

⁷⁹ Klemens Ganner, Wolfgang Vyslozil, *Nachrichtenagenturen zwischen Privat und Staat. Zur Theorie, Oekonomie und Geschichte unabhaengiger Nachrichtenagenturen*, to be published later in 2004

SITA's turnover in 2003 amounted to about one million € (45 million Slovak crowns) and "a little profit" was made. 52 percent of the turnover result from media clients, 48 percent from the commercial sector.⁸³

3.2. The Way to Success – Impartiality, Diversity & Productivity

3.2.1. Impartiality

In academic papers on news agencies impartiality of news coverage is not a big issue: it is taken for granted, but the problems for TASR during the "reign" of Meciar illustrate how difficult it is to provide objective news.

However, TASR's venture into political propaganda left behind an unfulfilled need for impartial news in Slovakia that could be provided by a new competitor.

On the other hand the law on CTK clearly calls for impartiality: "The mission of the Agency shall be to provide objective and all-round information for free formation of opinion".⁸⁴ The agency itself has added two more principles, economic and political independence as well as profit and market orientation: "If CTK wants to fulfil its task it must be profitable which means market oriented. This is a precondition of our economic and political independence. Only an independent news agency can produce objective and all-round information".⁸⁵

Štíbrál has highlighted that "CTK fulfils no role in promoting any state interests" and that it fought very hard to get rid of the label "official" news agency at the beginning of the nineties. TASR still describes itself as "the news agency of the Slovak Republic."⁸⁶

3.2.2. Diversity

The new "mantra" for European news agencies is diversification. Internet and the new telecommunication and media offer new opportunities for wire services, but also new challenges. One reason for this development was the "economisation"⁸⁷ of the media world, forcing news agencies to look closer at their cost/income ratio, because neither state- nor media-owners were prepared to cover any longer losses. Another reason was the increasingly competitiveness of the globalized news market.⁸⁸

Traditionally agencies depended mainly on media clients and their - more or less - exclusive product, the news service. According to EAPA (now EANA) figures

⁸³ Interview mit Pavol Mudry, 30 June 2004

⁸⁴ Law on CTK, passed by the Czech National council on October 21, 1992.

⁸⁵ E-mail interview with Milan Štíbrál, June 2004

⁸⁶ <http://www.tasr.sk>

⁸⁷ Klemens Ganner, Wolfgang Vysložil, *Nachrichtenagenturen zwischen Privat und Staat*.

⁸⁸ Oliver Boyd-Barrett, *Globalizing the National News Agency*, in: *Journalism Studies*, Vol.4, Iss. 3, 2003, pp.371-385.

Scandinavian agencies in 1999 still earned more than 80 percent of their income from the press and broadcasting.⁸⁹

Boyd-Barret called this approach the “old business model” and contrasted it with what he described as the “the new model agencies” relying on the following main characteristics:⁹⁰

- Lower dependence on media clients for revenues or on clients for traditional news and information
- Lower dependence on government subsidy or on fees from owner-clients
- Systematized and commercialised provision of additional services
- Stronger integration of text, video, voice and data services
- More flexibly tailored subscriptions and fees according to clients needs
- Multi-lingual and multi-modal services
- High brand identity nurtured by service image and quality

Ganner/Vyslozil take the Group '39 of independent news agencies as a benchmark for a “model” income structure: These agencies generated 48 percent of their turnover from the print media, about 23 percent from broadcasting and online services. 29 percent has come from non-media clients. The last share has grown significantly since 1996.⁹¹

Most news agencies in Europe seek new avenues of revenues by creating new products and business segments built on the traditional news service and sometimes sourced out into subsidiaries. The most common new fields of activities are:⁹²

- Finance news and specialised economic news
- Expanded picture services (online-access, cooperation)
- Graphics/diagrams
- Special content for online services
- Audio services for radio stations
- Sports-results
- Ready made pages (for print and online)⁹³
- PR services – for paid text
- Database
- IT services

Already by the mid-nineties a study showed that “CEE agencies have made great efforts to develop new products and at the same time enter new markets”. It showed as well interdependence of the development of the news agency, the economic strength of the country (as reflected in the general volume of advertising) and the media market.⁹⁴

⁸⁹ Oliver Boyd-Barrett, Terhi Rantanen, *European National news Agencies – the End of an Era or a new Beginning?*.

⁹⁰ Oliver Boyd-Barrett, *Towards the “New Model” News Agencies*, in: APA- Austria Presse Agentur (ed.), *The Various Faces of Reality*, Studienverlag, Innsbruck, 2002. p. 94

⁹¹ Klemens Ganner, Wolfgang Vyslozil, *Nachrichtenagenturen zwischen Privat und Staat*.

⁹² Ibid.

⁹³ The British PA is earning about 20 percent of its turnover of this business (Ganner/Vyslozil)

⁹⁴ Wolfgang Vyslozil, Bernhard Stieger, *The Economic Situation of news Agencies in Transition*, Study for IPI, unpublished, Vienna 1996.

Modern news agencies are more than just providers of news. CTK is fully adapted to this change. CTK provides almost all the new services which other leading edge news agencies offer as well: a business news service as well as a special database on companies (Prodata), a sports news service, photographs, graphics and audio, database containing its own archive as well as the most important domestic daily and weekly papers and a press release-service Protex and English news. To cope with the new requirements coming from Internet and new media requirements the agency has set up or bought a small number of subsidiaries:

- Neris for Internet and new media-clients
- Cekia (Czech Capital Information Agency) for company and business information
- Newton - a media database and electronic clipping service of which CTK owns 50 percent.

The long-term goal of CTK – like that of most of the Western European agencies - is “to transform itself from a traditional news agency into an information news agency”. The general strategy is described as: “CTK takes intensive care of its traditional clients but at the same tries to enter new markets and to diversify its revenues by developing new products for new markets. And it is permanently adopting itself to the needs of the market and tries to keep up with technical development.”⁹⁵

TASR on the other hand lags behind. Admittedly, it has recently established new services such as providing access to its database via the Internet, photograph service and a PR-service (Original Text Service, OTS) as well as an English news service, but a multimedia department has not been started yet.⁹⁶

SITA provides general news, business news, sports news and news in English, “everything but picture desk”.⁹⁷

3.2.3. Productivity

A comparison of the productivity - turnover related to the number of staff - clearly shows that the state owned news agencies on average are about 30 percent less the productive than independent agencies in the Group '39, although the Per-Capita-Turnover in the group itself ranges from 86.000 Euro to 127.000 Euro.⁹⁸

	Turnover in €	Employees	Per-Capita-Turnover €
Big Agencies	120 Mill.	1.240	97.000
Independent	21 Mill.	188	112.000
State-Agencies	8 Mill.	256	31.000

Source: Klemens Ganner, Wolfgang Vyslozil, *Nachrichtenagenturen zwischen privat und Staat. Zur Theorie, Oekonomie und Geschichte unabhaengeriger Nachrichtenagenturen*, to be published later in 2004

⁹⁵ E-mail-Interview with Milan Stibral, 25 June 2004.

⁹⁶ www.tasr.sk, Marketing survey by EANA.

⁹⁷ Interview with Pavol Mudry, 30 June 2004.

⁹⁸ Klemens Ganner, Wolfgang Vyslozil, *Nachrichtenagenturen zwischen Privat und Staat*.

Two factors are decisive for the lower profitability of state owned agencies: the low turnover and the still higher number of staff, despite most of the CEE agencies having cut jobs drastically. The authors point out, however, that most of the agencies often cannot decide on their own about dismissals or appointments, because employees are seen as civil servants.⁹⁹

CTK has reduced its staff dramatically. By June 2004 CTK employed 380 people, 60 percent of them journalists, and had correspondents in nine foreign countries. In 1989 CTK had about 1,000 employees.¹⁰⁰

TASR had 196 employees in June 2004, two third of them are journalists. The number of staff has dropped by about one third compared to 2002 “and a further job reduction is planned”.¹⁰¹

Private newcomer SITA had about 100 employees in mid 2004, 90 percent of them journalists, compared to around 20 staff at the start in 1997.

3.3. No room for two national agencies

Experience in recent times shows that new competitors have a hard life in markets where there is a well-established news agency. Such efforts “have generally been repulsed by the incumbent agency”. Academics even identify a “historical pattern dating back to commercial wars of the nineteenth and early twentieth century, when certain news agencies tried to establish themselves as “national”¹⁰².

The conclusion is drawn that “the virtues of a single national agency are dictated by economics. A national monopoly leaves room for specialist and local agencies, but not enough room for competing national agencies, in part because competition reduces the credibility of competitors’ claims to be ‘national’ given the important reciprocal relations that are often sustained between member/client news media and national agencies.”¹⁰³

The Czech market and the short-life-span of the CTA/CTI could be seen as a proof of this historical pattern. Specialised agencies like Czeska Informacni Agentura (CIA) with its focus on economic information for the management of companies, in contrast, could find their niche more easily. According to CEO Juraj Pricinsky, CIA filled “a hole in the market, caused by insufficient supply of economics news service in classic printed media”.¹⁰⁴ CIA was founded in the late 1990 and is mainly working as a monitoring agency but also provides its own news on the Czech economy.

The future of the Slovak case is still to be decided. Mudry places hopes for reform on pressures from the “outside”: EU competition laws could possibly help its company to

⁹⁹ Klemens Ganner, Wolfgang Vyslozil, *Nachrichtenagenturen zwischen Privat und Staa..*

¹⁰⁰ Milan Stibrál, CTK – History of Transformation, (by e-mail), 26 June

¹⁰¹ E-mail interview with Peter Nedavaska, 24 June 2004.

¹⁰² Oliver Boyd-Barrett, Terhi Rantanen, *European National news Agencies – the End of an Era or a new Beginning?*

¹⁰³ Ibid.

¹⁰⁴ E-mail interview with Juraj Pricinsky, 9 June 2004

establish fair competition, as European Union authorities have started looking into the state subsidies for news agencies.¹⁰⁵

He did not see room for two national news agencies in a country either, but believed Slovakia would become more like Germany. There the national news agency dpa concentrates on news service for media clients, whereas the finance news service vwd focuses on business clients.¹⁰⁶

4. Does Ownership matter?

News agency experts traditionally divide ownership of news agencies into three groups: private, cooperative (by the media) or state. In recent history different ownership structures are recognized: agencies that are listed on stock markets (such as Reuters), cooperatives with only a few media owners or also non-media owners (like private investors or even labour representatives) and also for state owned agencies there is a growing range of different ways on how the relationship could be structured – as one can see from the two extreme examples of the Czech Republic and Slovakia.¹⁰⁷

In the past the different forms of ownership were believed to be an indicator of the editorial independence of an agency and its credibility and state owned agencies were – not surprisingly - credited least of this. Nowadays the paradigm that only private or cooperative agencies can provide impartial news has shifted. As Rantanen pointed out, “one of the leading agencies of the world, the French AFP is state-owned, yet nobody would dispute its credibility”. The point she emphasizes is, that “it is not the relationship between state and agency in itself that is so damaging, but the manner in which the relationship is structured and lived.”¹⁰⁸

4.1. The Government and the News Agency – Fatal attraction

The relationship between state and agency is always an issue even if ownership is not involved at all, because it affects “vital matters to do with the agency access to news sources, the perceived credibility of the agency and the revenues which come from the state in its role as a client”.¹⁰⁹

About two thirds of the 30 member agencies of EANA are in a way public sector organisations. Almost all news agencies of the former Soviet block have remained at

¹⁰⁵ Interview with Pavol Mudry, 30 June 2004.

¹⁰⁶ Ibid.

¹⁰⁷ Terhi Rantanen, Oliver Boyd-Barrett, “State News Agencies: A time for Re-Evaluation?”, in: APA-Austria Presse Agentur (ed.), *The Various Faces of Reality*, Studienverlag, Innsbruck, 2002, pp. 79

¹⁰⁸ Oliver Boyd-Barrett, Terhi Rantanen, *Global and National News Agencies: The unstable Nexus*. In: De Beer, A. and Merrill, J. (ed) *Global Journalism: Topical Issues and Media Systems*, 4th Edition, Boston 2004, Allyn and Bacon.

¹⁰⁹ Oliver Boyd-Barrett, Terhi Rantanen, *European National news Agencies – the End of an Era or a new Beginning?*

the beck and call of the state. National news agencies - similar to radio and TV – seem to play a special role in the process of nation-building. The creation of TASR in Slovakia at the very time of the splitting of Czechoslovakia into two separate states as well as agencies in most of the new Balkan states that emerged from former Yugoslavia are testimony to this. Politicians of most of the countries in transition seem to believe that news agencies are indispensable for controlling media and manipulating opinion.¹¹⁰

For the same reason only very few post-soviet or transition societies have privatised the states broadcasting institutions: “Often these institutions are seen as too important in generating national identity or merely as a useful tool of the new incumbents.”¹¹¹

4.1.1. Subsidies and Independence

State owned news agencies in general rely highly on state subsidies. For some, the government continues to be the major client or source of funding. AFP, for example, according to Rantanen, still depends on the state for over 40 percent of its revenue, although this share has decreased from over 60 percent twenty years ago.¹¹²

As a consequence of political transition and the worldwide trend towards deregulation numerous governments have reduced subsidies, but “just as dependence on government for subsidy or for custom is itself a problem for agencies that are dependent on such funding, equally so and for different reasons are the reductions in government subsidy or custom”;¹¹³

TASR saw its subsidies drop since 2002. While in 2002 the agency was subsidised with about 81 million SK (2 million €), the number slumped to 50 million SK in 2003 and was to be reduced to 40 million SK in 2004. With this step government’s share in TASR income drops to 40 per cent compared to 60 percent two years ago.

CTK is again outstanding: the agency is financially independent and has survived without subsidies since 1996. Prior state subsidies were given only for particular projects like the modernization of technology to support foreign branches, 29.3 million Czech crowns in 1993, 44 million in 1994 and 16 million in 1995.

In 1994 the Ministry of Finance did not include any subsidy for CTK into the draft budget for 1995. This created a problem, because the foreign correspondents - CTK is obliged by law to have such correspondents – were financed by subsidies. Prime Minister Vaclav Klaus suggested a special construction: CTK should be able to get subsidies, but the money should be part of so-called “governmental reserves” and CTK would have to ask for it during the year in case of need. CTK rejected the

¹¹⁰ Klemens Ganner, Wolfgang Vyslozil, *Nachrichtenagenturen zwischen Privat und Staat*.

¹¹¹ Monroe E. Price & Peter Krug, *The Enabling Environment for Free and Independent Media*, Programme in comparative Media Law & Policy, Wolfson College, Oxford University, <http://pcmlp.socleg.ox.ac.uk/EnablingEnvironment.pdf>

¹¹² Oliver Boyd-Barrett, Terhi Rantanen, *European National news Agencies – the End of an Era or a new Beginning?*

¹¹³ *Ibid.*

proposal, closed down instead 7 of its 14 foreign offices and took an "important decision: never to ask for money again in future time".¹¹⁴

An increasing number of news agency managers, including Milan Stibrál, head of CTK, are convinced that profitability is a precondition for economic and political independence, equally if not even more important than the ownership structure itself. The profits are used for investment in and improvement of its journalistic operations and for payment of dividends."¹¹⁵

The management of the Slovakian agency in contrast is convinced that "if TASR is to fulfil services in public interest as stipulated by the law, it cannot do without state subsidies. Otherwise it would focus on profitable activities. And this, in my opinion, might negatively influence the objectivity and variety of information about Slovakia (and the world) available to the public".¹¹⁶

Another indicator of the interdependence of a news agency and the state is the appointment or dismissal of the general director of an agency following a change of government. "The newly appointed heads are always close to the new Prime Minister or his party and replacement normally takes place in a period of a maximum of three months after the elections. This happened recently to the news agency in Spain and is already decided to be the case in Greece immediately after the Olympic Games."¹¹⁷ CTK again is a role model for independence, as there has been no change of management since 1993. TASR in contrast had a change of management after Meciar was ousted in 1998. The nomination of the new head of the agency in 2002 took place, although the government stayed in power after the elections.

4.1.2. Plans for Privatisation

As stated before most of the news agencies in the CEE countries are still state affiliated. One of the reasons why up to now almost none of them had been privatised or turned into a cooperative, was according to Rantanen the weakness of the media industry in some of the countries, which can not afford to buy the shares of the respective news agency.¹¹⁸

In the Czech Republic the possible privatisation of the news agency is still a difficult issue. According to Stibrál privatisation should be seen from two different points of view: theory and real life. "Theoretically it is still on the agenda and if some conditions are fulfilled the theory can become a reality". One of the conditions is the so-called political will that can change after each general election, therefore "privatisation is a very long term question".¹¹⁹

CTK management has prepared the agency for both ways of future development – continuing to be a public corporation as well as becoming a private company. Most

¹¹⁴ E-mail interview with Milan Stibrál, 26 June 2004

¹¹⁵ Terhi Rantanen, Oliver Boyd-Barrett, "State News Agencies: A time for Re-Evaluation?", p. 81

¹¹⁶ E-mail interview with Peter Nedavaska, June 2004.

¹¹⁷ Klemens Ganner, Wolfgang Vysložil, Nachrichtenagenturen zwischen Privat und Staat.

¹¹⁸ Terhi Rantanen, *From Communism to Capitalism*, p. 128

¹¹⁹ E-mail interview Milan Stibrál, June 2004.

important, however, to the CTK-management is “the way how the agency is financed, where the money for its operation come from.”¹²⁰

Johann Fritz, Director of the International Press Institute (IPI), by way of contrast has drawn a gloomy picture of the eastern European agencies should they remain under governmental influence: “they will lose their clients from the independent media, their international reputation, encounter further economic troubles, since most of the governments have to cut back budgets and shift services to private companies.”¹²¹

4.2. The Future of National News Agencies

Not only state agencies but also national news agencies throughout the world currently appear to be in difficulties. The severe crisis of survival and identity of the last year seems to affect both state owned as well as cooperative agencies and to result from the decline in funding from governments and media clients but also from the changing relations between national and international agencies and the Internet which although opening new markets for agencies at the same time is a threat for news agencies as it is a source of information itself.¹²²

The end of the Estonian news agency ETA is the most extreme example for this crisis. After being privatized in 1991 the agency changed ownership twice and was closed down in February 2003 because of financial problems and debts of almost 100,000 Euro.¹²³

Rantanen and Boyd-Barrett, however, have identified a “continuing role” for national and even state owned news agencies because a ‘market model’ of operation is likely to be sustained, only if it abandons many of the activities of the traditional national news agency”. As main advantages of national news agencies are considered¹²⁴:

- They provide news at an affordable price for all retail media no matter what their size is
- They generally establish a portfolio of news that represents the geographical, political, economical and cultural diversity of a country
- They are an important source of news to political, economic and financial institutions but also significant tools for the dissemination of official opinion
- They tend to provide more comprehensible news than individual retail media and are less driven by audience maximization and sale of advertising.
- And most of them stick to the principles of accuracy, impartiality and balance.

Advocates of the system of national news agencies argue that, without them, increasing fragmentation of sources, less comprehensive news coverage and may be even a loss of national identity might occur.

¹²⁰ E-mail interview Milan Stibral, June 2004

¹²¹ Johann Fritz, *Eastern European News Agency and the Transition to Democracy*, in: *The Various Faces of Reality*, Studienverlag, Innsbruck, 2002. p. 91-96

¹²² Oliver Boyd-Barrett, Terhi Rantanen, *Global and National News Agencies: The Unstable Nexus*.

¹²³ Austria Presse Agentur, APA0148, 3 Feb 2003.

¹²⁴ Oliver Boyd-Barrett, *Towards the “New Model” News Agencies*. p. 95

One option to secure the survival of national news agencies could be a kind of “public service” status comparable to public broadcasting. The argument of experts is that, although they do not reach the public directly, their task is “to provide domestic and foreign news to every medium – regardless of size - in a given national territory”. The state subsidies to the agency, hence, indirectly support those media that would otherwise be unable to subscribe to the agency’s services.”¹²⁵

Neo-liberals might argue that only the market is able to judge whether its needs are met. The example of CTK shows that a public corporation can fulfil this task even without subsidies, if it is given sufficient autonomy for all decisions. The examples of Slovakia but also Estonia on the other hand show that privately owned agencies can fill the gap opened by the vanishing of the national agency or its poor performance. In Estonia the Baltic News agency BNA has taken over the market. Economic growth, credibility, good local reporting and a clear distinction from international agencies contribute to their success.¹²⁶

4.3. National News Agencies go international

One way of securing the future of national agencies might in theory be the merger into regional conglomerates or at least closer cooperation. As some of the previous regional initiatives have only brought together “poorly run government agencies and subjected them into poorly-run semi-governmental international bodies”, this may have contributed to the poor reputation of such plans.¹²⁷

Ideas for improved cooperation seem to be still alive: Representatives of smaller agencies like SITA are aware of their vulnerability in the united European news market where big agencies like Reuters and Bloomberg will spend a lot of money to assure their position. “Small stand-alone agencies like SITA will have no chance to survive unless they learn to cooperate and form some sort of association among themselves”. First steps have already been taken for example by giving access to SITA’s editorial system to the Bosnian agency ONASA. Other cooperative agreements have been signed with the Baltic news agency BNS and with BelaPAN in Belarus. By 2010 several smaller CEE agencies, could cooperate closer than today, for example by negotiating their contracts with international agencies together, but also merging their marketing of news on the region.¹²⁸

Academics see in this development the first steps to a possible internationalisation of the nation agencies.¹²⁹

Another early step of the news agencies in their transition to opening towards foreign markets was to provide English language services to make news ready for export.

¹²⁵ Terhi Rantanen, *From Communism to capitalism*, p. 128

¹²⁶ Pavol Mudry; Interview June 2004.

¹²⁷ Oliver Boyd-Barrett, Terhi Rantanen, *European National News Agencies – the End of an Era or a New Beginning?*

¹²⁸ Pavol Mudry, *SITA – Slovakia’s first independent news service and its Battle with the Huey Long of the Danube.*

¹²⁹ Interview Terhi Rantanen, LSE, May 2004.

“We realised that there is a need for news and that there was the problem with our language.”¹³⁰

5. Conclusion

The news agencies of countries in transitions have faced a number of challenges during the past 15 years. They had to get rid of their communist heritage as mouthpieces of the state and the ruling party and at the same time meet the requirements of a changing market for news agencies.

Internet, telecommunication media and globalisation have opened new markets for wire services but forced them at the same time to become “normal companies”, aware of the relation of cost to income.

The news agencies of the Czech Republic and Slovakia can be seen as the two extremes of how these challenges were met. The Czech agency CTK, still state affiliated but with the greatest possible autonomy, is today one of the most successful news agencies in the former Soviet-bloc countries. The Slovakian agency TASR on the other hand is still intimately connected to the state, struggling with losses and runs the risk of being transformed into a government press service by a law currently under preparation.

This paper has highlighted some of the reasons for the contrasting development of the news agencies of the Czech Republic and Slovakia. I have placed both agencies in the context of the political and economic development of the Czech Republic and Slovakia. After an amicable separation, the two countries took separate paths politically and created different legal and social frameworks for the media, which had enormous economic consequences for both CTK and TASR.

In the liberal economic and political environment of the Czech Republic, CTK was able to reinvent itself and to become a state-of-the-art news agency offering the whole range of products, which western European national news agencies provide in order to cope with changing markets.

The authoritarian regime of Vladimir Meciar in Slovakia kept state owned media like broadcasting and the new news agency TASR under its thumb and prevented it from adapting to the new market situation. After his departure the situation changed, but slowly. When this paper was finished in July 2004 the government was battling for a new status of its agency.

There are different lessons that could be drawn from the contrasting development of the two news agencies that used to be one before 1993:

The fortune of CTK could be seen as an example that state-affiliated news agencies can be successful and credible, as long as they are given sufficient autonomy and a law that protects the organisation from political interference. At the same time a

¹³⁰ Interview Pavol Mudry, June 2004.

liberal environment like Czechoslovakia shortly after the Velvet Revolution is more conducive to passing a regulation like the law on CTK.

The second lesson that could be learned from the history of the news agencies of the two countries is that state subsidies perhaps represent more of a danger to independence than state ownership. The fact that CTK has lived without subsidies since 1996 has strengthened its position in its battles against government demands.

The fate of TASR shows clearly that government support and lack of impartiality in news coverage – as it occurred during the Meciar period opens up space for providers of objective news.

The last lesson that might be drawn is that there is a role for national news agencies, as long as they respond to the market demands. Some experts, however, are concerned that economic pressure could threaten balanced, nationwide, comprehensive and affordable news service, seen as the main features of a national agency.

The question remains whether law and structures like boards or councils as a cushion between news agencies and governments are strong enough to prevent politicians from interfering in the long run. The current management of CTK has decided not to rely upon subsidies and to see the profitability of the company as the best guarantee against state interference. Self-sufficiency, as always, seems to be the only way to maintain real independence.

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Annex: Law on CTK

LAW

**Passed by the Czech National Council on October 21, 1992
Concerning the Czech News Agency**

The Czech National Council has approved the following law:

(1)

1. The Czech News Agency (hereafter referred to as "the news agency") is established, with its seat in Prague. The News Agency shall cease to exist with the transfer of property and other rights in accordance with Article 2.
2. The News Agency shall be a corporate body, and shall deal with its own property the base of which is property transferred from Czechoslovak News Agency, until such time as all the property and other rights of the agency are transferred to another legal subject by a special law or by a course of action in accordance with a special law. The News Agency shall acquire rights and make undertakings through its own operations. The News Agency shall be entered in the Trades Directory. The News Agency shall use the abbreviation ČTK.
3. The state shall not be responsible for the undertakings of the News Agency and the News Agency shall not be responsible for the undertakings of the state.

(2)

1. The mission of the news Agency shall be to provide objective and all-round information for free formation of opinions.
2. The News Agency shall provide a service to the public by broadcasting verbal and pictorial reporting from the Czech Republic and from abroad.
3. The News Agency shall provide the same services to countries abroad.

(3)

1. The News Agency shall provide, in return for payment, verbal and pictorial news reporting to the other media and to other corporate bodies and private individuals.
2. The News Agency shall establish a network of branches, correspondents and contributors in the Czech Republic and abroad.
3. The News Agency shall be authorised to conduct, under the conditions of the established legal regulations, business activity, which shall not threaten its mission.
4. The News Agency shall not carry out radio and television broadcasting, nor may it have any share in business property of corporate bodies and individuals that carry out such broadcasting.

(4)

1. *The body through which the right of the public to supervise the News Agency is validated shall be the Council of the News Agency (hereafter referred to as "the Council"). The Council shall have seven members. Members of the Council shall be elected and dismissed by the Czech National Council.*
2. *The members of the Council shall be elected for a term of five years. They may be re-elected, but shall not serve more than two terms.*
3. *The Council shall be responsible in its activity to the Czech National Council.*
4. *Membership of the Council shall be a public function. In return for its performance, financial remuneration shall be payable to members, at an amount to be fixed by the Czech National Council in a resolution.*
5. *The Council shall elect a chairman from its midst, who is also dismissed by the Council.*

(5)

1. Members of the Council shall not at the same time be deputies, premier or deputy premier, ministers, leaders of any other central body of the state administration or their deputies.
2. Members of the Council shall not hold functions in political parties or in political movements, nor may they work in the favour of such parties or movements while they are members of the Council. They shall not be members of the organs of companies that operate mass media, nor may they have business interests which might be at variance with the exercise of their function or which might unfavourably influence their impartiality and objectivity of decision. Members of the Council and persons close to them shall not have financial interests in the operating of mass media as a result of ownership or work relationship.

(6)

1. Membership of the Council shall cease upon:
 - a) the expiry of the term of office,
 - b) resignation from the post,
 - c) dismissal from the post,
 - d) the removal or limitation of competence to hold legal offices,
 - e) death.
2. The Czech National Council shall dismiss a member of the council if:
 - a) the prerequisites for his exercise of the function cease to exist, in accordance with Article 5 of this law,
 - b) he is legally found guilty of a deliberate criminal act,
 - c) he does not perform his function in a proper manner for a period of more than six month.
3. The Czech National Council may dismiss the Council if it repeatedly fails to fulfil its obligation in accordance with Article 8 paragraph 1 points a, b, and c, and Article 8 paragraph 2 of this law, or if the Czech National Council repeatedly states in resolutions over a period of six month that the news agency is not fulfilling its mission in accordance with Article 2 of this law.

(7)

1. The Council's activity shall be governed by rules of procedure, which the council shall approve during the first 30 days of its term of office.
2. The Council shall accept a decision voted for by an absolute majority of all its members.

(8)

1. It shall be the Council's duty to:
 - a) see to it that the news agency's mission is fulfilled consistently,
 - b) appoint and dismiss the general director (hereafter referred to as "the director"),
 - c) approve the News Agency's budget and closing account,
 - d) approve, at the director's proposal, the Statutes of the News Agency, which above all concern its organisational set-up,
 - e) make decisions concerning complaints about the director,
 - f) make decisions concerning complaints about the News Agency's activity,
 - g) to supervise the use of special grants in accordance with Article 10, paragraph 2 of this law.
2. The Council shall put before the Czech National Council an annual report on the activity and economic management of the news agency. The Council shall manage its affairs in accordance with its own budget.
3. Expenses connected with the Council's activity and the remuneration of its members shall be covered by the News Agency.

(9)

1. The statutory body of the News Agency shall be the director, who shall not in addition hold any of the functions stipulated in Article 5 of this law. The director shall not be a member of the Council. He shall be accountable to the Council for his activity and he has the right to attend Council meetings.
2. The director shall be appointed by the Council for a period of six years.
3. The director may be dismissed by the Council in a secret ballot before the end of his term of office, if at least five members of the Council declare themselves in favour of his dismissal. The dismissal shall take effect with the appointment of a new director.

(10)

1. The financial resources of the News Agency shall come from payment received for the provision of its services, ensuing from its main subject of activity, and revenues from other business activities.
2. The News Agency may receive a special grant from the Czech Republic's state budget, which however shall not be provided to cover losses incurred by the News Agency in its economic management.

(11)

1. For the purposes of this law, the Czechoslovak News Agency of the Czech Republic in accordance with law 123/1965 Sb on the Czechoslovak News Agency, shall be taken in that and all later versions to be the News Agency as described in this law.

(12)

1. From the date on which this law takes effect until the election of a temporary director, the statutory organ of the News Agency shall be the Office of the Minister of culture of the Czech Republic.
2. Until the director is appointed, the statutory organ of the News Agency shall be the temporary director, who shall be elected by the Czech National Council within 30 days of this law taking effect.
3. The members of the Council shall be elected by the Czech National Council within 90 days of this law taking effect.

(13)

1. This law takes effect on November 15, 1992.
2. Article 3, paragraph 4 takes effect on January 1, 1993.
3. This law shall cease to be valid on the day the news agency ceases to exist in accordance with Article 1, paragraph 1 of this law.