Chapter 1 - Doing Business in Montenegro

- Market Overview
- Market Challenges
- Market Opportunities
- Market Entry Strategy
- Foreign Investment Regulation

Market Overview

- Since Montenegro became independent in 2006, the Government has adopted an investment framework to encourage growth, employment and exports. Although the continuing transition has not yet eliminated all structural barriers, the Government recognizes the need to remove impediments, reform the business environment and open the economy to foreign investors.

- There are no distinctions made between domestic and foreign companies. Foreign companies can own 100 percent of a domestic company, and profits and dividends can be repatriated without limitations or restrictions.

- NATO invited Montenegro to participate in its Membership Action Plan (MAP) on December 4, 2009. The European Council’s decision in favor of visa-free travel to Schengen Zone countries for citizens of Montenegro came into effect on December 19, 2009.

- Montenegro's application for EU membership was originally submitted on December 15, 2008. Montenegro was formally given the status of an EU candidate country at the European Council summit in Brussels on December 17, 2010. On December 9, 2011 the European Council decided that Montenegro could start EU accession talks in June 2012 if it shows additional progress in implementing reforms, especially regarding rule of law issues.

- On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO).

- The main incentive for U.S. investors to do business in Montenegro is the business-oriented economic system, a high level of economic freedom, a stable currency, macroeconomic predictability, and protected ownership rights. The Euro has been the official means of payment in Montenegro since March 31, 2002, thus stabilizing financial flows and resulting in lower transaction costs. Ownership is protected by
the Constitution and includes equal treatment of foreigners. Macroeconomic stability has also been achieved; Montenegro has the lowest corporate tax rate in the region at nine percent, the country’s credit rating has been evaluated at BB, and around 85 percent of government property has been privatized. Inflation in 2011 was just under three percent.

- Montenegro has made great strides in its tax policy. In April 2003, Montenegro introduced the Value Added Tax (VAT) and in January 2006, a two-tiered tax rate where the standard rate is 17 percent and a lower rate of only seven percent apply to certain services which include tourism.

- Montenegro has attracted considerable foreign direct investment (FDI). Foreign direct investment per capita is 860 euro, which is among the highest rates for countries in the region. According to preliminary data released by the Montenegrin Investment Promotion Agency (MIPA) FDI in 2011 reached 534 million euro, which is 23 percent lower than 2010, however.

- Over 5,200 foreign-owned firms are registered and operating in Montenegro. Foreign investors come from 107 countries, with no single country dominating investment. To date the most significant investments have come from Italy, Norway, Austria, Russia, Hungary and Great Britain.

- Geographically the largest amount of FDI (49 percent) has been concentrated in the central region of Montenegro, with 44 percent directed to the southern region and the remaining seven percent in the north. Based on job-creating foreign investments (i.e. not including individual real estate transactions), the sectoral breakdown of FDI for 2011 is as follows: 21 percent of all investments were made in finance; 24 percent in tourism; 23 percent in manufacturing industry; eight percent in construction; 10 percent in services; four percent in transportation; two percent in agriculture; and the remaining eight percent in other sectors.

**Market Challenges**

**Private Sector Development**

- Around 85 percent of the capital in Montenegrin companies has been privatized. The Privatization Council adopted a strategy for 2011 and the privatization process will be continued by publishing tenders for the following companies: Montepranzo Boka Product land holdings, Montecargo Container Terminal, Montenegro Airlines and Institute Milosevic health center.

- Development of tenders in 2012 are proposed for the following companies: Montenegro’s Post Office, Railway Transport of Montenegro, Railway Infrastructure of Montenegro, Adriatic Shipyards, Port of Bar, Pobjeda newspaper, Zora milk.
factory, Budvanska Riviera hotel, Ulcinjska Riviera hotel, Barska shipyard and MontenegroBonus petrol company.

- In addition, through public-private partnership the Government will maintain an ownership stake in the following tourism sites: Ada Bojana, Velika Plaza, Njivice, Utjeha, Buljarica, Jaz, Mediteran, Bigovo, Mamula, Rakite and Kumbor.

More information and details about all these tenders can be found in Chapter VI, Investment Climate Statement.

Regulatory Framework

- Montenegro has made great strides amending legislation in accordance with international standards and in creating the necessary institutions for attracting investment. Implementation and enforcement of existing legislation will need continued improvement as the country moves towards EU accession.

Corruption

- As is the case with many countries in the region, corruption remains an ongoing concern.

- The Government's goal of integrating with European and Euro-Atlantic institutions has spurred efforts to counter corruption. In 2001, the Government established an Anti-Corruption Agency responsible for preparing anti-corruption legislation, improving the transparency of financial and business operations, coordinating activities with NGOs, and promoting awareness in combating corruption.

- Over the past year, some progress on combating corruption has been achieved through the passage of important legislation on public procurement, the treasury and budget system, and the courts.

Market Opportunities

Tourism

- The World Travel and Tourism Council (WTTC) has estimated that Montenegro has exceptional revenue opportunities in the spheres of tourism and travel. According to their estimates, Montenegro could, in the next 10 years, become the leading economy in the region in the field of tourism and travel. WTTC has estimated that Montenegro in the next 10 years could have revenues from tourism of up to two billion euro.
Highway

- **Bar – Boljare Motorway** – The Ministry of Transportation announced that the Government of Montenegro will call for another tender for the construction of Bar - Boljare Motorway. The Bar – Boljare motorway is the Montenegrin section of a longer highway. It will be 170 km long and by far the most expensive section, with an estimated cost of around three billion euro. The rugged mountainous terrain is an engineering challenge, with 50 tunnels and 95 bridges and viaducts planned along the section. With the support of the European Investment Bank, the Government of Montenegro received the grant to conduct an audit of the existing studies for development of the highway in order to prepare for a new tender in 2012.

Electric power

- The energy system of Montenegro has relatively low demand of around 4500 gigawatt hours (GWh) annually. Of the total electricity, 42 percent is consumed by the aluminum plant in Podgorica; three percent is consumed by the Niksic steel plant; and less than one percent by the Railroad of Montenegro. Household electricity consumption covers 54 percent of the demand. Around 34 percent of consumption is serviced by imports from the regional system. The majority of electricity in Montenegro is produced at the Pljevlja Thermo Power Plant, the Perucica Hydro Plant, and the Piva Hydro Plant.

- Montenegro has good potential for the development of hydro and thermal plants, as well as for solar and wind energy. As a top energy priority, the Government wants to develop the Moraca River potential through a series of four hydroelectric-power plants for a total of 238 megawatts and an annual production of 693 (GWh). Design/construction tenders for these hydro plants are expected in the near future.

**Market Entry Strategy**

- Montenegro has enacted specific legislation outlining guarantees and safeguards for foreign investors.

- Montenegro's Foreign Investment Law establishes the framework for investment. The law eliminates previous investment restrictions; extends national treatment to foreign investors; allows for the transfer/repatriation of profits and dividends; provides guarantees against expropriation; and allows for customs duty waivers for equipment imported as capital-in-kind.

- Agents and distributors are commonly used by foreign firms to enter the Montenegrin market.
Foreign Investment Regulation

- A foreign investor in Montenegro can be a legal entity or an individual. Both have equal rights. The term "foreign investor" applies to a company that has been founded by a foreign person in Montenegro or if a foreign legal entity invests capital greater than 25 percent of the total capital amount. Montenegrin citizens can also obtain foreign investor status if they have been living abroad for more than a year. Foreign investment can take the form of money, securities, objects, services, and asset rights.

- According to the Foreign Investment Law, foreign investors can invest with more than one investor or a combination of foreign and domestic investors. Foreign investors can acquire rights to real estate in Montenegro such as company facilities, places of business, apartments, living spaces, and land for construction. Additionally, foreign persons can claim property rights to real estate by inheritance in the same manner as domestic citizens.

- Foreign persons can freely transfer funds after fulfilling liabilities and obligations such as income tax and return of funds invested in initial capital. Transfer of funds is also possible in cases of sale of foreign currency to a registered bank, the sale of goods and services, or transfer to an account of another foreign person.

- Foreign investors in Montenegro cannot be taxed differently than domestic investors and they are obliged to insure the investment according to insurance regulations.
Chapter II - Political and Economic Environment

For the background on the political and economic environment in Montenegro, please see the State Department Background Notes on Montenegro, at:

http://www.state.gov/r/pa/ei/bgn/70949.htm
Chapter III - Selling U.S. Products and Services

- Introduction
- Using an Agent or Distributor
- Establishing an Office
- Franchising
- Direct Marketing
- Joint Ventures/Licensing
- Selling to the Government
- Distribution and Sales Channels
- Selling Factors/Techniques
- Electronic Commerce
- Trade Promotion and Advertising
- Pricing
- Sale Services/Customer Support
- Protecting Your Intellectual Property
- Due Diligence
- Local Professional Services
- Web Resources

Introduction

Montenegro is a country in transition and is therefore a complex market, with specific requirements for doing business. As elsewhere in the region, government officials have significant influence on the development of the business climate. The use of a local representative is suggested. The use of agents and distributors is common for foreign firms. It is also suggested that the company have a local lawyer, not only to resolve disputes, but also to interpret existing laws, frequent amendments, and changes to guidelines.

Montenegro has enacted legislation outlining guarantees and safeguards for foreign investors. Good communication with government officials is crucial for bringing new investments to the market.
Using an Agent or Distributor

The use of agents and distributors is an important mechanism for foreign firms to enter the Montenegrin market. Many firms have found that it is more efficient and cheaper to hire a good local agent or distributor than to conduct direct sales.

Liquidity is presently a significant problem in the Montenegrin economy. Therefore, with some exceptions, advance payments and confirmed letters of credit by foreign banks are recommended. International consulting firms present in Montenegro, can be helpful in establishing the credibility of a potential local partner. The U.S. Embassy's Economic Section can provide assistance as well, including local company profiles that encompass a thorough background check on potential clients and representatives. These profiles include up-to-date information on potential partners, such as bank and trade references, principals, key officers and managers, product lines, number of employees, financial data, sales volume, reputation and market outlook. The American Chamber of Commerce (AmCham) and the U.S. –Montenegro Business Council are good sources of information along with local organizations which may also be useful in verifying the credibility of a potential local partner, including the Chamber of Commerce of Montenegro, the Montenegro Business Alliance, and the Union of Employers.

AmCham Montenegro  www.amcham.me
Chamber of Commerce and Industry of Montenegro  www.pkcg.org
Montenegro Business Alliance  www.visit-mba.org
Union of Employers  www.upcg.cg.yu

Establishing an Office

Registration of a new business takes only four days and the minimum financial requirement for a limited liability company is 1 euro. To register only three documents are required: a founding decision, bylaws, and the registration form for the specific type of company. The Central Register of the Commercial Court is in charge of business registration, and all documents are available at the web site: www.crps.me.

Montenegrin law permits establishment of six types of companies, the most common being:

<table>
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<th>Limited Liability Company</th>
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<td>• minimum capital requirement is one euro</td>
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<td>• founding act</td>
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<td>• contract of decision of company’s foundation</td>
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<td>• completed registration form</td>
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<td>• registration fee 10 euro</td>
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Joint stock company

- founding act
- minimum capital requirement of 25,000 euro
- contract of decision of company’s foundation
- list of names of all board members and managers
- board members' and managers' social security numbers
- name and address of executive director
- comptroller and secretaries
- signed statements of agreement to perform duties in the company
- resolution from the Securities Commission Board approving a public offer
- completed registration form
- registration fee 10 euro

General partnership

- two or more persons
- minimum capital requirement - none
- registration fee 10 euro

Limited partnership

- two or more persons
- minimum capital requirement - none
- registration fee 10 euro

Entrepreneur

- personal identification card
- minimum capital requirement - none
- filled out form
- registration fee 10 euro

Part of foreign company

- minimum capital requirement - none
- registration fee 10 euro
**Franchising**

Franchising is not yet widely practiced in Montenegro, although the business climate is hospitable to this potentially advantageous mechanism for transferring technology and know-how. A few successful examples do exist: Coca-Cola and Pepsi-Cola both operate in Montenegro, as well as ReMax and Century 21. Various reports envisage Montenegro as a country to watch in the fields of tourism and property investment; the World Travel and Tourism Council forecast that Montenegro would experience an annual real growth rate of ten percent in the next five years in tourism. The number of foreigners living in Montenegro and the number of tourists visiting Montenegro is increasing, which is another target market for franchisers. There is a strong market potential for franchises in the following sectors: restaurant, catering, equipment, and apparel.

There is no specific law addressing franchising in Montenegro.

**Direct Marketing**

Direct marketing is not well developed in Montenegro. Mail order catalogs and the sale of mailing lists remain rare. Personal presentation marketing has been employed by such firms as Avon and Oriflame. Some business directories are available in hard copy and, in a few cases on CD-ROM. Contact information for some Montenegrin companies can be found on the Internet at the following web-addresses: [http://www.t-com.me/](http://www.t-com.me/), [http://www.mipa.co.me/](http://www.mipa.co.me/), [http://www.visit-mba.org/](http://www.visit-mba.org/), [http://www.upcg.me/](http://www.upcg.me/).

Targeting customers by product type, size, sales, and location is possible on a limited basis.

**Joint Ventures/Licensing**

Joint ventures are regulated by the Foreign Investment Law of Montenegro (adopted in November 2000). Montenegrin companies are typically interested in joint-venture contracts with foreign firms in which the foreign company provides capital, equipment, and merchandise, while the domestic firm provides working and warehouse space, personnel, local experience, and channels of distribution. U.S. firms considering such ventures should review carefully the viability of potential domestic partners. Problems can include excess labor, overdue debts, and other structural inefficiencies.

**Selling to the Government**

The new Law on Public Procurement in Montenegro entered into effect on January 2012. The Law on Public Procurement guides the modernization of the public procurement
system of Montenegro and, while taking into account the need for economic growth, strives to harmonize the law with international obligations, to make provisions for the public procurement of goods, works and services, to introduce greater transparency and integrity, to establish entities having responsibilities and authorities to administer the system efficiently, to offer equitable access to the private sector to government contracts, and to eliminate corruption. According to the law, the award of works, supplies, plants, equipment, and ancillary services shall be undertaken with integrity and transparency, whereby no activity undertaken shall be initiated without sufficient appropriations. Notwithstanding any other enactment, this law applies to Ministries, Departments, Secretariats, Courts, Local Governments, to any public entity deriving public funds for public procurement, and to Government-owned companies, entities or firms not financially autonomous and not regulated by civil and commercial law.

The law applies to all investments financed by the budget, payments guaranteed by the government, or funds secured by loans taken by the government. According to the law, in principle, such purchases should be done via public tender published in the Official Gazette. For large purchases, foreign competitors compete on an equal footing with local firms. The Department for Public Procurement (PPD) is responsible for ensuring that procurement is done in conformity with the legislation, while the Public Procurement Commission (within the PPD) is in charge of bidders' protection. The law defines the “best offer” as the offer with the lowest price which also complies with the tendering specifications. The best offer may be defined using price and other criteria, but these other criteria must be prescribed in the bidding documents.

**Distribution and Sales Channels**

The Parliament of Montenegro adopted the Foreign Trade Law in April 2004. The law decreases the barriers for doing business and executing foreign trade transactions in accordance with WTO agreements. However, the law still allows for some restrictive measures, such as quotas, and discretionary government interference. Stringent customs and tax administration enforcement have reduced illegal imports and unlicensed business activities. Wholesalers operate as a distribution intermediary to retailers. Restructuring of the retail segment also occurred as retail chains were privatized and acquired by larger groups and new private retailers emerged on the market. Retail is now dominated by private companies such as Mercator, Voli, and Maxi. The trade sector in Montenegro is now 100 percent privately owned. Customers are switching to buy goods at modern newly-developed shopping centers, newly established domestic supermarkets, and retail chains. The retail sector also includes kiosks, small shops, and open markets.

Capital goods are normally sold directly to manufacturers and businesses. When selling capital goods or machinery to businesses, a good agent is essential.
Selling Factors/Techniques

Factors/techniques critical to success in Montenegro are no different than most other countries: a product or service that offers value for the money, close and frequent contact with buyers, motivated and trained middlemen, aggressive market promotion, and, for technical products, a professional and customer-friendly customer service network in place. The ability to provide financing is still important, but is no longer the key selling factor since financing from local banks has become more readily available.

The size of the Montenegrin market is a limiting factor for many highly specialized products. For such products, it is difficult to find a local representative as, whatever the margin, the potential sales volumes usually do not justify the costs of putting those products on the market. Private sector growth augurs well for western businesses that are accustomed to selling products based on pricing, product quality, and servicing ability.

Electronic Commerce

Electronic Commerce is regulated by the E-commerce Law adopted in 2004. E-commerce is still not widely used by companies in Montenegro and the company information available on web sites, if available, is frequently outdated.

The Law on Digital Signature was adopted in 2003, seeking to promote the secure and efficient utilization of electronic communication by specifying requirements for certain electronic signatures and authorizing the issuance of certificates for electronic signatures.

Trade Promotion and Advertising

Most Montenegrin companies engage in some form of advertising. Available vehicles include: newspapers, magazines, television, radio, billboards, and signs. Television is the most important media in Montenegro. Outdoor—billboard—advertising is also growing. The major daily newspapers in Montenegro are:

Pobjeda http://www.pobjeda.co.me
Dan http://www.dan.co.me/
Vijesti http://www.vijesti.me
Dnevne Novine http://www.dnovine.me

Television, radio, and print advertising are believed to be the most effective. Sales promotions, public relations, and trade fairs are also common.

The most widely advertised products are telecommunications, vehicles, financial
institutions, beverages, newspapers, and hygiene products. Montenegrin regulations prohibit television advertising of tobacco, alcohol, and spirits.

**Pricing**

Liberalization of the market has put pressure on domestic producers to bring pricing down and more in line with costs. The level of prices in Montenegro is generally high compared to prices of similar products/services in Western European countries and the United States, thus making imported products price competitive.

Price supports and subsidies have been stripped away and, as mentioned above, price competition has intensified.

The state directly controls prices of utilities, public transit, and petroleum. Significant black market sales still exist for many products, especially consumer goods. Such goods can be sold more cheaply than goods sold through legal channels because the sellers have generally avoided customs and tax payments. In April 2003, Montenegro introduced the Value Added Tax (VAT) and in January 2006, a two-tiered tax rate where the standard rate is 17 percent and a lower rate of seven percent applies to certain services (primarily tourism related). VAT turnover period averages 30 days.

**Sales Service/Customer Support**

This is a relatively new concept but, with a gradually increasing presence of western companies and more competition for value-added services, responsiveness to customer needs and demands is growing. As the market matures, the high level of service support offered by U.S. firms should help regain business from the gray market, which offers no customer support.

**Protecting Your Intellectual Property**

The acquisition and disposition of intellectual property rights are protected by the Law on the Enforcement of Intellectual Property Rights, which entered into force on January 1, 2006. The law provides for fines for legal entities of up to 30,000 euro for selling pirated and/or counterfeited goods. It also provides ex officio authority for market inspectors in the areas mentioned above. In April 2005, the Montenegrin Parliament adopted the Regulation on (TRIPs) Border Measures that provides powers to the custom authorities to suspend the customs procedure and seize pirated and counterfeit goods.

Montenegro's Penal Code criminalizes infringement of all intellectual property rights, allows ex officio prosecution, and provides for stricter criminal penalties. The Law on Optical Disks was adopted in December 2006; it requires the registration of business
activity when reproducing optical disks for commercial purposes and provides for surveillance of optical disk imports and exports, and imports and exports of polycarbonates. The Montenegrin Intellectual Property Office is an authority within the state administration system of Montenegro responsible for industrial property rights. The Intellectual Property Office is established under the Regulation on Organization and Manner of Work of the State Administration, dated May 11, 2007 (‘‘Official Gazette of the Republic of Montenegro’’, No. 25/07) and officially started working on May 28, 2008.

A regulation on the recognition of intellectual property rights was adopted in September 2007. Under this regulation, any rights registered with the former Union Intellectual Property Office or with the Serbian Intellectual Property Office and any pending applications filed with these offices before May 28, 2008 are enforceable in Montenegro. Any IPR application submitted after that date in Serbia had to have been re-submitted in Montenegro within six months in order to have retained its acquired priority.

IPR market inspectors, police officers, customs officers, and employees of the Ministry of Economy attended a number of training seminars on intellectual property protection and counterfeiting, including an IPR enforcement workshop hosted by the American Chamber of Commerce. At the end of 2007, the Customs Administration signed a Letter of Intent for Acceptance of SECURE Standards (standards to be employed by customs for uniform rights enforcement), adopted by the World Customs Organization (WCO) with a view to more efficient protection of intellectual property rights by customs authorities.

In order to further improve the situation regarding intellectual property protection AmCham Montenegro established an IPR Committee in April 2009. The main goal of the Committee is to work closely with the Montenegrin institutions which are dealing with IPR to increase public awareness of the importance of intellectual property protection, and to help the GoM strengthen its administrative capacities in this field.

Montenegro is not on the Special 301 Watch List. However, the sale of pirated optical media (DVDs, CDs, software) as well as counterfeit trademarked goods, particularly sneakers and clothing, is widespread. Enforcement is slowly improving as customs, police, and judicial authorities obtain the necessary tools, but institutional capacity and public awareness is still limited.

**Due Diligence**

Due diligence - the legal audit of companies - is performed by a number of lawyers in Montenegro and is generally consistent with international standards. Information is generally gathered from public books: the registry of fixed assets, the court register, the statistical register, as well as from the firm itself, chambers, and the business community. The price of the service depends on the volume of work necessary to provide the information, but, in general, is lower than in the United States.
Local Professional Services

Embassy of the United States of America, website available at http://podgorica.usembassy.gov

U.S. Commercial Service, website available at http://buyusa.gov/senbia

Web Resources

American Chamber of Commerce www.amcham.me
Chamber of Commerce and Industry of Montenegro www.pkcg.org
Montenegro Business Alliance www.visit-mba.org
Union of Employers www.upcg.co.me

Montenegrin companies can be found on the Internet at the following web pages:

Major daily newspapers in Montenegro:

Pobjeda http://www.pobjeda.co.me
Dan http://www.dan.co.me
Vijesti http://www.vijesti.me
Dnevne Novine http://www.dnovine.me
Chapter IV - Leading sector for U.S. Exports and Investment

- Tourism Energy Highways
- Health care equipment

Tourism sector

Overview

The World Travel and Tourism Council (WTTC) has estimated that Montenegro has exceptional revenue opportunities in the spheres of tourism and travel. According to their estimates, Montenegro could, in the next 10 years, become a leading economy in the field of tourism and travel. WTTC has estimated that Montenegro in the next 10 years could have revenues from tourism up to two billion euro.

The implementation of a lower rate of value added tax (from 17 percent to seven percent) since January 1, 2006 for lodging is a strong incentive to further develop the tourism sector in Montenegro.

Currently, the market is concentrated on summer coastal resorts. However, Montenegro seeks to develop a broader tourist industry based on its culture and scenic beauty (rural tourism, cultural tourism, and ecotourism, to include the mountainous north).

Montenegrin tourism representatives hope to shift a greater percentage of the tourist trade away from low-revenue package tours into more luxurious and upscale projects. Montenegro hopes to become a center for business and convention meetings as well.

Best Products and Services

U.S. companies that specialize in hotel management, theme park development, amusement games and attractions, golf course development, fast food establishments, sports and leisure facilities, casino management, and environmental control may have excellent opportunities in upgrading major tourist facilities.

The best market prospects are for tourism-related equipment, hotel equipment and IT equipment. Water sports such as water skiing, bird watching, and fishing are also defined as sectors that will be developed, as will ports for yachts, ports of call, and marinas. There are also business opportunities for U.S. construction companies and architects as modernization projects and/or building of new hotels begin.
Opportunities

Significant opportunities for U.S. companies in this sector include products and ideas for infrastructure improvement. These include building new hotel complexes and modernizing existing ones, construction of convention centers, water parks, marinas, tourist villages, and tourist education centers. Opportunities also exist for new investment, especially for upscale, eco-tourism projects in the coastal and mountain areas. In addition, newly opened or existing hotels will need new high quality equipment (cooling and heating systems, furniture, computers, and Internet access). In next couple of years the Government of Montenegro will announce several locations for greenfield investments:

**Velika Plaza** – Located primarily on government-owned land between the city of Ulcinj and Ada Bojana Island, Velika Plaza (a 13 km long sand beach with an unobstructed view of the Adriatic Sea) is located at the southern tip of Montenegro. It is 87 km from Tivat International Airport and 70 km from the capital Podgorica. Plans for the gradual development of the property include: (i) the development of high – end tourist accommodations; (ii) the construction of a small VIP airport; (iii) upgrading telecommunication, efficient energy and water supply; and (iv) coastal area protection (allowing up to 100 square meters of green surface per bed in order to provide luxury tourist accommodations). More information available on: [www.velikaplaza.info](http://www.velikaplaza.info)

**Ada Bojana Island** – This Island is located at the southernmost tip of Montenegro. The nearest international airport is located in Podgorica (85km). Tivat International Airport is 108km away. The 494 hectare island is flanked on two sides by the Bojana River, connecting directly to Skadar Lake and the Adriatic Sea. Because of the site’s unique natural environment and secluded private setting, the Government foresees the configuration and operation of an exclusive five star hotel/resort/village complex, reflecting contemporary Montenegrin architecture and including recreational facilities and services. The master plan for Ada Bojana envisions a capacity of up to 2,500 hotel beds within the current area designated for tourist development, and the Government anticipates that the hotel resort, once developed, will be listed in the international hospitality industry as a top nature resort.

**Mamula Island** - Mamula presents a popular one–day trip destination accessible by boat. The island has a circular shape (200m in diameter) and coastline which consists of a rocky surface with a small beach section. The fortress located on Mamula currently has no accommodation, food, beverage, or boutique services. The developmental concept includes a luxury hotel with exclusive leisure, food service and wellness facilities, and berths for small and medium size yachts. The Government of Montenegro prefers a Public-Private Partnership (PPP) for this project.

**Jaz Beach** – Located in the central part of the Montenegrin coast between the cities of Budva and Tivat. Plans for the gradual development consist of an urban development concept, including a village complex offering accommodations, pensions, a water sport
center, wellness facilities, food and beverage services. The fields and hillside of Jaz must be surveyed in order to determine the exact available area. The Rolling Stones, Madonna, and Lenny Kravitz performed concerts on the beach of Jaz in 2007 and 2008.

Buljarica Beach - Located between the cities of Bar and Budva. The land is mostly private. The majority of owners are members of a local landowners association, which is interested in creating a joint venture with potential strategic partners participating as shareholder partners. The developmental concept includes high-end residential accommodations, five star hotels, and a tourist village (all totaling up to 6,500 beds). A marina is also planned, as is a business center and an 18-hole golf course.

Bigovo - The Bigovo cove is situated between the cities of Budva and Tivat and adjacent to an historic fishing village. There is easy air access to the property via Tivat’s international airport (20 kilometers from the site). The international airports at Podgorica (90 minutes) and Dubrovnik (90 minutes) provide additional access. The site is located on a peninsula and extends from the seacoast inland, almost fully across the peninsula to the Kotor bay side. The site encompasses 38,940 square meters of land, with leisure facilities currently on 2,873 square meters. Planning is in a nascent stage, but ideas for the gradual development of Bigovo include a luxury leisure asset utilizing the natural surroundings.

Mediterranean - This tourism complex is located within the Durmitor national park in Zabljak, 1,456 meters above sea level. While it has direct access by paved road, the location evokes a feeling of isolation and connection with nature. It is adjacent to and walking distance from the famous Black Lake, and is completely surrounded by pine trees. Views from the site are of forest and mountains. The intention is to create a world-class resort that is intimate in feel, as well as conceptually, aesthetically, functionally, and ecologically in harmony with the natural physical location of the property.

Web Resources:

MINISTRY OF SUSTAINABLE DEVELOPMENT AND TOURISM
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Web site: www.mrt.gov.me

Energy sector

Overview

The energy system of Montenegro is small with 285,000 users and a demand of around 4685 gigawatt hours (GWh) annually. Out of that demand, 42 percent is consumed by the aluminum plant in Podgorica (KAP), 3 percent by Zeljezara Niksic (the Niksic steel
Electricity production in Montenegro for 2011 was around 3000 GWh and the rest was imported via a transmitting system from Serbia, Switzerland, Romania, Czech Republic, and Slovenia.

The majority of electricity in Montenegro is produced at the Pljevlja Thermo Power Plant, the Perucica Hydro Plant, and the Piva Hydro Plant.

The Electrical Power Company (EPCG) is a state-owned company whose core activity is electricity generation, transmission, distribution, and supply. In November 2010, the Government of Montenegro signed a strategic partnership with Italian company A2A for next five years after the company became owner of almost 44 percent of outstanding shares.

In November 2010, the Montenegrin Transmission System signed an agreement for a strategic partnership with the Italian company “Terna” on the construction of submarine power cable between Montenegro and Italy across the Adriatic. The construction project between Montenegro and Italy will be 450 km long of which 375 km will connect both sides of the Adriatic through underwater cable technology. The submarine cable will enable the export/import of energy, the establishment of a more reliable electricity grid and the direct access for Montenegro to the EU energy market. The total cost of the project is estimated to be roughly 750 million euro.

The Agreement of the Electro-Energetic Community for South Eastern Europe, signed by Montenegro, will open the market to competitors. Based on the agreement, as of January 1, 2008, signatory countries have free access to the energy market for all consumers, except for households, and on January 1, 2015, the market will be open for all consumers.

**Best Products and Services**

Montenegro has good prospects to develop hydro and thermal plants, as well as the potential for some new types of production such as solar and wind energy. Montenegro only utilizes 17 percent of its hydro potential and energy consumption is higher than production, meaning that there are great opportunities for the development of new energy sources. In addition, to fully develop this sector, Montenegro will need a developed/upgraded transmission and distribution network.

**Opportunities**

Opportunities include simple or combined cycle power plants, windmills, small hydro power plants, geothermal, and solar energy applications and power generation, hydrogen generation pilot facilities, and generator sets. Other opportunities include upgrading
existing power plants, supply and installation of power transformers and gas insulated substations for power transmission lines. The Government of Montenegro intends to develop the country's untapped hydropower potential through Public-Private Partnerships.

*Greenfield in hydropower plants on the River Moraca* - The Government of Montenegro intends to develop the country’s untapped hydropower potential through Public-Private Partnerships. As a priority, the Government wants to develop the potential of the Moraca River through a series of four hydroelectric-power plants for a total of 238 megawatts (MW) and an annual production of 693 gigawatt hours (GWh). Extensive geotechnical and hydrological studies have already been performed in order to prepare the technical documentation.

*Maoce* - The Government of Montenegro will award a concession for the exploitation of coal from the basin of Maoce and the construction of a thermal power plant. The terms of the concession contract are 45 years, with the possibility of an extension in accordance with the law; concession fees for the exploitation of coal will be calculated as a percentage of revenues from the sales of electricity. This coal basin is located in the northeast area of Montenegro, about 15 km from the town of Pljevlja. The thermal power plant called for in the concession would have an estimated capacity of 500 MW. Coal reserves in the basin of Maoce are estimated to be geological (123 million tons) and exploitable (110 million tons).

*Investment in Oil and Gas* - According to the Montenegrin Energy Development Strategy, it is estimated that there could be up to 7 billion barrels of oil deposits in Montenegro and 425 billion cubic meters of natural gas deposits present in the seaside area. Further research regarding these resources is necessary in order to confirm the capacity levels. The search for oil and gas, along with the production cycle, consists of several phases: exploration, appraisal, development, production and abandonment. Montenegro does not possess the necessary technology, nor does it have experience producing oil or gas. The next step for the Montenegrin government in 2012 is to publish a new call for proposals in order to find an investor who is both willing and able to take on the concession for exploring and producing oil and gas.

Design/construction (DBOT) tenders for a number of small hydro plants will be issued in the near future as well.

In accordance with “National Energy Development Strategy of the Montenegro until 2025”, there are many opportunities for investors, including:

- Construct several large and small hydro power plants on various rivers
- Construct facilities utilizing renewable energy sources (wind, solar, biomass/waste)
- Construct the second unit of the TPP Pljevlja (225 MW)
- Construct LNG, oil and gas terminals
- Introduce LPG as forerunner for natural gas when available
• Continue exploratory works for oil and gas in the submarine area of Montenegro
• Ensure 90-days strategic oil stocks
• Realize many projects in the area of energy efficiency improvements
• Implement several projects in the power transmission and distribution area.

Web Resources:

MINISTRY OF ECONOMY
Mr. Vladimir Kavaric, Minister
81000 Podgorica, Rimski trg 46
Telephone: (+382 20) 482 163, 234 676; Fax: (+382 20) 234 027
Web site: www.mek.gov.me

MINISTRY OF SUSTAINABLE DEVELOPMENT AND TOURISM
Mr. Predrag Sekulic, Minister
81000 Podgorica, IV Proleterske brigade 19
Telephone: (+382 20) 446 200; Fax: (+382 20) 446 215
Web site: www.mrt.gov.me

ENERGY REGULATORY AGENCY
Mr. Dragoljub Draskovic, Director
Bulevar Svetog Petra Cetinjskog 96
81000 Podgorica
Telephone: +382 81 201 360
Fax: +382 81 201 365
Web site: www.regagen.co.me

Infrastructure

Overview

Montenegro's road infrastructure extends for 6,848 km, of which 884 km are primary roads and 964 km are secondary roads. The total network also contains 312 bridges, 136 tunnels, and about 5,000 km of local roads. There are currently around 100,000 registered vehicles in Montenegro, of which 89 percent are private passenger vehicles. The physical characteristics of most of the state roads (steep slopes, absence of shoulders, tight curves, relatively high pavement degradation) result in an average speed of less than 50 kilometers per hour, thereby causing higher costs for road users, reducing Montenegro's comparative advantage against other transit corridors and inhibiting economic development.
Most roads in Montenegro are two lanes only. In recent years, roads between Podgorica and the coastal towns have improved significantly with the completion of the Sozina tunnel, which shortened the journey from Podgorica to Bar to roughly one hour.

The Montenegrin part of the Belgrade - Bar railway is the backbone of the Montenegrin railway system. It opened in 1979, and, at the time, was a state-of-the-art railway, with features such as the Mala Rijeka viaduct (the highest railway viaduct in the world) and the 6.2 km long Sozina tunnel. About one-third of the Montenegrin part of the railway is in tunnels or on the viaduct. It is the only railway corridor in Montenegro that is fully electrified; electrification of the Podgorica - Niksic corridor is currently under construction.

The Podgorica - Niksic railway has been primarily used for freight traffic, particularly bauxite from the Niksic mine to the Podgorica aluminum plant. That is about to change, as the railway is currently under reconstruction. Passenger traffic is set to start in 2012.

The Podgorica - Shkoder railway, which extends to Tirana, has been used exclusively for freight traffic for some time. There are plans to reconstruct the railway and re-introduce passenger traffic.

Montenegro also is linked to the world by sea. Bar is the major seaport in Montenegro. It is capable of handling about five million tons of cargo, and is a port for ferries to Bari and Ancona, Italy. Kotor, Tivat, and Zelenika are smaller ports.

Montenegro has plans to improve waste management projects which includes five inter-municipality sanitary landfills, transfer stations, recycling facilities and the rehabilitation of around 30 dumps. Through a national waste management system, Montenegro aims to reduce water and soil pollution.

**Best Products and Services**

U.S. companies that specialize in upgrading road networks, park development, management, logistics development, residential construction, and shopping and industrial complexes will find many prospects here. Real estate investors and construction material suppliers may have opportunities to participate in the upgrade of major transport and tourism-related infrastructure facilities.

**Opportunities**

The Ministry of Transportation announced that the Government of Montenegro will probably call for another tender for the construction of Bar-Boljare Motorway, at a date to be determined later. The Bar – Boljare motorway is the Montenegrin section of a
longer highway. It will be close to 170 km long and by far the most expensive section, with an estimated cost of around 2.7 billion euro. The rugged mountainous terrain is an engineering challenge, with 50 tunnels and 95 bridges and viaducts planned along the section. With the support of the European Investment Bank, the Government of Montenegro applied for a grant to conduct an audit of the existing studies for development of the highway in order to prepare for a new tender in 2012.

**Railway** - The process of restructuring the railway system in Montenegro is being carried out in accordance with the principles and objectives of the Restructuring Strategy of Montenegro Railways of 2007.

The rail system in Montenegro is divided into:
- Railway Infrastructure of Montenegro,
- Railway Transport of Montenegro – passenger transport,
- Monte cargo - freight transport,
- Maintenance of railway rolling stock

The privatization of the newly formed companies is expected to be carried out in 2012.

**Luka Bar/Port of Bar** - The Port of Bar spreads over 200 hectares. The total length of the operational coast is 3.5 kilometers, maximum depth of 14 meters, and 120 thousand square meters are secure warehouses. In the port, there are five specialized terminals: for passenger traffic, general cargo, containers, solid and liquid bulk. Maximum capacity is about five million tons. The Government owns 54 percent of total shares, while the remaining proportion is divided between privatization funds (16 percent), workers (11 percent), citizens (18 percent) and other legal entities. The port currently offers full time employment to almost 1,400 workers. In accordance with the Government of Montenegro’s privatization plan, the sale of the state package of shares in the port shall be done on the basis of restructuring, most likely in the first half of 2012.

**Web Resources:**

**MINISTRY OF MARITIME AFFAIRS AND TRANSPORTATION**
Mr. Andrija Lompar, Minister
81000 Podgorica, Rimski trg 46
Telephone: (+382 20) 234 179; Fax: (+382 20) 234 331
Web site: [www.msp.gov.me](http://www.msp.gov.me)

**MINISTRY OF SUSTAINABLE DEVELOPMENT AND TOURISM**
Mr. Predrag Sekulic, Minister
81000 Podgorica, IV Proleterske brigade 19
Telephone: (+382 20) 446 200; Fax: (+382 20) 446 215
Web site: [www.mrt.gov.me](http://www.mrt.gov.me)
Health care equipment

Overview

Montenegro’s health care equipment market is dominated by imports due to limited domestic production. Exports to Montenegro mainly come from Germany, Italy, Austria, Switzerland, and the United States. The market has seen some growth over the last ten years, but increased potential is expected in the next few years. The vast majority of equipment in public hospitals is outdated and expensive to maintain. The government has announced plans to restructure the health care sector, most likely through public-private partnerships, and there will be increased demand for innovative instruments and equipment.

The Ministry of Health is the main player in the Montenegrin medical equipment market. The Ministry develops health policy, proposes the health care budget and the investment program for the sector, and monitors the work of state-owned health institutions. Currently all procurements are tendered through the Ministry of Health.

Best Products and Services

U.S.-manufactured medical equipment enjoys an excellent reputation in Montenegro for its state-of-the-art technology, quality, and reliability. Best sales prospects for U.S. medical equipment are expected to be cardiovascular diagnostic equipment, non-invasive surgical devices, anesthesia and intensive care equipment, diagnostic imaging (CTs, MRIs) and radiation therapy equipment, as well as ultrasound equipment, urology equipment, laboratory and testing equipment, tissue and blood bank equipment, hospital care equipment, and hospital information systems.
Opportunities

There are good opportunities in the Montenegrin market for U.S. manufacturers of sophisticated diagnostic equipment such as electrocardiographs, endoscopes, and scanners. Private clinics are opening in Montenegro as well, which could lead to wider opportunities for U.S. companies.

Web Resources:

MINISTRY OF HEALTH
Mr. Miodrag Radunovic, Minister
81000 Podgorica, Rimski trg 46
Tel: +382 20 242 276; Fax: +382 20 242 726
www.mzdravlja.gov.me

Republican Fund for Health Insurance
Mr. Kenan Hrapovic, Director
Vaka Đurović b.b.
Tel: +3 82 20 404 101; Fax: + 382 20 665 314
Web site: www.rfzcg.co.me

Institute for Public Health
Mr. Boban Mugosa, Director
Ljubljanska bb
Tel: +382 20 412 888; Fax: +381 20 243 728
Web Site: www.ijzcg.me
Chapter V - Trade Regulations, Customs and Standards

- Import Tariffs
- Trade Barriers
- Import Requirements and Documentation
- U.S. Export Controls
- Temporary Entry
- Labeling and Marking Requirements
- Prohibited and Restricted Imports
- Customs Regulation and Contact Information
- Standards
- Telecommunications
- Transportation
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- Local Time, Business Hours, and Holidays
- Temporary Entry of Materials and Personal Belongings
- Web Resources

Import Tariffs

Montenegro is a small but open country. Trade policy is characterized by a low level of custom duties and the absence of non-tariff trade barriers. The tariff system is prescribed by the Law on Customs Tariffs. Tariffs range from zero to 30 percent. A uniform tariff rate of five percent may be applied on goods imported for non-commercial purposes. The average custom tariff rate is just under seven percent. Custom tariffs are not calculated on exported goods.

Import duties are set by the customs tariff, as an integral part of the Customs Tariff Law, which is fully based on EU harmonized nomenclature. The value of goods, which serves as the customs assessment base, is the contract price. The Customs Law, however, discusses the general procedures applicable to the trading of goods. Please see www.upravacarina.gov.me for further information.

Manufactured goods, primarily raw materials, are the dominant Montenegrin exports while imports have no single dominant item. According to preliminary data, current account deficit amounted to 1,370 million euro.
According to Monstat data, the value of overall exported and imported goods for 2011 was 455 million euro and 1,825 million euro respectively. The result of this imbalance was a foreign trade deficit that reached 1,370 million euro. Montenegro's most important export partners were Serbia and Hungary, with imports mainly coming from Serbia and Greece.

**Trade Barriers**

Montenegro, in preparation for its efforts to initiate its accession to the World Trade Organization (WTO), made major trade policy reforms to bring practices in full conformity with WTO requirements and eventual membership in the European Union (EU). Reforms have included the elimination of import quotas, reduction of import licensing and prohibitions, streamlining of custom procedures and reduction of tariff and non-tariff barriers. On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO).

The Customs Law, in line with World Trade Organization and European Union requirements, was introduced in Montenegro in April 2003. The law simplifies import-export procedures, which should increase international trade flows. The customs territory of Montenegro comprises the territory of Montenegro, including the territorial waters, the inland maritime waters, and the airspace. Goods enter and/or leave the customs territory through border crossings.

Customs goods mean: (i) any good introduced into the customs territory that has not been released for free circulation and (ii) any good declared for export from the customs territory. Duties on goods imported into the customs territory are based on the Law on Custom Tariffs and on rules laid down in the law. Custom tariffs range from zero to 30 percent; the average customs tariff is just under seven percent.

All goods that are brought into or taken out of the customs territory must be declared to the customs office at the border, or to other competent custom offices. Any person importing or exporting goods may request information concerning the application of custom rules from the custom authorities without being charged. For more information, please see the Customs Law.

At the end of April 2004, the Parliament of Montenegro adopted the Foreign Trade Law. The law is a step forward in decreasing the barriers for doing business and executing foreign trade transactions in accordance with WTO Agreements. However, the law still provides for some restrictive measures, such as quotas, and discretionary government interference. In addition, the law appears to be more about protecting producers rather than consumers, who eventually pay the costs of protection.

These laws also provide the government with the authority to implement temporary measures to regulate trade. The government has phased-out quantitative restrictions
although certain goods require a license from the government. New laws are being promulgated to improve the custom and trade regimes.

**Import Requirements and Documentation**

Montenegro uses a fairly standard import/export documentation process (generally requiring a bill-of-lading, etc.). With liberalization of the trade regime and reform of the trade/custom-related institutions, Montenegro is moving toward harmonizing its documentation with the EU.

For the most part, import-licensing regimes were dismantled beginning in 1999. However, import licenses are required for arms/ammunition, military and police equipment, antiques, works of art, precious metals, waste, and substances harmful to the ozone layer. According to government officials, it is not difficult to obtain a license and, in all cases, licenses are issued in less than 30 days and may be used for multiple shipments during the period of validity.

**U.S. Export Controls**

The Foreign Trade Law regulates foreign trade. Foreign trade activities in Montenegro may be performed by all persons registered for such activities in accordance with entity regulations. The government may impose quantitative restrictions on exports: (i) in case of critical shortages of products essential to Montenegro, or for the relief of consequences of such shortages; or (ii) in order to protect exhaustible natural resources, if export restrictions are applied simultaneously with restrictions on domestic production or consumption. The government may impose quantitative restrictions on imports as a safeguard measure pursuant Articles 44-50 of this law.

Montenegro adopted the classification of Goods for Exports into the following regimes: free exports (LB) and licensed exports (D). Export licenses are required for the following commodities: drugs, medicines, blood and similar pharmaceutical products, precious metals, explosives, arms, military equipment, and national art treasures.

According to the law, the period for processing applications for import, transit, or export licenses shall not exceed 15 days as of the day of application if applications are considered as and when received, i.e. on a first-come first-served basis. Such period shall not exceed 30 days if all applications are considered simultaneously, where such period shall begin to run on the day following the closing date of the announced application period.
**Temporary Entry**

Products may be brought into Montenegro on a temporary basis and be exempted from custom duties in certain situations:

- Equipment temporarily sent by a foreign company to a Montenegrin company to produce goods or provide services for the foreign company;
- Equipment temporarily imported by a foreign contractor to perform construction, assembling, maintenance, and similar works in Montenegro;
- Raw materials temporarily imported for processing in Montenegro and re-exported.

In Montenegro, the law states that goods intended for re-export may be exempt from duties for up to 24 months.

**Labeling and Marking Requirements**

Labels must contain the following: title of the product, full address of the producer or full address of the importer, net quantity/weight/volume, ingredients, manner of storage (transport, use of maintenance) and pertinent consumer warnings. Technically complicated products must be accompanied by instructions on usage, the manufacturer’s specifications, and a list of authorized maintenance offices, warranty information, warranty period and other applicable data.

**Prohibited and Restricted Imports**

There is a limited list of prohibited (temporary and/or permanent) items which are not allowed to be imported because of technical conditions related to environmental protection.

More information can be obtained from Montenegro’s Ministry of Economic Development and Custom Offices.

**Customs Regulation and Contact Information**

Montenegro Customs Administration  
Biljana Scekic, Director  
Oktobarske revolucije 128  
81000 Podgorica, Montenegro  
Tel: +382 20 623 322  
Fax: +382 20 620 459  
[www.upravacarina.gov.me](http://www.upravacarina.gov.me)
Standards

Overview

The Institution for Standardization in Montenegro was established in April 2007. The Law on Standardization, adopted in 2007, establishes the regulatory framework. The Institute is responsible for drafting import standards – 7,000 have been adopted thus far and are in line with EU standards. According to the Institute's plan, 2,500 standards should be adopted by the end of 2012. The Institute for Standardization signed nine bilateral agreements (with Serbia, Bosnia and Herzegovina, Macedonia, Albania, Slovenia, Croatia, Great Britain, Germany and France) in order to transfer materials and expertise in this field.

Institute for Standardization
Mr. Miodrag Perovic, Director

81000 Podgorica, VII OMLadinske br. 28
Phone: (+382 20) 227 123
Fax: (+382 20) 227 138
E-mail: isme@cg.yu
Web site: www.isme.me

More information can be obtained from the Ministry of Economy.

Ministry of Economy
Mr. Vladimir Kavaric, Minister
81000 Podgorica, Rimski trg 46
Telephone: (+382 81) 242-104, 482-112; Fax: (+382 81) 242-028
Web site: http://www.mek.gov.me

Trade Agreements

In December 2006, Montenegro signed the Central European Free Trade Agreement (CEFTA) intended to eliminate all custom restrictions for industrial and agricultural products in member states by 2010. The Parliament ratified CEFTA on March 21, 2007, and it took effect in Montenegro (and simultaneously in Albania, Macedonia, Moldova, and Kosovo) on July 26, 2007. Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia were already parties to the Agreement. Montenegro was the rotating CEFTA Presidency during 2009.

On November 14, 2011 Montenegro signed a Free Trade Agreement with members of the European Free Trade Association (EFTA).

On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO).
The United States does not have a Bilateral Investment Treaty (BIT) with Montenegro. It is possible that, given the presence of U.S. investors, Montenegro could be a BIT candidate in the future.

The U.S. restored Normal Trade Relations (Most-Favored Nation status) to Montenegro in December 2003. This provides improved access to the U.S. market for goods exported from Montenegro. The U.S. Government is reviewing Montenegro's request to be designated a beneficiary developing country under the U.S. Generalized System of Preferences (GSP) program, which would provide duty-free access to the U.S. market in various eligible categories.

Other free trade agreements:

- **Free Trade Agreement with Russia.** A free trade agreement with Russia, concluded in August 2000, provided for the gradual elimination of barriers to Montenegrin exports to Russia by 2005. The agreement stipulates that the importing country regulate the rules of origin, in accordance with WTO principles. The list of products not covered by the duty free agreement is updated annually, and it currently includes poultry, sugar, chocolate, alcoholic beverages, soap, cotton, carpets, wooden furniture, household appliances, and motor vehicles.

- **Preferential Trade Agreement with the European Union.** The EU has taken steps to stimulate the export of goods among countries in the region through the establishment of autonomous trade preferences (ATP), which provide duty-free entry for over 95 percent of goods. Exemptions include wine, meat, and steel. Products originating from Montenegro are generally admitted into the European Union without quantitative restrictions and are exempted from custom duties and charges. The products exempted from the free import regime are agricultural products, "baby beef" products, and textile products.

- **Free Trade Agreement with Turkey.** Montenegro and Turkey signed an asymmetric Free Trade Agreement in November 2008. While the list of industrial products covered is identical to that signed with the EU, the list of agricultural products is rather limited. The Montenegrin Parliament ratified the Agreement in July 2009, and ratification of the Parliament of Turkey is expected.

- **EFTA countries (Switzerland, Norway, Iceland, and Liechtenstein).** A Free Trade Agreement with the EFTA countries was signed on November 14, 2011. With a combined population of around 13 million, the EFTA states are the world’s 11th largest merchandise trader, as well as significant actors in the areas of trade in services and foreign direct investment.
Telecommunications

The principal service providers in the Montenegrin telecommunications market are T-Com Montenegro (fixed line operator), ProMonte (the first GSM mobile service provider), T-mobile Montenegro (the second GSM mobile service provider), and M-tel (the third mobile operator and fixed line operator). In July 2008 the Government of Montenegro passed a new Telecommunications Law in order to provide a clear regulatory framework for Montenegro's telecommunications sector. In accordance with the Telecommunications Law, the Agency for Electronic Communications and Postal Services has been established in December 2008 as an independent regulatory agency for the telecommunications sector. This agency is responsible for promoting competition and access to networks, issuing licenses to operators and regulating tariffs in accordance with the law. T-Com Montenegro has given Montenegro Card, a Montenegrin company, the right to manage public payphones in Montenegro.

The telecommunications sector in Montenegro is 100 percent private. In 2005, Magyar Telekom, a subsidiary of Deutsche Telekom, acquired 76.5 percent of T-Com Montenegro, becoming its majority owner. T-Com Montenegro was subsequently rebranded into T-Crnogorski Telekom on September 26, 2006. T-Com Montenegro implemented direct routes with several international operators as follows: Albtelecom – Albania; BH Telecom - Bosnia and Herzegovina; Belgacom - Belgium; T - Croatian Telecom – Croatia; Macedonian Telecom – Macedonia; T - Systems – Germany; OTE – Greece; Telecom Italia Sparkle – Italy; Telecom Austria – Austria; Telecom Slovenia – Slovenia; and Telecom Serbia - Serbia. International outgoing traffic is routed via these routes. The total number of fixed telephone users is around 171,000 while Internet users number roughly 150,000.

Three mobile operators' signals cover almost 99 percent of Montenegro's inhabited territory. According to the latest data, mobile operators in Montenegro have around 1.2 million users (ProMonte 40 percent, T-Mobile 35 percent, and M-tel 25 percent). The market penetration rate for mobile telephone users in Montenegro (number of cell phone users per one hundred inhabitants) reached 187 percent in 2011 which means that most Montenegrins have two cell phones. Demand for mobile services has been high and continues to grow.

The new country code, + 382 was assigned to Montenegro in June 2006.

Transportation

Montenegro has two international airports, with their IATA Airport Codes:

- Podgorica Airport - TGD
- Tivat Airport - TIV
Podgorica Airport (IATA: TGD, ICAO: LYPG) is an international airport located in Golubovci, Montenegro, approximately eight miles (12 km) south of Podgorica which is the main aviation hub in Montenegro. A new passenger terminal was opened on May 14, 2006. It has eight departure and two arrival gates, and is able to handle up to one million passengers per annum. In addition to construction of the new terminal, the runway system was refurbished and extended, and improvements were made to the taxiway system, the airfield lighting system, and the power supply. There are now six runways and an additional extension of up to eight runways is possible.

The new terminal was built because air traffic in Montenegro increased rapidly and the former passenger terminal, a small, single-story building, with one international and one domestic departure gate, was inadequate. The old terminal building is now used for medical staff, a VIP lounge, and a press conference hall. The central part of the old terminal will be an exhibition center to highlight the history of aviation in Montenegro.

The airport handles both domestic flights in Montenegro and international flights within Europe. As Montenegro's two main airports are only 80 km away from each other, there are no regular passenger flights within Montenegro. Domestic flights have been reduced to charter flights and all regular traffic is treated as international.

There are daily scheduled flights to Belgrade, as well as two or three other weekly flights to various European major cities.

- Adria Airways (Ljubljana)
- Austrian Airlines (Vienna)
- Jat Airways (Belgrade)
- Croatian Airlines (Zagreb)

Tivat Airport (IATA: TIV, ICAO: LYT) is an international airport located two miles (four km) from the centre of Tivat, Montenegro, on the Kotor Bay. There are daily flights from Tivat to Belgrade throughout the year, while all other flights are heavily concentrated over the summer period. Tivat airport is mainly used by charter flights to the coastal resorts, being only seven km from Kotor and 20 km from Budva. The main passenger terminal underwent an extension and refurbishment in September 2006, and the airport is being equipped with instrumentation for night landing.

Montenegro can be entered by vehicle from various directions. The quality of the road system is inconsistent. Most roads are two-lane highways. Roads in Montenegro are generally not up to European standards. In recent years, roads connecting Podgorica and the coastal towns have improved significantly with the completion of the Sozina tunnel, which shortened the journey from Podgorica to Bar and made the trip significantly safer.

The road north, from Podgorica to Kolasin through the Moraca Canyon to Serbia is considered one of the most dangerous routes in Europe, especially during the winter.
Preparatory work has begun on a bypass for the canyon. The tender for construction of a highway which will connect the northern with the southern part of Montenegro is expected to be announced in 2012.

The Montenegrin part of the Belgrade - Bar railway is the backbone of the Montenegrin railway system. It opened in 1979, and, at the time, was a state-of-the art railway, with features such as the Mala Rijeka viaduct (the highest railway viaduct in the world) and the 6.2 km long Sozina tunnel. About one-third of the Montenegrin part of the railway is in tunnels or on the viaduct. It is the only railway corridor in Montenegro that is fully electrified.

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The Podgorica - Shkoder railway, which extends to Tirana, has been used exclusively for freight traffic. There are plans to reconstruct the railway and re-introduce passenger traffic.

The Montenegrin Railway Company is currently state-owned; according to the privatization plan, it will be privatized in 2012.

Montenegro also is linked with the world by sea. Bar is the major seaport in Montenegro. It is capable of handling about five million tons of cargo, and is a port for ferries to Bari and Ancona, Italy. Kotor, Tivat, and Zelenika are smaller ports.

Montenegro's rivers are generally not navigable, except for tourist activities such as white water rafting on the Tara River.

Language

The predominant language in Montenegro is Montenegrin. Many business people speak foreign languages, mostly English, Italian, German, Russian or French. In the southern part of Montenegro close to the Albanian border (Ulcinj) and in a few northern cities close to the Kosovo border (Rozaje, Gusinje, Plav), many people are fluent in Albanian.

Health

Medical facilities are available but can be limited in terms of specific services. No specific immunization is needed.
Fruits and vegetables are usually of good quality and precautions related to the washing of raw fresh fruits and vegetables are similar to those which would normally be practiced in the U.S.

In the case of an adult medical emergency, please go to the Clinical Center in Podgorica. The first private hospital (the Codra Hospital) opened in Montenegro in 2006. A significant number of private ambulances in different medical fields are operating in Montenegro. Users should expect to pay at the time of service.

Contact information:

**Clinical Center of Montenegro**
Address: Krusevac bb
Tel: +382 20 412 412

**Codra Hospital**
Address: Radosava Burica bb
Tel: +382 20 648 334

**Local Time, Business Hours, and Holidays**

Local time is GMT+01:00; usual business hours are from 08:00 to 16:00, Monday to Friday. The following list covers dates the American Embassy is closed.

**Holidays in 2012**

<table>
<thead>
<tr>
<th>DATE</th>
<th>DAY</th>
<th>HOLIDAY</th>
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<tbody>
<tr>
<td>Jan. 2</td>
<td>Monday</td>
<td>New Year’s Day</td>
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<tr>
<td>Jan. 3</td>
<td>Tuesday</td>
<td>New Year’s Day (Observed)</td>
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<td>Jan. 6</td>
<td>Friday</td>
<td>Orthodox Christmas Eve</td>
</tr>
<tr>
<td>Jan. 9</td>
<td>Monday</td>
<td>Orthodox Christmas (Observed)</td>
</tr>
<tr>
<td>Jan. 16</td>
<td>Monday</td>
<td>Martin Luther King’s Birthday</td>
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<tr>
<td>Feb. 20</td>
<td>Monday</td>
<td>President’s Day</td>
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<tr>
<td>April 13</td>
<td>Friday</td>
<td>Orthodox Good Friday</td>
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<tr>
<td>April 16</td>
<td>Monday</td>
<td>Orthodox Easter (Observed)</td>
</tr>
<tr>
<td>May 1</td>
<td>Tuesday</td>
<td>May Day</td>
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<tr>
<td>May 2</td>
<td>Wednesday</td>
<td>May Day</td>
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<tr>
<td>May 21</td>
<td>Monday</td>
<td>Independence Day</td>
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<tr>
<td>May 22</td>
<td>Tuesday</td>
<td>Independence Day</td>
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<tr>
<td>May 28</td>
<td>Monday</td>
<td>Memorial Day</td>
</tr>
<tr>
<td>July 4</td>
<td>Wednesday</td>
<td>Independence Day</td>
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<tr>
<td>July 13</td>
<td>Friday</td>
<td>Statehood Day</td>
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<tr>
<td>Sept. 3</td>
<td>Monday</td>
<td>Labor Day</td>
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<td>Oct. 8</td>
<td>Monday</td>
<td>Columbus Day</td>
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<td>Date</td>
<td>Day</td>
<td>Event</td>
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<tr>
<td>Nov. 12</td>
<td>Monday</td>
<td>Veterans Day</td>
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<tr>
<td>Nov. 22</td>
<td>Thursday</td>
<td>Thanksgiving Day</td>
</tr>
<tr>
<td>Dec. 25</td>
<td>Tuesday</td>
<td>Christmas Day</td>
</tr>
</tbody>
</table>

**Temporary Entry of Materials and Personal Belongings**

There are no restrictions or duties to be paid on the temporary entry of materials and personal belongings. However, items that are temporarily imported have to be reported to custom officials at the point of entry by filling out a designated form.

**Web Resources**

- Ministry of Economy: [www.mek.gov.me](http://www.mek.gov.me)
- Customs Administration: [www.upravacarina.gov.me](http://www.upravacarina.gov.me)
- Montenegro airlines: [www.montenegroairports.com](http://www.montenegroairports.com)
- Energy Regulatory Agency: [www.ekip.me](http://www.ekip.me)
- Telenor: [www.promonte.com](http://www.promonte.com)
- Telekom: [www.t-com.me](http://www.t-com.me)
Chapter VI - Investment Climate Statement

Openness to Foreign Investment

Since Montenegro became independent in 2006, the government has adopted an investment framework to encourage growth, employment and exports. Montenegro is still in the process of establishing a liberal investment regime. Although the continuing transition has not yet eliminated all structural barriers, the Government recognizes the need to remove impediments, reform the business environment and open the economy to foreign investors.

There are no distinctions made between domestic and foreign companies. Foreign companies can own 100 percent of a domestic company, and profits and dividends can be repatriated without limitations or restrictions.

Foreign investors can participate in the privatization process and can own land in Montenegro. Expropriation of property can only occur for a "compelling public purpose" and compensation must be made at fair market value. There has been no known expropriation of foreign property. International arbitration is allowed in commercial disputes involving foreign investors.

Registration procedures have been simplified to such an extent that it takes just one euro and four days to process an application to register a business. Bankruptcy laws have been streamlined to make it easier to liquidate a company, accounting standards have been brought up to international norms, and custom regulations have been simplified. There are no mandated performance requirements.

Montenegro has attracted considerable interest from foreign investors, though foreign direct investment (FDI) dropped in 2011. According to preliminary data released by the Montenegrin Investment Promotion Agency (MIPA) FDI in 2011 reached 534 million euro, which is 23 percent lower than 2010. Foreign direct investment per capita is 860 euro, the highest rate among countries in the region.

Over 5,200 foreign-owned firms are registered and operating in Montenegro. Foreign investors come from 107 countries, with no single country dominating investment. To date the most significant investments have come from Italy, Norway, Austria, Russia, Hungary and Great Britain.

Geographically the largest amount of FDI (49 percent) has been concentrated in the central region of Montenegro, with 44 percent directed to the southern region and the remaining 7 percent to the north. Based on job-creating foreign investments (i.e. not including individual real estate transactions), the sectoral breakdown of FDI for 2011 is as follows: 21 percent of all investments were made in finance; 24 percent in tourism; 23 percent in manufacturing industry; 8 percent in construction; 10 percent in services; 4
percent in transportation; 2 percent in agriculture; and the remaining 8 percent in other sectors.

Montenegro was ranked 56th in the list of 183 countries in the “Doing Business 2012” report of the World Bank, which measures the ease of doing business. Compared with last year the country has improved by 10 spots. This more favourable ranking is primarily due to three key reforms: easier procedures to open a new business, tax relief and adoption of new bankruptcy laws. To open a new venture, an applicant needs to pass six procedures within ten days, which ranks Montenegro as 47th in this category.

Montenegro lowest ranking is in the category of “obtaining building permits” where it is ranked 173rd. Among the Balkan countries in the overall rankings, only Slovenia (37th) and Macedonia (22nd) are ranked higher than Montenegro.

Montenegro scored 4.0 in Transparency International's “Corruption Perceptions Index 2011”, which is an improvement compared to the previous year (3.7). The report includes 180 countries, ranking them according to the perceived level of public corruption from 0 to 10, where those with the index 0 are considered the most corrupt. This year Montenegro is ranked 66th.

According to the global Index of Economic Freedom of the American Heritage Foundation, Montenegro ranks 76th out of 179 countries. According to this year's report, Montenegro's economy is in the moderately free zone. Montenegro's score was lower than the last year’s primarily because of the explosive growth of government spending. The greatest improvements from the previous year were made in the area of labor freedom and freedom from corruption.

NATO invited Montenegro to participate in its Membership Action Plan (MAP) on December 4, 2009. The European Council’s decision in favor of visa-free travel to Schengen-zone countries for citizens of Montenegro came into effect on December 19, 2009.

Montenegro's application for EU membership was originally submitted on December 15, 2008. Montenegro was formally given the status of an EU candidate country at the European Council summit in Brussels on December 17, 2010. On December 9, 2011 the European Council decided that Montenegro could start EU accession talks in June 2012 if it shows additional progress in implementing reforms, especially regarding the rule of law.

On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO).

Major Investment Opportunities

Investments in the energy sector

Greenfield in hydropower plants on the River Moraca - The Government of Montenegro intends to develop the country’s untapped hydropower potential through Public-Private
Partnerships. As a priority, the Government wants to develop the potential of the Moraca River through a series of four hydroelectric-power plants for a total of 238 megawatts (MW) and an annual production of 693 gigawatt hours (GWh). Extensive geotechnical and hydrological studies have already been performed in order to prepare the technical documentation.

Maoce - The Government of Montenegro will award a concession for the exploitation of coal from the basin of Maoce and the construction of a thermal power plant. The terms of the concession contract are 45 years, with the possibility of an extension in accordance with the law; concession fees for the exploitation of coal will be calculated as a percentage of revenues from the sales of electricity. This coal basin is located in the northeast area of Montenegro, about 15 km from the town of Pljevlje. The thermal power plant called for in the concession would have an estimated capacity of 500 MW. Coal reserves in the basin of Maoce are estimated to be geological (123 million tons) and exploitable (110 million tons).

Investment in Oil and Gas - According to the Montenegrin Energy Development Strategy, it is estimated that there could be up to 7 billion barrels of oil deposits in Montenegro and 425 billion cubic meters of natural gas deposits present in the seaside area. Further research regarding these resources is necessary in order to confirm the capacity levels. The search for oil and gas, along with the production cycle, consists of several phases: exploration, appraisal, development, production and abandonment. Montenegro does not possess the necessary technology, nor does it have experience producing oil or gas. The next step for the Montenegrin government in 2012 is to publish a new call for proposals in order to find an investor who is both willing and able to take on the concession for exploring and producing oil and gas.

Investments in Tourism

Velika Plaza – Located primarily on government-owned land between the city of Ulcinj and Ada Bojana Island, Velika Plaza (a 13 km long sand beach with an unobstructed view of the Adriatic Sea) is located at the southern tip of Montenegro. It is 87 km from Tivat International Airport and 70 km from the capital Podgorica. Plans for the gradual development of the property include: (i) the development of high-end tourist accommodations; (ii) the construction of a small VIP airport; (iii) upgrading telecommunication, efficient energy and water supply; and (iv) coastal area protection (allowing up to 100 square meters of green surface per bed in order to provide luxury tourist accommodations). More information available on: www.velikaplaza.info

Ada Bojana Island – This Island is located at the southernmost tip of Montenegro. The nearest international airport is located in Podgorica (85km). Tivat International Airport is 108km away. The 494 hectare island is flanked on two sides by the Bojana River, connecting directly to Skadar Lake and the Adriatic Sea. Because of the site’s unique natural environment and secluded private setting, the Government foresees the configuration and operation of an exclusive five star hotel/resort/village complex, reflecting contemporary Montenegrin architecture and including recreational facilities
and services. The master plan for Ada Bojana envisions a capacity of up to 2,500 hotel beds within the current area designated for tourist development, and the Government anticipates that the hotel resort, once developed, will be listed in the international hospitality industry as a top nature resort.

Mamula Island - Mamula presents a popular one–day trip destination accessible by boat. The island has a circular shape (200m in diameter) and coastline which consists of a rocky surface with a small beach section. The fortress located on Mamula currently has no accommodation, food, beverage, or boutique services. The developmental concept includes a luxury hotel with exclusive leisure, food service and wellness facilities, and berths for small and medium size yachts. The Government of Montenegro prefers a Public-Private Partnership (PPP) for this project.

Jaz Beach – Located in the central part of the Montenegrin coast between the cities of Budva and Tivat. Plans for the gradual development consist of an urban development concept, including a village complex offering accommodations, pensions, a water sport center, wellness facilities, food and beverage services. The fields and hillside of Jaz must be surveyed in order to determine the exact available area. The Rolling Stones, Madonna, and Lenny Kravitz performed concerts on the beach of Jaz in 2007 and 2008.

Buljarica Beach - Located between the cities of Bar and Budva. The land is mostly private. The majority of owners are members of a local landowners association, which is interested in creating a joint venture with potential strategic partners participating as share holder partners. The developmental concept includes high-end residential accommodations, five star hotels, and a tourist village (all totaling up to 6,500 beds). A marina is also planned, as is a business center and an 18-hole golf course.

Bigovo - The Bigovo cove is situated between the cities of Budva and Tivat and adjacent to an historic fishing village. There is easy air access to the property via Tivat’s international airport (20 kilometers from the site). The international airports at Podgorica (90 minutes) and Dubrovnik (90 minutes) provide additional access. The site is located on a peninsula and extends from the seacoast inland, almost fully across the peninsula to the Kotor bay side. The site encompasses 38,940 square meters of land, with leisure facilities currently on 2,873 square meters. Planning is in a nascent stage, but ideas for the gradual development of Bigovo include a luxury leisure asset utilizing the natural surroundings.

Kumbor - Kumbor, a tourist resort belonging to the Herceg Novi Riviera, is located at the shores of the Bay of Kotor, 6 km from Herceg Novi. There are a number of small beaches and restaurants on the waterfront. Early planning ideas for the gradual development include the construction of a world class, multifunctional upscale tourism resort, five star nautical and commercial amenities with leisure facilities.

Mediterranean - This tourism complex is located within the Durmitor national park in Zabljak, 1,456 meters above sea level. While it has direct access by paved road, the location evokes a feeling of isolation and connection with nature. It is adjacent to and
walking distance from the famous Black Lake, and is completely surrounded by pine trees. Views from the site are of forest and mountains. The intention is to create a world-class resort that is intimate in feel, as well as conceptually, aesthetically, functionally, and ecologically in harmony with the natural physical location of the property.

Golf courses - Hurdzan Fry Environmental Golf Design and Golf Project Corporation were awarded the contract for the development of the strategy for golf development in Montenegro by the Ministry of Sustainable Development and Tourism. In 2011, the strategy was adopted by the Government of Montenegro, and the document hereby became an official strategy with guidelines for successful development of golf in Montenegro. The development of the Montenegrin Investment Golf Guide is currently in progress. It is a document which will provide information on the possibilities for investment in golf tourism, including possible locations for golf courses with clear instructions on procedures awaiting the investors. In addition the strategy demonstrates the readiness of the Government of Montenegro to support and encourage the developmental of a high quality resort. Possible locations for golf projects have been analyzed according to the set of established criteria, including: the local and tourist population, land suitability and water quantity, terrain accessibility, infrastructure, weather conditions, length of prospective season, geological conditions, and environment. A total of 68 proposed locations were analyzed, of which 25 locations were identified as suitable.

Investments in infrastructure

Bar – Boljare Motorway – The Ministry of Transportation announced that the Government of Montenegro will probably call for another tender for the construction of Bar-Boljare Motorway, at a date to be determined later. The Bar – Boljare motorway is the Montenegrin section of a longer highway. It will be close to 170 km long and by far the most expensive section, with an estimated cost of around 2.7 billion euro. The rugged mountainous terrain is an engineering challenge, with 50 tunnels and 95 bridges and viaducts planned along the section. With the support of the European Investment Bank, the Government of Montenegro applied for grant to conduct an audit of the existing studies for development of the highway in order to prepare for a new tender in 2012.

Railway - The process of restructuring the railway system in Montenegro is being carried out in accordance with the principles and objectives of the Restructuring Strategy of Montenegro Railways of 2007.

The rail system in Montenegro is divided into:
• Railway Infrastructure of Montenegro,
• Railway Transport of Montenegro – passenger transport,
• Monte cargo - freight transport,
• Maintenance of railway rolling stock

The privatization of the newly formed companies is expected to be carried out in 2012.
**Luka Bar/Port of Bar** - The Port of Bar spreads over 200 hectares. The total length of the operational coast is 3.5 kilometers, maximum depth of 14 meters, and 120 thousand square meters are secure warehouses. In the port, there are five specialized terminals: for passenger traffic, general cargo, containers, solid and liquid bulk. Maximum capacity is about five million tons. The Government owns 54 percent of total shares, while the remaining proportion is divided between privatization funds (16 percent), workers (11 percent), citizens (18 percent) and other legal entities. The port currently offers full time employment to almost 1,400 workers. In accordance with the Government of Montenegro’s privatization plan, the sale of the state package of shares in the port shall be done on the basis of restructuring, most likely in the first half of 2012.

**Bijela Shipyard** - The shipyard, established in 1927, is the largest ship-repairing and reconstruction yard in the southern Adriatic. It is located in the Boka Kotorska Bay, one of the safest natural harbors in the world, and has a centuries-long shipbuilding and maritime tradition. The shipyard is completely equipped for repairing and reconstructing ships and other vessels, of all types and for all purposes, of up to 120,000 deadweight tons, regardless of the size of the damage and of the reconstruction operation. A tender for Bijela Shipyard will be announced in the near future.

**AD Plantaze** - Plantaze is the largest producer of wine and table grapes in the entire region, and the market leader in wine production in the Balkans. Production capacity includes a vineyard area of 2,200 hectares (the largest contiguous in Europe), two wine cellars with total capacity of almost 20 million bottles per year, 97 hectares of peach orchards, a fish-pond with annual production of 120 tons of California trout, 3,000 tons of cold storage capacity, retail facilities and catering-hospitality facilities.

**U.S. Companies in Montenegro**

A number of U.S. companies are operating in Montenegro, and the Government of Montenegro has put an emphasis on attracting more American investment.

--Philip Morris International opened a branch office in Montenegro in May 2007. The main activity of the office is the import and distribution of Philip Morris products in the Montenegrin market.

--Coca-Cola HBC (Hellenic Bottling Company), one of the world's largest bottlers of Coca-Cola products, has been operating and distributing its products in Montenegro for more than a decade.

--Pepsi (DEC Corporation) has been operating and distributing Pepsi products in Montenegro for more than a decade.

--Data Card Group won a Government of Montenegro/Ministry of Interior Affairs tender for the procurement of a system for issuing passports and national identification documents. The value of the contract, signed in July 2007, is roughly nine million euro.

--Microsoft officially opened its office in Montenegro in May 2007 during a Podgorica conference aimed at presenting the company's latest technology and products. The latest
strategic partnership agreement between the Government of Montenegro and Microsoft was signed on December 18, 2008. A new contract on continues cooperation was signed in December 2011.

--Oracle signed a strategic partnership agreement with the Government of Montenegro in 2008, and these two agreements will allow for the purchase and use of Microsoft and Oracle licenses and software by the government, state agencies, municipal authorities and state-owned companies.

--Begovic Management Group (BMG) purchased the Hotel Mediterranean property in July 2005 from the state-controlled hotel/travel company "Ulcinjska Rivijera" for 940,000 euro. BMG intends to redevelop the property into a first-class coastal destination resort, with mixed-use resort and entertainment components. The total investment value is 6 million euro.

--Media Development Loan Fund (MDLF) bought 25 percent of the shares of Daily Press, publisher of the daily newspaper "Vijesti" and founder of the TV “Vijesti”.

--Go Daddy successfully won its bid to become the agent for domain registration for the national internet domain of Montenegro (the new "ME" internet domain.) Go Daddy will operate under the existing contract until 2013, with a possible extension of this term.

-- McCann Ericson Podgorica, the biggest international full service agency in Montenegro, started to work in May 2005. McCann Ericson Podgorica offers following services: public relations, media monitoring, advertising, media planning and buying, and education.

-- Nike has three exclusive shops in Montenegro offering a full assortment of Nike gear.

-- Diners Club International opened an office in Montenegro 2001 and the card is widely accepted on the Montenegrin market.

-- Bomanite, architectural concrete paving and flooring, has distribution office in Montenegro.
-- CB Richard Ellis office in Montenegro was opened in June 2008. The office provides variety of services including valuation and development advisory, brokerage, research and consulting.

-- FedEx in Montenegro provides access to a growing global marketplace through a network of supply chain, transportation, business and related information services since 2007.

--Morgan Invest purchased 38 percent of the shares of the Titex textile factory in Podgorica for 2.45 million euro. The American company bought the shares of the bankrupt factory from the Slovenian company Novus, which had paid 538,000 euro for them in 2004.
KPMG (2006), Deloitte (2007), Ernst & Young (2010) and Price Waterhouse Cooper (2011) have opened branch offices in Montenegro and provide professional and technical accounting services to domestic and foreign companies which operate in Montenegro.

Colliers International opened an office in Podgorica at the beginning of 2008 as an integral part of Colliers International Southeast Europe.

Kirby vacuum cleaners and Rainbow cleaning systems have distributors for the Montenegrin market.

Ford and Chrysler have exclusive distributors for the Montenegrin market.

Wrigley chewing gum and candy opened an office in Montenegro in 2009.

**American Chamber of Commerce**

In order to further develop commercial ties between the U.S. and Montenegro, the first American Chamber of Commerce in Montenegro was launched on November 19, 2008. AmCham Montenegro serves as a leading advocate for American as well as other foreign businesses in Montenegro.

Edin Seferovic, Acting Executive Director
American Chamber of Commerce in Montenegro
Kralja Nikole 27a/4
81000 Podgorica, Montenegro
Tel/Fax: +382 20 621 628
Website: [http://www.amcham.me](http://www.amcham.me)

**U.S. – Montenegro Business Council**

The U.S.-Montenegro Business Council was formally opened in Podgorica on December 16, 2008. The Council's mission is to promote trade and investment between the U.S. and Montenegro. Additionally, through its sister office in the U.S., the Council seeks to encourage more American investors to learn about opportunities in Montenegro, as well as to help Montenegrin companies explore business opportunities in the U.S. Also, as a part of the strategic partnership between Montenegro and State of Maryland, the Council's office in Podgorica will also serve as a Maryland state trade office.

The Council announced that it will begin to offer a special program to Montenegrin companies from January 2010 which will enable them to establish branches in the State of Maryland free of charge, with the Council covering the set-up costs.

Svetlana Vukcevic, Executive Director
US - Montenegro Business Council
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Tel/fax: +382 20 245 564
Website: [http://www.usmnebc.org](http://www.usmnebc.org)
Montenegrin Investment Promotion Agency

In order to better promote investment and foster economic development, the Government of Montenegro established the Montenegrin Investment Promotion Agency (MIPA) in mid-2005. It seeks to advertise Montenegro as a competitive investment destination by actively facilitating investment projects in the country.

Inquiries on investment opportunities in Montenegro can be directed to:

Petar Ivanovic, Director
Montenegrin Investment Promotion Agency (MIPA)
Jovana Tomasevica 2
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Tel/fax: (+382 20) 203 140, 203 141, 202 910
Website: http://www.mipa.co.me
E-mail: info@mipa.co.me

Montenegro's Foreign Investment Law

Montenegro has enacted specific legislation outlining guarantees and safeguards for foreign investors. Montenegro's Foreign Investment Law establishes the framework for investment in Montenegro. The law eliminates previous investment restrictions, extends national treatment to foreign investors, allows for the transfer/repatriation of profits and dividends, provides guarantees against expropriation, and allows for custom duty waivers for equipment imported as capital-in-kind.

Montenegro also has adopted more than 20 other business-related laws, all in accordance with EU standards. The main laws that regulate foreign investment in Montenegro are: the Foreign Investment Law; the Enterprise Law; the Insolvency Law; the Law on Fiduciary Transfer of Property Rights; the Accounting Law; the Law on Capital and Current Transactions; the Foreign Trade Law; the Customs Law; the Law on Free Zones; the Labor Law; the Securities Law; the Concession Law, and the set of laws regulating tax policy. Montenegro has made significant steps in both amending investment-related legislation in accordance with world standards and creating the necessary institutions for attracting investments. However, as is the case with other transition countries, implementation and enforcement of existing legislation remains weak and inconsistent.

Conversion and Transfer Policies

The Foreign Investment Law guarantees the right to transfer and repatriate profits in Montenegro. Montenegro uses the Euro as its domestic currency. There are no difficulties in the free transfer of funds exercised on the basis of profit, repayment of resources, or residual assets.
Expropriation and Compensation

Montenegro provides legal safeguards against expropriation. Protections are codified in several laws adopted by the government. There have been no cases of expropriation of foreign investments in Montenegro. However, Montenegro has outstanding claims related to property nationalized under the Socialist Federal Republic of Yugoslavia.

On March 23, 2004, Montenegro passed a Restitution Law. The necessary sub-acts entered into effect on January 1, 2005, and the Restitution Fund came into existence on March 1, 2005. The basic restitution policy in Montenegro is restitution in kind when possible, and cash compensation or substitution of other state land when physical return is not possible.

At the end of August 2007, Parliament passed a new Law on Restitution which supersedes the 2004 Act. In line with the new law, three review commissions have been formed: one in Bar (covering the coastal region); one in Podgorica (for the central region of Montenegro); and one in Bijelo Polje (for the northern region of Montenegro.)

Montenegro provides safeguards from expropriation actions through its Foreign Investment Law. The law states that the government cannot expropriate property of a foreign investor unless there is a "compelling public purpose" established by law or on the basis of the law. If an expropriation is executed, compensation must be provided at fair market value plus one basis point above the LIBOR rate for the period between the expropriation and the date of payment of compensation.

Dispute Settlement

Post is not aware of any investment disputes involving American companies or other foreign investors in Montenegro.

Legal System:

Montenegro's Law on Courts defines a judicial system consisting of three levels of courts: Basic, Superior, and the Supreme Court. For special jurisdiction of commercial matters, in 2005, Montenegro established the Appellate Court and the Administrative Court.

The Basic Courts exercise original jurisdiction over civil and criminal cases. There are 15 courts for Montenegro's 21 municipalities. Two Superior Courts in Podgorica and Bijelo Polje have appellate review of municipal court decisions. The Superior Courts also decide on jurisdictional conflicts between the municipal courts.

The two commercial courts (which also handle economic crimes) were established in Podgorica and Bijelo Polje. They have jurisdiction in the following matters: shipping, navigation, aircraft (except passenger transport), intellectual property rights, bankruptcy, and unfair trade practices. The Superior Courts hear appeals of Basic Court decisions,
and Superior Court decisions may be appealed to the Supreme Court. The Supreme Court is the court of final judgment for all civil, criminal and administrative cases.

The commercial court system faces the following challenges: the need for new commercial legislation; an inefficient system of operations, which lacks electronic communication with clients; and a lack of capacity and expertise among the judges. Some reform proposals have included creating a High Commercial Court or dedicating a chamber of the Supreme Court to commercial cases. Some judges also have suggested designating a particular court with assigned competency for specific areas in order to streamline caseloads and develop specialized expertise for complicated economic crimes.

Dispute resolution is under the authority of national courts, but it can also fall under the authority of international courts if the contract so designates, meaning that Montenegro allows for the possibility of international arbitration. Various foreign companies have other bilateral and multilateral organizations -- such as MIGA (World Bank), OPIC (U.S.), ECGD (UK), SID (Slovenia), SACE (Italy), COFACE (France), and OeKB (Austria) -- providing risk insurance against war, expropriation, nationalization, confiscation, inconvertibility of profit and dividends, and inability to transfer currency.

Over the last two years the legislative environment has been significantly changed with clarification provided through the adoption of 20 new business laws. The goal was to remove barriers for doing business in Montenegro and to attract foreign investors.

The new Law on the Improvement of the Business Environment adopted in July of 2010 is the first law of its type in Montenegro aimed at equalizing the status of foreign and domestic investors. The new law addresses changes in various laws including: Business Organization; Foreign Investments; Cinematography; Assessment of Impact in the Environment; Construction; and Administrative Taxes.

The purpose of these changes is to provide the same working conditions to foreign companies operating in Montenegro and to companies with domestic capital. For example, with the Law on the Environment the deadlines for issuing different permits were reduced in order to speed up procedures and also to help businesses meet their obligations more quickly. Another example is the Law on Cinematography in which a cinematography tax was reduced since it represented a business barrier. This was a particularly significant change as some businesses are also obliged to pay a certain percentage of their annual income to help develop cinematography in Montenegro. The amount of money was considerable and the abolishment of this tax represents a huge relief for Montenegrin businesses.

The Bankruptcy Law, adopted in January 2011, mandates that debtors are designated as insolvent if they cannot meet financial obligations within 45 days from the date of maturity of any debt obligations. At the end of April 2004, Parliament adopted the Foreign Trade Law. The law decreases barriers for doing business and executing foreign trade transactions and is in accordance with WTO standards. However, the law still provides scope for restrictive measures and discretionary government interference.
The new Labor Law was adopted in November 2011. It defines a single collective agreement for both public and private sectors, maintains the existing level of severance payments (i.e. the average of the past six months' salaries), and retains the current 365 days of allowed maternity leave. Besides the Labor Law, the question of labor-based relations is also defined in the General Collective Agreement, Branch-level Collective Agreements, and with individual labor agreements between employer and employee.

A new Concession Law was adopted in February 2009 and creates favorable conditions for obtaining and utilizing concession licenses. The law also regulates the conditions and procedures for obtaining a concession to exploit natural resources, use property in the public domain, and/or conduct activities of general interest. The Concession Law is fundamental to support the public-private partnership process through which a number of future projects will be realized in Montenegro.

In January 2012 Montenegro began to implement the new Law on Excise Taxes. The law was adopted in order to bring Montenegro into compliance with European excise standards. The new law increases duties on cigarettes and alcoholic beverages. Beginning in April 2012 higher duties will also be placed on coffee and sodas.

Performance Requirements and Incentives

The government does not impose any performance requirements as a condition for establishing, maintaining, or expanding an investment. Limited incentives are offered to foreign investors; for example, the government offers duty exemptions for imported equipment.

Right to Private Ownership and Establishment

In Montenegro, a foreign investor, foreign company, or foreign individual may acquire property. The Foreign Investment Law specifically permits foreign investors to purchase real estate through a contract. This right is explicitly reinforced by the Law on Property and Law on Relations. The Act states that foreign persons and companies can, based on reciprocity, acquire rights to real estate, such as company facilities, places of business, apartments, living spaces, and land for construction. Additionally, foreign persons can claim property rights to real estate by inheritance in the same manner as a domestic citizen.

Protection of Property Rights

Mortgages/Secured Transactions

In July 2002, Montenegro enacted the Law on Secured Transactions and established a collateral registry at the Commercial Court in May 2003. The registry's operational
guidelines have been drafted and approved by the Commercial Court. The main goal of the Law on Secured Transactions is to establish a clear and transparent framework. In August 2004, Montenegro adopted a new Law on Mortgages by which immovable property may be encumbered by a security interest (mortgage) to secure a claim for the benefit of a creditor who is authorized, in the manner prescribed by the law, to demand satisfaction of his claim by foreclosing the mortgaged property with priority over creditors who do not have a mortgage created on that particular property, as well as over any subsequently registered mortgage, regardless of a change in the owner of the encumbered immovable property.

**Intellectual Property Rights**

The acquisition and disposition of intellectual property rights are protected by the Law on the Enforcement of Intellectual Property Rights, which entered into force on January 1, 2006. The law provides for fines for legal entities of up to 30,000 euro for selling pirated and/or counterfeited goods. It also provides ex officio authority for market inspectors in the areas mentioned above. In April 2005, the Montenegrin Parliament adopted the Regulation on (TRIPs) Border Measures that provides powers to the custom authorities to suspend the customs procedure and seize pirated and counterfeit goods.

Montenegro's Penal Code acknowledges infringement of all intellectual property rights, allows ex officio prosecution, and provides for stricter criminal penalties. The Law on Optical Disks was adopted in December 2006; it requires the registration of business activity when reproducing optical disks for commercial purposes and provides for surveillance of optical disk imports and exports, and imports and exports of polycarbonates. The Montenegrin Intellectual Property Office is an authority within the state administration system of Montenegro which is competent for the activities related to the industrial property rights and receipt and filing authors and related rights. The Intellectual Property Office is established under the Regulation on organization and manner of work of the state administration, dated May 11, 2007 (“Official Gazette of the Republic of Montenegro”, No. 25/07) and officially started working on May 28, 2008.

A regulation on the recognition of intellectual property rights was adopted in September 2007. Under this regulation, any rights registered with the Union Intellectual Property Office or with the Serbian Intellectual Property Office and any pending applications filed with these Offices before May 28, 2008 are enforceable in Montenegro. Any IPR application submitted after that date in Serbia will have to be re-submitted in Montenegro within six months, in order to retain its acquired priority.

IPR market inspectors, police officers, customs officers, and employees of the Ministry of Economy attended a number of training seminars on intellectual property protection and counterfeiting, including an IPR enforcement workshop hosted by the American Chamber of Commerce. At the end of 2007, the Customs Administration signed a Letter of Intent for Acceptance of SECURE Standards (standards to be employed by customs for uniform rights enforcement), adopted by the World Customs Organization (WCO) with a view to more efficient protection of intellectual property rights by customs authorities.
In order to further improve situation with the intellectual property protection AmCham Montenegro established an IPR Committee in April 2009. The main goal of the Committee is to work closely with the Montenegrin institutions which are dealing with PR, to increase public awareness of the importance of intellectual property protection, and to help the GoM strengthen its administrative capacities in this field.

Montenegro is not on the Special 301 Watch List. However, the sale of pirated optical media (DVDs, CDs, software) as well as counterfeit trademarked goods, particularly sneakers and clothing, is widespread. Enforcement is slowly improving as customs, police, and judicial authorities obtain the necessary tools, but institutional capacity and public awareness is still limited.

**International Agreements**

The former State Union of Serbia and Montenegro ratified many conventions and agreements. It should be noted that in its Declaration of Independence Montenegro stated: "The Republic of Montenegro will apply and assume international agreements and treaties which were concluded by the State Union and which are in accordance with the Montenegrin judicial system."

The following conventions and agreements in the field of intellectual property have been signed and continued with implementation after independence:

- Convention Establishing the World Intellectual Property Organization (1967) [member since October 1, 1973];

- Paris Convention for the Protection of Industrial Property (1883) [member since February 26, 1921];

- Berne Convention for the Protection of Literary and Artistic Works (1886) [member since June 17, 1930];

- Madrid Agreement Concerning the International Registration of Trademarks (1891) [member since February 26, 1921];

- Protocol relating to the Madrid Agreement Concerning the International Registration of Trademarks [member since February 19, 1997];

- Patent Cooperation Treaty (1970) [member since February 1, 1997];

- Hague Agreement Concerning the International Deposit of Industrial Designs (1925) [member since December 30, 1993];

- Universal Copyright Convention (1952) [member since 1966];
• Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Trademarks (1957) [member since August 30, 1966];

• Locarno Agreement Establishing an International Classification for Industrial Designs (1968) [member since October 16, 1973];

• Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite (1974) [member since August 25, 1979];

• Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977) [member since February 25, 1994];

• Trademark Law Treaty (1994) [member since September 15, 1998];

• Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958) [member since June 1, 1999];

• Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891) [member since May 18, 2000];

• Nairobi Treaty on the Protection of the Olympic Symbol (1981) [member since March 18, 2000];

• Treaty on Intellectual Property with Respect to Integrated Circuits (1989) (signed, not ratified);

• International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations [member since December 20, 2002];

• Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms [member since December 20, 2002];

• WIPO Copyright Treaty [member since December 20, 2002];

• WIPO Performances and Phonograms Treaty [member since December 20, 2002]

**WTO Membership**

On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO). Accession to the WTO is expected to make a positive and lasting contribution to the process of economic reform and sustainable development in Montenegro. A large part of Montenegro's trade is already with the EU, but the further
mutual opening of markets and abolishment of restrictions to market access for goods and services will benefit entrepreneurs on both sides and stimulate investment.

**Transparency of Regulatory System**

The Montenegrin Law on Foreign Investment is based on the national treatment principle, and all proposed laws and regulations are published in draft form and open for public comments, generally for a 30-day period.

Foreign investors can establish a company and invest in it in the same manner and under the same conditions which apply to domestic persons. The same regulations are applied to both domestic and foreign investors, and there are no other regulations which might deprive a foreign investor of any rights or limit such rights. The Law of Foreign Investments is now fully harmonized with World Trade Organization rules.

On January 22, 2004, the Parliament of Montenegro established an Energy Regulatory Agency, which has authority over the electricity, gas, oil, and heating energy sectors. Its main tasks are the approval of pricing, development of a model for determining allowable business costs for energy sector entities, issuance of operating licenses for energy companies and for construction in the energy sector, and the monitoring of public tenders. The energy law prescribes that in those energy sectors where prices are affected by the monopoly positions of some participants, business costs will be set at levels approved by the Agency. In those areas deemed to function competitively, the market will determine prices.

The Agency for Telecommunications was founded by the Montenegrin government in 2001. It is an independent regulatory body whose primary purpose is to design and implement a regulatory framework and encourage private investment in the sector.

Montenegro launched reforms of the tax system and overall financial system in 2001 in order to: encourage domestic production and investments; make Montenegro more attractive to foreign investors; make locally produced goods more competitive in foreign markets; harmonize the tax system with EU directives and international standards; make the tax system simpler, more efficient, and easier to implement; and generate income for the state budget.

Key segments of the tax reform package include a value added tax (applied since April 1, 2003) which replaced the previous retail tax and use of a self-assessment principle under which tax liability was calculated by the taxpayer, while the related procedure was controlled by a tax authority. In addition, the tax administration has also been transformed, and some competencies related to the collection of local revenues have been delegated to the local government.

The tax system in Montenegro is comprised of the following tax laws:

- Corporate Profit Tax (effective from January 1, 2002)
- Personal Income Tax (effective from January 1, 2007)
- Property Tax (effective from January 1, 2003)
- Excise Tax (effective from April 1, 2002)
- Value Added Tax (VAT) (effective from April 1, 2003)

The Corporate Tax Law proscribed a proportional tax rate of nine percent. The corporate income taxpayer is defined as a resident or non-resident legal person performing an activity for profit. A limited partnership is also subject to corporate income tax.

The new Law of Personal Income Tax entered into force on January 1, 2007. This law proscribes a flat tax rate of 15 percent on personal income; on January 1, 2009 this rate was reduced to 12 percent, and was further reduced in 2010 to nine percent. A personal income taxpayer is defined as a resident or non-resident natural person who earned income from sources determined under the law. When two or more natural persons jointly earn income, a taxpayer is any of these persons in proportion with the sharing of such income.

The Value Added Tax rate is 17 percent, slightly below the average for EU member states. Amendments to the law have reduced the tax rate from 17 percent to seven percent on accommodation services in tourism, on medicines which are not on a list designated by the Health Fund, and on communal services, transport services, and authorial services (such as copyrights and services in the area of education, literature, and art). The reduction of the VAT for tourist services has helped foster the growth of that sector. A zero VAT rate is applied on export transactions and on delivery of medicines and medical devices which are funded by the Health Insurance Fund.

The law also provides for several types of exemptions: for services of public interest (public postal services, health services, social security services, pre-school education services, sport, religious and other public services); import of goods (products brought into Montenegro with transit customs procedure, services relating to import of goods etc.); temporary import of goods (products imported on a temporary basis provided that they are exempt from customs duty according to customs regulations), and special exemptions (import of goods to be inspected by the customs authority; products that enter free customs zone or free customs warehouse; and products under customs storage procedure or under import procedure for export on the basis of delay).

The tax period for the VAT is defined as a calendar month, and taxpayers are obliged to file monthly VAT returns. These returns are filed by the 15th of each month following the month for which a tax liability is paid. The VAT on imports is paid concurrently with the customs duty payment.
Efficient Capital Markets and Portfolio Investment

The banking sector in Montenegro is completely privatized. There are eleven banks operating in the country, and all of them are in private ownership; three are locally owned while the others are part of international banks.

At the end of third quarter of 2011, the total assets of eleven Montenegrin banks amounted to 2.9 billion euro, and total deposits amounted to 1.8 billion euro. The published data from the Montenegro Banks Association illustrates that only three out of 11 banks in Montenegro showed operating profits, while the other eight incurred 34 million euro in total losses. One of the main risks to financial stability is a growing illiquidity of the economy created by non-performing assets. According to Central Bank data, non – performing assets at the end of the year are down to 19 percent of the total assets base which is a reduction from 25 percent in August 2011.

A new set of laws has been adopted and some of the existing laws have been amended to improve regulation of the banking sector, provide a higher level of depositor safety and increase trust in the banking sector itself.

The Law on the Protection of Deposits has been adopted in order to bring local legislation on protecting deposits up to European standards. In accordance with the law, a fund for protecting deposits has been established. Deposits are guaranteed up to the value of 20,000 euro. In 2012 the amount will increase to 30,000 euro and in 2013 the amount guaranteed by the fund will increase to 50,000 euro. With this, guaranteed deposits for individuals in Montenegro will be at the same level as other countries in the European Union.

The Euro has been officially in use in Montenegro since March 31, 2002. Montenegro is one of a few countries that do not belong to the Euro zone but use the Euro as its official currency, without any formal agreements. Use of the Euro defines the role of the Central Bank; since its authority is limited, it has focused on control of the banking system, and maintenance of the payment system. It acts as the state fiscal agent and monitors monetary policy.

Capital Markets

The capital market in Montenegro achieved the highest growth in the process of mass voucher privatization. After completing this process in 2002, the capital market developed rapidly and become the most developed in the region. In 2007 it achieved a turnover of 4.8 billion euro or 213 percent of GDP. In 2009 there was a significant turnaround and further increased value of the stock exchange, increasing the number of transactions and turnover. The most important reason for the market’s revival was the sale of shares in the Montenegrin Electricity Enterprise.
A downward trend in volume and in market value, as has already been evident for the last few years, continued during the first nine months of 2011. The fall in the volume of trade in the capital market during the first nine months of 2011 was primarily a result of reduced levels of bond trading (84 percent) and a decrease in investment. This, in turn, reduced growth levels in stock by 69 percent compared with the same period last year.

During the first nine months of 2011, the total volume of trade carried out on the Montenegrin stock exchange amounted to 41 million euro, which was three percent less than the volume of trade that was seen on the previous two stock exchanges during the first nine months of the previous year. During first nine months of 2011, a total number of 10,552 transactions were completed, which was 32 percent less than during the same period last year.

Three types of security were traded: company shares, privatization-investment fund shares and bonds which included government bonds. During the first nine months of 2011, the greatest turnover was recorded in the area of company shares (89 percent), followed by investment funds (six percent). The total turnover of bonds amounted to five percent.

**Stock Exchange Indices**

The new stock exchange uses two indices: MONEXS20 and MONEXSPIF. These indices were developed from the former Montenegrin stock market indices.

**MONEX20** - The value of the Montenegro Security Exchange, MONEX20, upon which MSE’s 20 most liquid companies are traded, showed a downward trend from the beginning of 2011. The highest value that was reached by MONEX20 during the first nine months of 2011 was recorded on January 24th at a level of 15,724 points, and the lowest value was recorded on September 5th at a level of 10,224 points. Variations in the value of the index have influenced all of the changes that are demonstrated by the shares that are represented in this index, particularly those belonging to the Electric Power Company, to the Aluminum Plant and to Telekom Montenegro.

**MONEXSPIF** - The value of this index showed significant fluctuations including considerable growth and also considerable dips during the first nine months of 2011. It reached its highest level on February 15th with a total of 6,673 points. It reached its lowest point on September 12th with a recorded value of 4,624 points. The index value was influenced in such a way that a similar trend was evident in all of the six privatization investment funds.

**Competition from State-Owned Enterprises (SOEs)**

Private enterprises in Montenegro are able to compete with public enterprises under the same terms and conditions with respect to access to markets, credit and other business operations.
The Government of Montenegro is the main institution responsible for the privatization process. In order to manage, control and supply the privatization process implementation as well as to propose and coordinate all activities necessary for the capital projects application in Montenegro Privatization and Capital Projects Council has been formed. Prime Minister of Montenegro, Igor Luksic is the president of the Privatisation and Capital Projects Council. The responsibility of this council is defined by the Law on Economic Privatization. The Privatization Council announces each year the plan for privatization which defines which companies will be privatized and the methods for their privatization.

The privatization process in Montenegro is in its final phase. The majority of companies that have not yet been privatized are of strategic importance to the Montenegrin economy in such fields as energy, transport, and tourism. Further privatization of state-owned companies should contribute to achieving better economic performance, increase the competitiveness of the country and enable the Government of Montenegro to generate higher revenues which will enhance capital investments and reduce debts.

From the beginning of the privatization process in 1999 through the end of September 2011, nearly 90 percent of the capital in Montenegrin companies had been privatized. The most important state-owned companies include the Port of Bar, Montenegro Railways, Montenegro Airlines, Airports of Montenegro, and the Plantaze Vineyard. All of these companies are registered as joint-stock companies, with the Government of Montenegro appointing one or more representatives to each Board based on the ownership structure.

More information about Council and Privatization plan for 2012 is will available on the Council’s website upon it adoption: www.savjetzaprivatizaciju.me/en

Corporate Social Responsibility

An awareness of corporate social responsibility exists among Montenegrin enterprises and entrepreneurs. CSR programs are strongest in large, privately-owned Montenegrin and foreign firms, but small firms do engage in some CSR activities. A survey conducted by UNDP showed that large private companies are, indeed, more engaged in CSR activities, whereas small companies cited the lack of knowledge about CSR and the lack of support and interest from clients as the main reasons for not participating.

Political Violence

Montenegro has been led by democratically-elected governments since 1991. The current government strongly supports Montenegro's integration into the European Union and NATO, as well as implementing the reforms necessary to achieve these goals.
There is no sustained anti-American sentiment among the general public despite some residual resentment stemming from the 1999 NATO bombing. Montenegro and the United States share most policy goals and cooperate productively in many areas. There is broad support for a strengthening of ties with the United States, especially in the economic and commercial sphere.

**Corruption**

As is the case with many countries in transition and in the region, corruption is a significant issue in Montenegro. Corruption routinely places high on the list of citizens' concerns in opinion polls.

Montenegro scored 4.0 in Transparency International's Corruption Perceptions Index 2011, which is a slight improvement compared to last year’s index which was at 3.7, and placed it 66th out of 180 countries in the report. Compared to other regional countries, Montenegro and Croatia share the same position, while Serbia, Bosnia and Herzegovina and Kosovo are behind. The government’s goal of integrating with European and Euro-Atlantic institutions has spurred efforts to counter corruption.

In 2005, the government adopted an official Program for the Fight against Corruption and Organized Crime, and then created an Action Plan to implement the Program the following year. In 2007, the GoM established a National Commission to monitor the implementation of the Action Plan. Deputy Prime Minister and Minister of Justice Dusko Markovic currently head of the Commission.

A legal framework to help combat corruption and organized crime has been in force since the August 2006 adoption of the Law on Witness Protection. Montenegro is also preparing a criminal intelligence system, and has been a full member of the International Criminal Police Organization-Interpol since September 2006.

In the past two years, some progress on combating corruption has been achieved through the passage of important legislation on public procurement, the treasury and budget system, and the courts. Nevertheless, there have been few high-profile corruption prosecutions. In December 2011 the European Council decided that Montenegro could start EU accession talks in June 2012 if Montenegro shows continued progress in implementing reforms, especially in the area of rule of law.

**Bilateral Investment Agreements**

In December 2006, Montenegro signed the Central European Free Trade Agreement (CEFTA) intended to eliminate all custom restrictions for industrial and agricultural products in member states by 2010. The Parliament ratified CEFTA on March 21, 2007, and it took effect in Montenegro (and simultaneously in Albania, Macedonia, Moldova, and Kosovo) on July 26, 2007. Bulgaria, the Czech Republic, Hungary, Poland,
Romania, Slovakia, and Slovenia were already parties to the Agreement. Montenegro was the rotating CEFTA Presidency during 2009.

On November 14, 2011 Montenegro signed a Free Trade Agreement with members of the European Free Trade Association (EFTA).

The United States does not have a Bilateral Investment Treaty (BIT) with Montenegro. It is possible that, given the presence of U.S. investors, Montenegro could be a BIT candidate in the future.

The U.S. restored Normal Trade Relations (Most-Favored Nation status) to Montenegro in December 2003. This provides improved access to the U.S. market for goods exported from Montenegro. The U.S. Government is reviewing Montenegro's request to be designated a beneficiary developing country under the U.S. Generalized System of Preferences (GSP) program, which would provide duty-free access to the U.S. market in various eligible categories.

Other free trade agreements:

- Free Trade Agreement with Russia. A free trade agreement with Russia, concluded in August 2000, provided for the gradual elimination of barriers to Montenegrin exports to Russia by 2005. The agreement stipulates that the importing country regulate the rules of origin, in accordance with WTO principles. The list of products not covered by the duty free agreement is updated annually, and it currently includes poultry, sugar, chocolate, alcoholic beverages, soap, cotton, carpets, wooden furniture, household appliances, and motor vehicles.

- Preferential Trade Agreement with the European Union. The EU has taken steps to stimulate the export of goods among countries in the region through the establishment of autonomous trade preferences (ATP), which provide duty-free entry for over 95 percent of goods. Exemptions include wine, meat, and steel. Products originating from Montenegro are generally admitted into the European Union without quantitative restrictions and are exempted from custom duties and charges. The products exempted from the free import regime are agricultural products, "baby beef" products, and textile products.

- Free Trade Agreement with Turkey. Montenegro and Turkey signed an asymmetric Free Trade Agreement in November 2008. While the list of industrial products covered is identical to that signed with the EU, the list of agricultural products is rather limited. The Montenegrin Parliament ratified the Agreement in July 2009, and ratification of the Parliament of Turkey is expected.

- EFTA countries (Switzerland, Norway, Iceland, and Liechtenstein). A Free Trade Agreement with the EFTA countries was signed on November 14, 2011. With a combined population of around 13 million, the EFTA states are the
world’s 11th largest merchandise trader, as well as significant actors in the areas of trade in services and foreign direct investment.

**OPIC and Other Investment Insurance Programs**

Montenegro, through the State Union of Serbia and Montenegro, became eligible for OPIC programs in July 2001. OPIC activities in Montenegro include: insurance for investors against political risk, expropriation of assets, damages due to political violence and currency convertibility; and insurance coverage for certain contracting, exporting, licensing and leasing transactions. OPIC also established the Southeast Europe Equity Investment Fund that is managed by Soros Management; the fund is capitalized at $150 million. For more information, please see: [http://www.opic.gov](http://www.opic.gov)

Montenegro became the member of the World Bank Group in January 2007 by signing the Articles of Agreement of the International Bank for Reconstruction and Development (IBRD). Montenegro is a member of the IBRD and has also joined the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

**Labor**

Montenegro's total labor force is comprised of approximately 251,300 people. According to data provided by the Employment Agency of Montenegro, the unemployment level at the end of third quarter was 11.5 percent. The average monthly salary, without taxes and contributions, was 483 euro ($630) in November 2011. This represents a rise of 0.8 percent in comparison with the average salary recorded in 2010. Average salaries, without taxes and contributions, ranged from 220 euro per month in the fishery sector to 846 euro per month in the financial mediation sector.

Over the past few years, employment in private companies has increased, and total employment in the social sector (including state-owned companies) has decreased. Major sectors generating employment in Montenegro are tourism, ports and shipping, and manufacturing.

Bringing Montenegro's labor market legislative framework into accordance with EU standards is one of the primary economic tasks of the GoM. The Labor Law defines a single collective agreement for both public and private sectors, maintains the existing level of severance payments, and retains the current 365 days maternity leave.

The Law on Peaceful Resolution of Labor Disputes was adopted in December 2007. It introduces out-of-court settlement of labor disputes for the first time in Montenegro. However, the agency required for implementation of the law still needs to be established.
The new Law on the Employment of Nonresidents took effect on January 1, 2009 and mandates the government to set a quota for nonresident workers in the country. Taxes for nonresident workers have been significantly decreased in order to help domestic companies that are having problems engaging domestic staff, particularly for short time and seasonal work. The level of tax, which pays to register the employee for health insurance, is now at a more appropriate level of 10 euro instead of the previous 80 euro which represented a significant burden to creation of new jobs. Substantial amendments to existing legislation and timely adoption of the necessary by-laws are needed to align legislation on workplace health and safety more closely with the EU. The administrative capacity of the Ministry of Labor and its inspection department are not yet strong enough, and the establishment of the workplace safety agency needs to be prioritized.

During the last quarter of 2010, changes were also made to the Law on Pensions and Invalid Care, primarily in the area of increasing the age of retirement to 67 years (both for men and women). This will happen gradually over a period of time until 2042. These changes are being made in order to eliminate problems that have occurred in the pension fund. The ratio between pensioners and active employees is very low and the whole system is endangered.

**Foreign-Trade Zones/Free Ports**

In June 2004, Montenegro passed a Free Trade Zone Law, which offers businesses benefits and exemptions from custom duties, taxes and other duties. The Port of Bar is currently the only free trade zone in Montenegro. All Free Zone users have at their disposal the use of infrastructure, port handling services, and all telecommunication services.

All regulations are in compliance with EU legal standards. Complete equality has been guaranteed to foreign investors in reference to ownership rights, organizing economic activities in the zone, complete free transfer of profit and deposit, and the security of investments.

Contact:

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Foreign Direct Investment Statistics

*Foreign Direct Investments worth more than 1 million USD made in the last five years*

**Austria**

Investing Company: Springer & Sons  
Country: Austria  
Investment: Acquisition of Hotel Panorama for USD 9.3 million

Investing Company: Hypo Group  
Country: Austria  
Investment: Greenfield investment in Hypo Alpe Adria Montenegro of USD 15 million

Investing Company: Platzer Leasing & Monte Mlin Sajo  
Country: Austria & Montenegro  
Investment: Acquisition of Hotel "Vila Oliva" for USD 3.5 million

Investing Company: UNIQA International Beteiligungs  
Country: Austria  
Investment: Greenfield investment in UNIQA Montenegro of USD 3.2 million

**Belgium**

Investing Company: Royal  
Country: Belgium  
Investment: Greenfield investment in Royal Montenegro of USD 147 million

**Canada**

Investing Company: PM Securities  
Country: Canada  
Investment: Acquisition of Arsenal for USD 4 million

**Croatia**

Investing Company: Agrokor  
Country: Croatia  
Investment: Portfolio investment in Stampa of USD 2.2 million

**Egypt**

Investing Company: Orascom Development  
Country: Egypt  
Investment: Greenfield investment on Lustica peninsula of USD 14.7 million
Investing Company: Egyptian investment fund  
Country: Egypt  
Investment: Greenfield investment of USD 73.5 million

England

Investing Company: Beppler & Jacobson  
Country: England  
Investment: Acquisition of Hotel Bianca and Bjelasica Ski center for USD 11.3 million

Investing Company: Beppler & Jacobson  
Country: England  
Investment: Acquisition of Hotel Avala for USD 15.2 million

France

Investing Company: Societe Generale  
Country: France  
Investment: Acquisition of 64.45 percent of Podgoricka Bank for USD 16.8 million

Investing Company: Alstom  
Country: France  
Investment: Expansion of Niksicka Tehno Baza of USD 7.35 million

Germany

Investing Company: Strabag AG  
Country: Germany  
Investment: Acquisition of Public Enterprise Crnagora put for USD 10.5 million

Greece

Investing Company: Hellenic Petroleum  
Country: Greece  
Investment: Acquisition of the 54.4 percent of Jugopetrol Kotor petroleum refinery for USD 120 million

Hungary

Investing Company: Matav (with Deutsche Telecom)  
Country: Hungary  
Investment: Acquisition of 51 percent of Telecom Montenegro for USD 142 million

Investing Company: OTP Bank  
Country: Hungary  
Investment: Acquisition of CKB bank for USD 134 million
Investing Company: Hungest Hotels
Country: Hungary
Investment: Acquisition of Hotel "Centar" and “Topla” for USD 1.8 million

Italy
Investing Company: Bolici Invest
Country: Italy
Investment: Greenfield investment in Hotel Bolici of USD 58.8 million

Investing Company: A2A
Country: Italy
Investment: Acquisition of the Electric Power Company of Montenegro (EPCG) of USD 282.3 million

Investing company: Terna
Country: Italy
Investment: Greenfield investment in submarine cable of USD 975 million

Japan
Investing Company: Daido
Country: Japan
Investment: Acquisition of ball bearing factory for USD 11.2 million

Luxembourg
Investing Company: CVC Capital Partners
Country: Luxembourg
Investment: Acquisition of Niksic Brewery for USD 25.2 million

Norway
Investing Company: Telenor
Country: Norway
Investment: Acquisition of Promonte mobile operator for USD 145 million

Russia
Investing Company: Rusal
Country: Russia
Investment: Acquisition of "KAP" aluminum plant for USD 58.2 million

Investing Company: Salomon Ent
Country: Russia
Investment: Acquisition of Bauxite Mine (Rudnici boksita AD Podgorica) for USD 12.5 million
Investing Company: Barkli SK  
Country: Russia  
Investment: Acquisition of Hotel "Otrant" for USD 2.5 million

Investing Company: Capital Estate  
Country: Russia  
Investment: Acquisition of Hotel "Grand Lido" for USD 10.8 million

Investing Company: Lukoil  
Country: Russia  
Investment: Portfolio investment in Roksped of USD 39 million

Slovenia

Investing Company: HIT Nova Gorica  
Country: Slovenia  
Investment: Acquisition of the Hotel Maestral for USD 48 million

Investing Company: LB Leasing Ljubljana  
Country: Slovenia  
Investment: Greenfield investment in LB Leasing Podgorica of USD 10.1 million

Investing Company: Petrol Bonus  
Country: Slovenia  
Investment: Acquisition of Montenegrobonus for USD 154.5 million (for six years)

Investing Company: Intereuropa  
Country: Slovenia  
Investment: Portfolio investment in Zetatrans for USD 12.3 million

Investing Company: HLT fund & Primorje Tivat  
Country: Slovenia & Montenegro  
Investment: Acquisition of Hotel "Centar Igalo" for USD 3.1 million

Investing Company: Mercator Group  
Country: Slovenia  
Investment: Portfolio investment in Mercator Mex of USD 8.8 million

Spain

Investing Company: Fersa  
Country: Spain  
Investment: Greenfield investment in the first windmill of USD 82 million

Singapore

Investing Company: Aman Resorts  
Country: Singapore  
Investment: Lease of HTP Budvanska Rivijera ("Sveti Stefan", "Milocer", "Kraljicina"
plaza") for USD 1.95 million per year for 30 years, following a first year payment of USD 2.1 million.

**Switzerland**

Investing Company: BT International  
Country: Switzerland  
Investment: Acquisition of "4. Novembar" Mojkovac for USD 6.3 million

**Slovakia**

Investing Company: Gradex HPB  
Country: Slovakia  
Investment: Acquisition of Rudnik coal mine for USD 12.7 million

**Serbia**

Investing Company: Telecom Serbia and Ogalar B.V.  
Country: Serbia and Holland  
Investment: Greenfield investment of USD 16 million  

Investing Company: Delta  
Country: Serbia  
Investment: Greenfield investment in Delta City shopping mall of USD 86.9 million

**Turkey**

Investing Company: Gintas Group  
Country: Turkey  
Investment: Greenfield investment in Mall of Montenegro of USD 58.8 million

**USA**

Investing Company: Morgan Invest  
Country: USA  
Investment: Portfolio Investment of Titex for USD 2.45 million

Investing Company: Becovic Management Group  
Country: USA  
Investment: Acquisition of Hotel "Mediteran" for USD 1 million
Chapter VII - Trade and Project Financing

- How Do I Get Paid (Methods of Payment)
- How Does the Banking System Operate
- Montenegro’s Banking System
- Foreign-Exchange Controls
- U.S. Banks and Local Correspondent Banks
- Project Financing
- Web Resources

How Do I Get Paid (Methods of Payment)

Large importers regularly receive goods under short-term (about three months) supplier credits. Longer term financing may be sought for larger purchases but could be difficult to obtain. The following instruments are used in Montenegro for payments abroad: remittances, documentary collections, checks, and letters of credit.

Currently there are no credit rating agencies operating in Montenegro.

How Does the Banking System Operate

The banking sector in Montenegro is completely privatized. There are eleven banks operating in the country, and all of them are in private ownership; three are locally owned while the others are part of international banks.

At the end of third quarter of 2011, the total assets of eleven Montenegrin banks amounted to 2.9 billion euro, and total deposits amounted to 1.8 billion euro. The published data from the Montenegro Banks Association illustrates that only three out of 11 banks in Montenegro showed operating profits, while the other eight incurred 34 million euro in total losses. One of the main risks to financial stability is a growing illiquidity of the economy created by non-performing assets. According to Central Bank data, non-performing assets at the end of the year are down to 19 percent of the total assets base which is a reduction from 25 percent in August 2011.

A new set of laws has been adopted and some of the existing laws have been amended to improve regulation of the banking sector, provide a higher level of depositor safety and increase trust in the banking sector itself.
The Law on the Protection of Deposits has been adopted in order to bring local legislation on protecting deposits up to European standards. In accordance with the law, a fund for protecting deposits has been established. Deposits are guaranteed up to the value of 20,000 euro. In 2012 the amount is increased to 30,000 euro and in 2013 the amount guaranteed by the fund will increase to 50,000 euro. With this, guaranteed deposits for individuals in Montenegro will be at the same level as other countries in the European Union.

The level of legal reserve in 2002 was 100 percent, but it has been decreasing parallel to the improvement of the performance and stability of the banking sector. The recently adopted new decision on legal reserves prescribes different reserve ratios: 19 percent for regular deposits and term deposits with maturity of less than 90 days; and five percent for term deposits with maturity of more than 90 days but less than one year. The banks may use up to 50 percent of reserve requirement deposits without interest to maintain their daily liquidity if they return the used amount on the same day.

There have also been important reforms in the payment system. Montenegro has a decentralized payment system that is completely transferred to the banks operating in Montenegro.

**Montenegro's Banking System**

The Euro has been officially in use in Montenegro since March 31, 2002. Montenegro is one of a few countries that do not belong to the Euro zone but use the Euro as its official currency, without any formal agreements. Use of the Euro defines the role of the Central Bank; since its authority is limited, it has focused on control of the banking system, and maintenance of the payment system. It acts as the state fiscal agent and monitors monetary policy.

The Central Bank also regulates the process of bank establishment. A bank is founded as a joint-stock company and acquires the status of a legal entity by registering in the court register. An application for registration in the court register is submitted within 60 days of the date of the bank licensing.

There are eleven banks operating in Montenegro: Podgoricka Bank - Societe Generale, France (www.pgbanka.com); Mortgage Bank (www.hipotekarnabanka.com); Montenegrin Commercial Bank - OTP Hungary (www.ckb.co.me); NLB Montenegro Bank - Nova Ljubljanska bank, Slovenia (www.nlb.me); Erste Bank (www.erstebank.me); Hypo Alpe Adria Bank (www.hypo-able-adria.co.me); Atlasmont bank (www.atlasmontbanka.com); First Financial bank (www.ffbank.org) Invest Bank Montenegro (www.invest-banka.com); Prva Banka (www.prvabankacg.com); and Commercial Bank Budva (www.kombankbd.com). The banking system is 100 percent privately owned.
During the last couple of years, Montenegro has experienced a stabilization of the banking sector, the gradual development of the capital market, thereby restoring consumer confidence in banks. Foreign banks entered the Montenegrin market, competition increased, electronic banking was introduced, savings increased, and customer credits were allowed. Depending on the type of credit and the time period, interest rates in Montenegro range from eight percent to 20 percent, annually.

**Foreign-Exchange Controls**

Montenegro adopted the Euro in 2002 as its official currency. Consequently, the Central Bank of Montenegro has no monetary policy tools to influence the Euro. There are no currency or payment restrictions related to use of the Euro in Montenegro.

**U.S. Banks and Local Correspondent Banks**

There are no affiliates of U.S. Banks in Montenegro. Several banks in Montenegro (currently CKB, Erste bank, NLB, Podgoricka bank, Atlasmont bank, Mortgage bank and Hypo Alpe Adria Bank) have a correspondent relationship with U.S. banks.

**Project Financing**

**European Bank for Reconstruction & Development (EBRD)**

The EBRD officially opened an office in Montenegro in June 2007. The EBRD, southeastern Europe's largest institutional financial investor, has been active in Montenegro as part of the former Union of Serbia and Montenegro since 2001, and following the country’s independence on June 3, 2006, all EBRD shareholders accepted Montenegro as a shareholder and country of operations.

EBRD provides technical assistance and investment as the government continues its implementation of reforms to improve the country’s business climate. EBRD's office also works to support the development of the local private sector and to bring about sustainable modernization of key infrastructure areas, such as energy, roads and railways, as well as municipal infrastructure.

Contact:

EBRD office in Montenegro
Serdara Jola Piletica bb
Phone: +382 20 237 172
Fax: +382 20 237 195
Overseas Private Investment Corporation (OPIC):

OPIC is a self-sustaining U.S. Government agency, which promotes growth in developing countries by encouraging U.S. private investment. OPIC’s key programs are its loan guarantees, direct loans and political risk insurance. Montenegro, through the state union of Serbia and Montenegro, became eligible for OPIC programs in July 2001. OPIC also established the Southeast Europe Equity Investment Fund that is managed by Soros Management. This fund is capitalized at $150 million. The fund has not concluded any deals in Montenegro so far.

Contact:

OPIC
1100 New York Ave, N.W.
Washington, D.C. 20572
Tel: (202) 336-9700
Fax: (202) 408-5155
Web site: http://www.opic.gov/

Trade & Development Agency (TDA)

TDA is an independent U.S. government agency which promotes U.S. exports for major development projects. TDA funds feasibility studies, consultants, training programs and other project planning services related to U.S. exports. Contracts funded by TDA grants must be awarded to U.S. companies. U.S. involvement in project planning helps position potential U.S. suppliers at the project implementation stage.

TDA in May 2006 awarded a grant to the Ministry of Environmental and Physical Planning (now the Ministry of Tourism and Environmental Protection) for the creation of a revolving investment fund for water projects. The value of the grant was $463,950. Beyond this, TDA has been active in Montenegro working on evaluations of potential projects in the energy, transportation, and telecommunications (IT) sectors.

Contact:
TDA
Washington, D.C. 20523-1602
Tel: (703) 875-4357
Fax: (703) 875-4009
Web site: http://www.tda.gov/
Web Resources

Central Bank of Montenegro  http://www.cb-cg.org
OPIC  http://www.opic.gov
Trade and Development Agency  http://www.tda.gov
Chapter VIII – Business travel

- Business Customs
- Travel Advisory
- Visa Information

Business Customs

The Government of Montenegro has undertaken a program of overall economic reforms. Economic liberalization, privatization, legislative and fiscal reform along with various programs intended to develop small and medium enterprises should help transform the Montenegrin economy into an entrepreneurial, market oriented system. Changes in the existing economic structure and the adoption of international standards are perceived as key factors in the process of accepting Montenegro into the international community.

The legislative environment has been significantly changed as more than 20 crucial business laws have been adopted in the past seven years. The goal was to remove barriers for doing business in Montenegro and to attract foreign investors.

Business managers in Montenegro are generally familiar with western - style market economy philosophy, customs and business practices. Management is typically concentrated at the level of the managing director who is the key decision-maker. Business relationships in Montenegro traditionally have been founded on trust, with significant time and energy invested in developing relationships among the parties.

Travel Advisory


Visa Information

In accordance with the Decision on the Abolishment of Visas for Entry and Stay in Montenegro (02/2003), it is possible for the citizens of the following countries to enter and stay up to 90 days, with any type of passport: Germany, France, Italy, Netherlands, Belgium, Luxembourg, Great Britain, Ireland, Spain, Portugal, Greece, Denmark, Sweden, Finland, Austria, Switzerland, Norway, Iceland, Monaco, Liechtenstein,
Vatican, Andorra, San Marino, Israel, Cyprus, Malta, Czech Republic, Slovakia, Poland, Slovenia, Lithuania, Latvia, Estonia, Croatia, United States of America, Canada, Singapore, Republic of Korea, Australia, and New Zealand.

The citizens of Albania and Ukraine may enter and stay on Montenegrin territory for tourist visits up to 30 days with any type of passport.

The citizens of Serbia, Bosnia and Herzegovina, Slovenia, Croatia, and Macedonia may enter and stay up to 30 days on Montenegrin territory with a personal ID card, along with a tourist pass issued at border crossings.

Montenegro and Russia signed an agreement abolishing the visa regime between the two countries in September 2008.

According to the Ministry of Foreign Affairs, citizens of European Union member states (Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Finland, Sweden, Great Britain, the Czech Republic, Lithuania, Latvia, Hungary, Malta, Slovakia, Slovenia, Estonia, Cyprus and Poland) can enter and stay in Montenegro with their identity cards.

The citizens of other countries need visas except in cases of having special bilateral agreements regarding visas. However, according to previous announcements, it is possible to issue a visa or a tourist pass at Montenegrin border crossings, but only in cases of direct entrance onto Montenegrin territory.

The U.S. Embassy in Podgorica is now able to process nonimmigrant visas. However, the in the U.S. Embassy in Belgrade will continue to process immigrant visa applications for citizens and residents of Montenegro.

More information is available on http://podgorica.usembassy.gov/nonimmigrant_visas.html

Other useful links:

American Embassy Belgrade, Consular Section:  http://belgrade.usembassy.gov/consular/index.html
State Department Visa Website:  http://travel.state.gov/visa/index.html
United States Visas.gov:  http://www.unitedstatesvisas.gov/
Chapter IX: Contacts, Market Research and Trade Events

Contacts

Montenegrin Authorities:

PRESIDENT OF MONTENEGRO
Mr. Filip Vujanovic, President
81000 Podgorica, Bulevar Sv. Petra Cetinjskog 3
Phone: (+382 20) 241 410; 242 388; Fax: (+382 20) 246 894
www.predsjednik.me

PRESIDENT OF THE PARLIAMENT OF MONTENEGRO
Mr. Ranko Krivokapic, President
81000 Podgorica, Bulevar Sv. Petra Cetinjskog 10
Phone: (+382 20) 242 182; Fax: (+382 20) 242 192
www.skupstina.me

PRIME MINISTER
Mr. Igor Luksic, Prime Minister
81000 Podgorica, Karadjordjeva bb
Phone: (+382 20) 242 530; Fax: (+382 20) 242 329
www.gov.me

DEPUTY PRIME MINISTER FOR POLITICAL SYSTEM, FOREIGN AND INTERNAL POLICY
Mr. Dusko Markovic, Deputy Prime Minister
81000 Podgorica, Karadjordjeva bb
Phone: (+382 20) 482 819; Fax: (+382 20) 482 924
http://www.predsipol.gov.me/potpredsjednik

DEPUTY PRIME MINISTER FOR ECONOMIC POLICY AND FINANCIAL SYSTEM
Mr. Vujica Lazovic, Deputy Prime Minister
81000 Podgorica, Karadjordjeva bb
Phone: (+382 20) 482 828; Fax: (+382 20) 482 926
http://www.potpredsjednikekon.gov.me/potpredsjednik
MINISTRY OF JUSTICE
Mr. Dusko Markovic, Minister
81000 Podgorica, Vuka Karadzica 3
Phone: (+382 20) 407 501; Fax: (+382 20) 407 515
www.mpa.gov.me

MINISTRY OF FINANCE
Mr. Milorad Katnic, Minister
81000 Podgorica Stanka Dragojevica br. 2
Phone: (+382 20) 242 835; Fax: (+382 20) 224 450
www.mf.gov.me

MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION
Mr. Milan Rocen, Minister
81000 Podgorica Stanka Dragojevica 2
Phone: (+382 20) 246 353; 201 530 Fax: (+382 20) 224 670
www.mip.gov.me

MINISTRY OF CULTURE
Mr. Branimir Micunovic, Minister
86000 Budva, Ulica Njegoseva
Phone:(+382 41) 232 571; Fax: (+382 41) 232 572
www.mk.gov.me

MINISTRY OF ECONOMY
Mr. Vladimir Kavaric, Minister
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 482 119; Fax: (+382 20) 234 027
www.mek.gov.me

MINISTRY OF EDUCATION AND SPORTS
Mr. Slavoljub Stijepovic, Minister
81000 Podgorica, Vaka Djurovica
Phone: (+382 20) 410 100; Fax: (+382 20) 410 101
www.mps.gov.me

MINISTRY OF THE INTERIOR
Mr. Ivan Brajovic, Minister
81000 Podgorica, Bul. Svetog Petra Cetinjskog 22
Phone: (+382 20) 241 252, 241 590; Fax: (+382 20) 246 779
www.mup.gov.me
MINISTRY OF HEALTH
Mr. Miodrag Radunovic, Minister
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 242 276; Fax: (+382 20) 242 726
www.mzd.gov.me

MINISTRY OF INFORMATION SOCIATY AND TELECOMMUNICATION
Mr. Vujica Lazovic, Minister
81000 Podgorica, Rimski trg 45
Phone: (+382 20) 241 412, Fax: (+382 20) 241 790
www.mid.gov.me

MINISTRY FOR HUMAN AND MINORITY RIGHTS
Minister: To be appointed
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 482 129; Fax: (+382 20) 234 198
www.mmp.gov.me

MINISTRY OF TRANSPORT AND MARITIME AFFAIRS
Mr. Andrija Lompar, Minister
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 234 179; Fax: (+382 20) 234 331
www.msp.gov.me

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
Mr. Tarzan Milosevic, Minister
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 482 109; Fax: (+382 20) 234 306
www.mpr.gov.me

MINISTRY OF SUSTAINABLE DEVELOPMENT AND TOURISM
Mr. Predrag Sekulic, Minister
81000 Podgorica, IV Proleterske brigade 19
Phone: (+382 20) 446 200; Fax: (+382 20) 446 215
www.mrt.gov.me

MINISTRY OF LABOR AND SOCIAL WELFARE
Mr. Suad Nimanovic, Minister
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 482 148; Fax: (+382 20) 234 227
www.mrs.gov.me
MINISTRY OF DEFENSE
Minister: To be appointed
81000 Podgorica, Jovana Tomasevica 29
Phone: (+382 20) 224 042; Fax: (+382 20) 224 702
www.mod.gov.me

MINISTRY OF SCIENCE
Mrs. Sanja Vlahovic, Minister
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 482 148; Fax: (+382 20) 234 227
www.mna.gov.me

Financial Institutions:

CENTRAL BANK OF MONTENEGRO
Mr. Radoje Zugic, Governor
81000 Podgorica, ul Svetog Petra Cetinjskog 7
Phone: (+382 20) 224 488 Fax: (+382 20) 224 298
www.cb-mn.org

THE SECURITIES COMMISSION OF THE REPUBLIC OF MONTENEGRO
Mr. Zoran Djikanovic, President
81000 Podgorica, Novaka Miloseva bb
Phone: (+382 20) 231 525; Fax: (+382 20) 231 526
www.scmn.me

MONTENEGRO STOCK EXCHANGE
Mrs. Dejana Suskavcevic, Director
81000 Podgorica, Moskovska 77
Phone: (+382 20) 244 422
www.montenegroberza.com/

Agencies:

MONTENEGRIN INVESTMENT PROMOTION AGENCY
Mr. Petar Ivanovic, Director
81000 Podgorica, Atinska 36
Phone: (+382 20) 203 140;
Fax: (+382 20) 203 141
www.mipa.co.me
ENERGY REGULATORY AGENCY
Mr. Dragoljub Draskovic, Director
Bulevar Svetog Petra Cetinskih 96
81000 Podgorica
Phone: (+382 20) 201 360
Fax: (+382 20) 201 365
www.regagen.co.me

AGENCY FOR TELECOMMUNICATION AND POSTAL SERVICES
Mr. Zoran Sekulic, Executive Director
Bulevar revolucije, 81000 Podgorica
Phone: (+382 20) 241 786
Fax: (+382 20) 241 805
www.ekip.me

STATISTICAL OFFICE OF MONTENEGRO
Mrs. Gordana Radojevic, Director
81000 Podgorica, Cetvrte Proleterske 2
Phone: (+382 20) 230 811; Fax: (+382 20) 230 814
www.monstat.org

COMMERCIAL COURTS
Podgorica, Cetvrte Proleterska 2
Bijelo Polje, M. Kucevica n.n.
Free zones:

AD Luka Bar (Port of Bar Holding Co.) - Free Zone Department
85000 Bar, Obala 13.jula bb
Phone: (+382 30) 312 666

Business Associations and Chamber of Commerce:

AMERICAN CHAMBER OF COMMERCE
Mr. Edin Seferovic, Executive Director
Kralja Nikole 27a/4, 81000 Podgorica
Phone: +382 20 621 628
www.amcham.me

U.S. – MNE BUSINESS COUNCIL
Ms. Svetlana Vukcevic, Executive Director
Jovana Tomasevica 2, 81000 Podgorica
Phone: +382 20 245 564
www.usmnnbc.org
CHAMBER OF COMMERCE AND INDUSTRY OF MONTENEGRO
Mr. Velimir Mijuskovic, President
Novaka Miloseva 29, 81000 Podgorica
Phone: (+382 20) 230 545 / 230 545; Fax: (+382 20) 230 493
www.pkcg.org

MONTENEGRO BUSINESS ALLIANCE
Mr. Slobodan Radovic, President
Kralja Nikole 27a/4, 81000 Podgorica
Phone: (+382 20) 622 728; Fax: (+382 20) 622 738
www.visit-mba.org

UNION OF EMPLOYERS
Mr. Predrag Mitrovic, President
Marka Miljanova 46a/25, 81000 Podgorica
Phone: (+382 20) 210 555; Fax: (+382 20) 210 556
www.poslodavci.org

Embassy of the United States of America:
Mr. Drew Tanzman, Economic Officer
Ms. Marina Milic, Economic Assistant

81000 Podgorica, Dzona Dzeksona 2
Phone: (+382 20) 410 500;
Fax: (+382 20) 241 358
http://podgorica.usembassy.gov

Market Research

To view market research reports produced by the U.S. Commercial Service, please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.
Trade Events

Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents.html