

## KEY FACTS

**Official name:** Republika Crna Gora (Republic of Montenegro) (ROM)

**Head of State:** President Filip Vujanovic (from 2002, re-elected 6 Apr 2008 and 7 Apr 2013)

**Head of government:** Prime Minister Milo Đukanovic (KECG) (from 9 Nov 2012)

**Ruling party:** Koalicija za Evropsku Crnu Goru (KECG) (Coalition for European Montenegro, comprising Demokratska Partija Socijalista (DPS) (Democratic Party of Socialists), Socijaldemokratska Partija (SDP) (Social Democratic Party) and Lberalna Partija Crne Gore (LPCG) (Liberal Party of Montenegro) (from 2006; re-elected 2012)

**Area:** 14,026 square km

**Population:** 622,000 (2012)\* (620,029; 2011, census figure (preliminary)

**Capital:** Podgorica (administrative); Cetinje (cultural)

**Official language:** Montenegro Serbian (Lekavian dialect)

**Currency:** Euro (€) = 100 cents (from 1 Jan 2002; previous currency Deutsche mark, locked at DM1.96 per euro)

**Exchange rate:** €0.75 per US\$ (Jul 2013)

**GDP per capita:** US\$6,882 (2012)\*

**GDP real growth:** 0.03% (2012)\*

**GDP:** US\$4.28 billion (2012)\*

**Labour force:** 194,000 (2010)

**Unemployment:** 17.20% (2011)\*

**Inflation:** 3.65% (2012)\*

**Balance of trade:** -US\$1.77 billion (2012)\*

**Annual FDI:** US\$558.05 million (2011)

\* estimated figure

# Montenegro

The Koalicija za Evropsku Crnu Goru (KECG) (Coalition for European Montenegro, comprising Demokratska Partija Socijalista (DPS) (Democratic Party of Socialists), Socijaldemokratska Partija (SDP) (Social Democratic Party) and Lberalna Partija Crne Gore (LPCG) (Liberal Party of Montenegro) led by former Prime Minister Milo Đukanovic (who likes to style himself 'Europe's most successful statesman') won the October 2012 parliamentary elections, although with 45.6 per cent of the votes it was not able to secure an absolute majority. With 39 of the 81 seats in Parliament, the coalition fell just two seats short of a majority. The turnout was 70.56 per cent, with 514,055 voters.

Just when Mr Đukanovic could think things were really going his way, the tide seemed to turn. European Union (EU) officials made it clear that Montenegro's levels of corruption and crime were simply unacceptable. This challenge was echoed by Montenegro's parliament which was also beginning to flex its democratic muscles. Mr Đukanovic's position was not helped by the leak of a tape recording allegedly of discussions between the prime minister and his associates as to how forthcoming presidential elections might be 'fixed'. The result was tight with Mr Đukanovic's man, Filip Vujanovic, winning by just 51.21 per cent to Miodrag Lekic of the Democratic Front 48.79 per cent.

## Corruption

On the 2012 Transparency International *Corruption Perceptions Index*, Montenegro ranked 75 out of the 177 countries surveyed, level with Tunisia, Liberia and Bulgaria. In 2009, the international auditors Price Waterhouse Coopers had been contracted to audit Montenegro's Prva Bank. The draft report was never published but the London based British Broadcasting Corporation (BBC) claimed to have seen the document. It had examined the bank's biggest loans and found that most were made to groups linked to the Đukanovic family. Research by the Organised Crime and Corruption Reporting Project (OCCRP) showed that

they included companies connected with Stanko Subotic, who was also indicted by the Italian anti-mafia unit, and Darko Saric, a convicted drug smuggler, now on the run. The report also showed that in 2008, the Montenegro tourist board was involved in an invitation to Madonna to stage a concert in the coastal resort of Budva. The Đukanovic-controlled bank paid the fee of US\$7.5 million, even though it was unable to pay its own depositors on time because of a shortage of funds.

The OCCRP and BBC discoveries represented a serious setback for Montenegro's plans to join the EU. Although Montenegro is an official candidate to join and accession talks are already scheduled, allegations of political and financial corruption, which had led to Montenegro being described as a 'mafia state' – a claim which was dismissed by the Montenegrin government – did little to help.

## The economy

In its 2012 assessment of the Montenegrin economy, the European Bank for Reconstruction and Development (EBRD) noted that in 2012 Montenegro's economic performance had weakened substantially. After the severe economic contraction in 2009, Montenegro had been on its way to a modest but steady recovery, growing at 2.5 per cent in 2010 and 3.2 per cent in 2011. But by 2012 it had fallen to zero growth. Exports and tourism were the main drivers of growth in 2011, countering the drop in foreign direct investment (FDI) inflows and a continuing credit crunch. However, external demand weakened substantially in 2012 as a result of the impact of the euro-zone crisis. Combined with weak domestic demand, this resulted in a slight fall in gross domestic product (GDP) in the first half of the year. The weak external environment affected Montenegro's aluminium producer KAP, Montenegro's largest enterprise and exporter, which was reflected in very volatile industrial production figures. In December 2011 industrial production had marked the largest fall in two years, plunging 37.5 per cent year-on-year. In

January 2012 it was down 24.5 per cent year-on-year. The current account deficit, which narrowed to 19.4 per cent of GDP in 2011, at US\$755 million in 2012 remained the highest in the region.

Inflation showed a generally upward trend in 2012. It stood at 4.4 per cent year-on-year in July 2012. The fiscal position was weakened by the KAP nationalisation and weaker than expected growth. On the fiscal side, policies had become more prudent in the past couple of years, but the deteriorating economic situation and the activation of state loan guarantees related to KAP had prompted revisions of the 2012 budget. (See Capping Kap below) Public debt was close to 50 per cent of GDP in August 2012. The International Monetary Fund (IMF) expressed its readiness to start negotiations for a credit arrangement with Montenegro.

In its annual assessment of the Montenegro economy, the IMF noted that Montenegro's recovery from the collapse of the lending boom in 2008 had been slowed by the debt overhang that remained in the private sector. Output contracted in 2012 because of unusually severe winter weather early in the year, as well as a sharp decline in aluminium production as the financial position of the troubled aluminium company (KAP) continued to worsen. Activity picked up in early 2013 as more favourable weather conditions resulted in a sharp increase in hydro-based electricity production, but the metals sector has remained a drag on activity.

The IMF reported that public debt had risen sharply in recent years as large structural fiscal deficits at the end of the credit boom had proved difficult to unwind. The authorities undertook sizable fiscal adjustment in 2012, but the level of debt continued to rise, reaching 52 per cent by the year end. The authorities have taken several significant measures to underpin their ambitious 2013 budget, which targets a further structural adjustment of 1.75 percentage points, including a freeze in pensions and an increase in the standard value added tax (VAT) rate.

Montenegro's banking system adjustment was, in the view of the IMF, at an advanced stage after a massive downsizing following the collapse of the credit bubble, but banks continued to struggle with a large stock of non-performing loans (NPLs). Banks had aggressively sold off NPLs to factoring companies, but the latter have moved slowly with resolution or restructuring of these problem assets, leaving private balance sheets still

impaired. This has contributed to a negative feedback loop whereby sluggish private sector demand is contributing to weak economic activity and a further deterioration of asset quality. As a result, new bank lending remains limited, despite a steady recovery in deposits.

### Capping Kap

In 2012 the state repaid a major loan of KAP, for which it had provided a sovereign guarantee. In April 2012 the government paid from the budget €23.4 million (US\$31.2 million) (€22 million (US\$29.3 million) principal and €1.4 million (US\$18.7 million) interest and other expenses) to Deutsche Bank. Substantial payments to the Hungarian bank, OTP, were also overdue and were being negotiated. Although there have been some disagreements with the other major shareholder of KAP, that is, Russian EN+ Group, over how to manage the company's debt, the government has decided not to cancel the privatisation contract with EN+. KAP's financial situation is difficult and the company made a net loss of €21 million (US\$28 million) in the first half of 2012. Meanwhile, the government had a success in April 2012 when it managed to sell the steel company, Zeljezara Niksic, to a Turkish investor for €15 million (US\$20 million). Two previous tenders for the sale of the company had failed to attract any bids.

Meanwhile, negligible growth was expected in the short term. The euro-zone crisis looked likely to continue to negatively affect Montenegro's economy; growth was forecast at only a small rise in

2013. Diversification of the economy remains a challenge for building sustainable growth in the medium term, but Montenegro's progress in the EU approximation process should help to attract further FDI and ultimately boost the country's growth prospects.

In June 2012 Montenegro's EU membership aspirations had received a significant boost with official approval from the European Council to proceed to the next stage of the EU accession process. The Council endorsed the European Commission's assessment that Montenegro was sufficiently compliant with the membership criteria to be able to start accession negotiations. The Council nevertheless highlighted that the government needs to make further efforts in addressing important remaining challenges, particularly the strengthening of judicial independence, tackling corruption and fighting against organised crime.

### Risk assessment

Politics	Fair
Economy	Fair
Regional stability	Good

### COUNTRY PROFILE

#### Historical profile

1878 Following the collapse of the Ottoman Empire, of which Montenegro had been an autonomous region, the independence of the principality of Montenegro was recognised under international treaties.

1910 Prince Nikola became king and helped lead the Balkan forces that pushed

KEY INDICATORS		Montenegro				
	Unit	2008	2009	2010	2011	2012
Population	m	0.66	*0.66	*0.63	0.62	*0.62
Gross domestic minus gold	US\$bn	4.80	4.20	4.10	4.50	*4.28
GDP per capita	US\$	7,819	6,464	6,383	7,317	*6,882
GDP real growth	%	6.9	-5.7	2.5	2.5	*0.0
Inflation	%	8.5	3.6	0.7	3.1	*3.6
Unemployment	%	15.1	14.0	16.5	17.2	-
Exports (fob) (goods)	US\$m	760.0	412.0	472.0	654.2	*498.6
Imports (fob) (goods)	US\$m	2,942.0	2,317.0	2,217.0	2,464.8	*2,273.4
Balance of trade	US\$m	-2,182.0	-1,906.0	-1,745.0	-1,810.6	*-1,774.8
Current account	US\$m	-1,473.0	-1,245.0	-1,031.0	-882.0	*-755.0
Total reserves minus gold	US\$m	478.4	572.6	556.2	546.0	*458.7
Foreign exchange	US\$m	467.8	521.3	505.7	493.6	*408.2
Exchange rate	per US\$	0.68	0.78	0.76	0.71	0.77
* estimated figure						

the European boundaries of the Ottoman Empire back to north of Constantinople.

1914–18 As a supporter of the Allies (*Entente Powers*), Montenegro was occupied by Austro-Hungarian troops.

1918 The defeat of the Austro-Hungarian empire during the First World War saw the creation of the Kingdom of the Serbs, Croats and Slovenes, encompassing Bosnia and Hercegovina (BiH), Croatia, parts of Dalmatia and Macedonia, Montenegro, Serbia, Slavonia and Slovenia. King Nikola was deposed when, during the Podgorica People's Assembly, Montenegro voted for a union with the Kingdom of Serbia.

1919 The Kingdom of Serbs, Croats and Slovenes became a semi-autonomous region of Hungary.

1929 Following disputes between Serbs and Croats, King Alexander assumed dictatorial powers and the country was re-named Yugoslavia.

1941–45 During the Second World War parts of Yugoslavia were occupied by the Germans, Italians, Hungarians and Bulgarians.

1945–46 Following the end of the war, Serbia and Montenegro became two of the constituent republics of a federated Yugoslavia. The other republics were Bosnia and Hercegovina (BiH), Croatia, Macedonia, Slovenia and the two autonomous regions of Vojvodina and Kosovo. As the leader of the Yugoslav Communist Party (YCP), Josip Broz Tito became head of state and a Soviet-style constitution was adopted. The Serbian state and Belgrade, as the federation's capital, were the primary focus of economic and political control and the majority of the officers of the Yugoslav military were from Serbia and Montenegro.

1980 Tito died. A system of collective (rotating) presidency was adopted; ethnic tensions began to re-surface.

1989 The Serbian nationalist, Slobodan Milosevic, became president of the Republic of Serbia.

1991 Slovenia and Croatia and later Macedonia declared their independence from Yugoslavia.

1992 BiH declared its independence. Bosnian Serbs (who made up 30 per cent of the population) backed by the remaining Yugoslav federation, declared their own independence from BiH, claiming 65 per cent of the territory. The degree of inter-ethnic violence that followed, including 'ethnic cleansing', had not been seen in Europe since the Second World War. The UN imposed economic sanctions against Serbia and Montenegro, the only two Yugoslavian republics remaining.

1997 Milo Đukanovic (prime minister of Montenegro since 1994) became president of Montenegro, after defeating a

pro-Milosevic candidate. Milosevic was named president of what remained of Yugoslavia.

1998 NATO began air-strikes against military targets. NATO peace-keepers moved into Kosovo.

1999 NATO extended air-strikes to include mainly Serbian infrastructure. Politically, Montenegro began to distance itself from Serbia declaring it was not a party to the conflict in Kosovo.

2002 Demokratska Lista za Evropsku Crnu Goru (DLECG) (Democratic List for a European Montenegro) coalition, led by the Demokratska Partua Socualista Crne Gore (DPS) (Democratic Socialist Party), won the parliamentary elections. Milo Đukanovic (DPS) resigned from the presidency to become prime minister while former prime minister, Filip Vujanovic, took over as acting president. The euro was adopted as the official currency.

2003 Yugoslavia was abolished and replaced with a looser federation of its two member states, Serbia and Montenegro. Yugoslav President Kostunica stepped down and was replaced as Head of the State of Serbia and Montenegro by Svetozar Marovic, a Montenegrin. Filip Vujanovic was elected president of Montenegro.

2006 In a referendum on independence, 55 per cent voted to sever ties with Serbia. Montenegro formally declared itself an independent state and also became a member of the United Nations. In the first independent parliamentary elections the ruling coalition claimed victory. Prime Minister Djukanovic resigned and Zeljko Sturanovic (DPS) was appointed as his replacement. Montenegro joined NATO.

2007 A Stabilisation and Association Agreement (SAA) between the European Union and Montenegro, the first step in the process for accession to the EU, was signed. The agreement required constitutional and judicial reforms to comply with EU membership.

2008 Prime Minister Sturanovic resigned due to ill health; Milo Đukanovic took over. In presidential elections, incumbent Filip Vujanovic (DPS) won 51.89 per cent of the vote, while his nearest rival Andrija Mandic (Serb List) polled 19.55 per cent. 2009 In early parliamentary elections, incumbent KECG won 51.94 per cent of the vote (48 seats (out of 81)); Prime Minister Đukanovic continued in office. The EU approved Montenegro's application to become a candidate for membership. Visa-free travel for all citizens of Montenegro within the EU's Schengen area became operable.

2010 Montenegro was designated as .me on internet domain sites. A government-backed Eurobond of €200 million (US\$254.9 million) was issued, in a

measure to cover the public deficit and avoid borrowing the amount from the International Monetary Fund (IMF). The Montenegrin bond, the first issued since independence, was set at ten years with a fixed interest rate of 7.85 per cent. Prime Minister Milo Đukanovic resigned and Igor Lukšić (DPS) became prime minister. 2011 A national census took place between 1–15 April, with preliminary results published in July. The population was 625,266, of which 44.98 per cent were designated Montenegrins, 28.73 Serbian, and 11.96 per cent Bosniaks (Bosnian Muslims). On 21 June, EU officials announced that Montenegro could apply for EU membership by the end of the year. 2012 Montenegro joined the World Trade Organisation (WTO) on 29 April, after seven years of negotiations. Parliamentary elections were held early, on 14 October, and won by the ruling KECG with 46.3 per cent of the vote (39 seats out of 81). However this was not enough to rule alone and coalition talks began immediately. Igor Lukšić (DPS) remained in post as caretaker prime minister. On 9 November, President Vujanovic asked Milo Đukanovic to form a new government. This time the coalition consisted of the DPS, Socijaldemokratska Partija (SDP) (Social Democratic Party) and Liberalna Partija Crne Gore (LPCG) (Liberal Party of Montenegro). Milo Đukanovic became prime minister. 2013 The presidential elections held on 7 April were won by Filip Vujanovic with 51.21 per cent. Miodrag Lekic of the Democratic Front was close on his heels with 48.79 per cent.

### Political structure

#### Constitution

Passed in 1992.

The constitution may be amended if 10,000 voters, not less than 25 deputies or the president and prime minister submit a proposal, which is subsequently agreed by two-thirds of the Assembly members.

#### Independence date

3 June 2006 (from Serbia); 27 April 1992 (from Yugoslavia)

#### Form of state

Democratic, social and ecological state

#### The executive

The president of the republic is elected by universal suffrage for a term of five years. A president is limited to two terms in office.

The president has the right to refer adopted laws back to the Assembly for review; if the new legislation is passed for a second time the president must promulgate the law. The president names a successor if a prime minister loses the confidence of the Assembly.

A new law governing presidential elections was enacted in December 2007. All candidates must collect signatures from 1.5 per cent of registered voters to achieve a place in the ballot.

#### **National legislature**

The unicameral Skupština Republike Crne Gore (Parliament of Montenegro), has 81 members elected by proportional representation through party lists, to serve for four-year terms. The total number of deputies may vary dependent on population numbers of one deputy elected per 6,000 votes.

The president nominates the prime minister and parliament confirms the appointment, plus the proposed cabinet. All government policies and laws must be agreed by parliament; without agreement the prime minister must resign and be replaced by another candidate.

#### **Legal system**

The rule of law is mandated in the constitution.

The legal system is independent and autonomous. The law is administered by a judge and jury in public, where citizens have the right to legal assistance. The Supreme Court is the highest court of law. Capital punishment is reserved for the most serious offences.

#### **Last elections**

7 April 2013 (presidential); 14 October 2012 (parliamentary)

**Results:** Presidential (2013): Filip Vujanovic (DPS) won 51.21 per cent of the vote, Miodrag Lekic (Democratic Front) 48.91 per cent.

Parliamentary: Koalicija za Evropsku Crnu Goru (KECG) (Coalition for European Montenegro) led by the Demokratska Partija Socijalista (DPS) (Democratic Party of Socialists), won 46.3 per cent of the vote (39 seats out of 79), the Democratic Front (a coalition of two parties) 23.2 per cent (20), Socijalisticka Narodna Partija Crne Gore (SNP) (Socialist People's Party of Montenegro) 11.2 per cent (nine), Pozitivna Crna Gora (PCG) (Positive Montenegro) 8.4 per cent (seven), Bošnjacka Stranka (BS) (Bosniak Party) 4.2 per cent (three)

#### **Next elections**

2018 (presidential); 2016 (parliamentary)

#### **Political parties**

##### **Ruling party**

Koalicija za Evropsku Crnu Goru (KECG) (Coalition for European Montenegro, comprising Demokratska Partija Socijalista (DPS) (Democratic Party of Socialists), Socijaldemokratska Partija (SDP) (Social Democratic Party) and Liberalna Partija Crne Gore (LPCG) (Liberal Party of Montenegro) (from 2006; re-elected 2012)

#### **Main opposition party**

Socijalisticka Narodna Partija Crne Gore (SNP) (Socialist People's Party (of Montenegro))

#### **Population**

622,000 (2012)\* (620,029; 2011, census figure (preliminary)

**Last census:** 1–15 April 2011: 620,029 (preliminary)

**Population density:** Urban population 61 per cent (2010 Unicef).

**Annual growth rate:** 0.2 per cent, 1990–2010 (Unicef).

#### **Ethnic make-up**

Montenegrin (43.2 per cent), Serbian (32.0 per cent), Bosniak (7.7 per cent), Albanian (5.3 per cent), Croats (1.1 per cent) all others (10.7 per cent).

#### **Religions**

Orthodox Christian, Muslim and Roman Catholic.

#### **Education**

Compulsory education is provided free by the state. Lessons are taught in Serbian and Albanian, although under the constitution lessons may be taught in the language of any ethnic group.

Cyrillic and Latin text have equal standing under the constitution.

Secondary education may continue from three–four years and culminates in a *matura* graduation certificate, which allows acceptance at a university. There is only one university, in Podgorica, that provides higher education and post-graduate education.

**Compulsory years:** 7 to 16

#### **Health**

Healthcare is publicly financed for children, expectant mothers and the elderly, under the constitution.

Since 1992, the extent and quality of healthcare provision has sharply deteriorated. However, a well-developed private healthcare system has emerged for the better-off. Largely free at the point of delivery and funded by a universal social insurance tax levied on all employees and employers, public healthcare provision require all kinds of charges, most notably for imported medications.

#### **HIV/Aids**

There have been few cases of HIV/Aids recorded since the first case was diagnosed in Montenegro in 1989. Nevertheless, the Global Fund to Fight Aids provided US\$2.9 million, for a national strategy to combat the disease including prevention measures and diagnostic and antiretroviral treatment for the years 2006–2010.

#### **Fertility rate/Maternal mortality rate:**

1.7 births per woman, 2010 (Unicef)

**Child (under 5 years) mortality rate (per 1,000):** 6 per 1,000 live births (WHO 2012)

#### **Welfare**

The constitution declared that a mandatory insurance scheme provides all employees and their family all forms of social security. The state is required to provide for the old, infirm and incapable.

#### **Main cities**

Podgorica (capital, 149,228 in 2012), Nikšić (58,644), Pljevlja (20,979), Bar (15,861), Bijelo Polje (15,084), Budva (14,342), Cetinje (14,263), Herceg Novi (13,663).

#### **Languages spoken**

Serbian and Albanian

#### **Official language/s**

Montenegro Serbian (Lekavian dialect)

#### **Media**

Press freedom is guaranteed in law.

#### **Press**

**Dailies:** There are several newspapers published in Montenegro Serbian including *Pobjeda* ([www.pobjeda.co.me](http://www.pobjeda.co.me)) *Vijesti* ([www.vijesti.cg.me](http://www.vijesti.cg.me)), *Dan* ([www.dan.cg.me](http://www.dan.cg.me)) and *Republika* ([www.republika.cg.me](http://www.republika.cg.me)); *Monitor* ([www.monitor.cg.me](http://www.monitor.cg.me)) is a weekly publication. Newspapers in other languages include *The Montenegro Times* ([www.themontenegrotimes.com](http://www.themontenegrotimes.com)) in English and *Koha Javore* ([www.kohajavore.cg.me](http://www.kohajavore.cg.me)) in Albanian.

#### **Broadcasting**

Media laws allowed the transformation of the state-funded broadcaster Radio Televizija CRNE Gore (RTCG) ([www.rtcg.cg.me](http://www.rtcg.cg.me)) into an independent commercial public broadcaster in 2002.

**Radio:** Most radio stations operate from Podgorica. RTCG ([www.rtcg.cg.me](http://www.rtcg.cg.me)) operates Radio Crne Gore with two stations. Other, private stations include Radio Antena M ([www.antenam.net](http://www.antenam.net)), Corona Radio ([www.corona-radio.com](http://www.corona-radio.com)) and City Radio ([www.cityradio.fm](http://www.cityradio.fm)).

**Television:** RTCG ([www.rtcg.cg.yu](http://www.rtcg.cg.yu)) operates two, national, terrestrial channels and a satellite channel, broadcasting domestic and imported programmes. Other private channels include TV IN ([www.rtv.in.com](http://www.rtv.in.com)), ntv Montena ([www.montena.cg.yu](http://www.montena.cg.yu)), Elmag RTV and TV Pink M ([www.rtvpink.com](http://www.rtvpink.com)) a relay from a Serbian station. There are small local TV channels located in larger cities.

**National news agency:** Mina (MNNNews): <http://mnnews.net>

**Other news agencies:** Media Club: [www.mediaclub.cg.me](http://www.mediaclub.cg.me)

#### **Economy**

Since disengaging from Serbia in 2005, the economy has strengthened as

Montenegro adopted a fully open market, joined the European Monetary Union (EMU) and adopted the euro as its currency. In 2009, over 85 per cent of state-owned commercial entities had been privatised, while the banking, telecommunications and oil import and distribution sectors had been fully privatised. This was achieved mainly through a steady increase in foreign direct investment (FDI), so that by 2009 FDI had reached US\$1.5 billion (over 10 times the amount of FDI in 2004) and investment per capita was one of the highest in Europe. FDI began to weaken in the aftermath of the global economic recession and was down to US\$760 million in 2010. The Montenegrin Investment Promotion Agency estimated that FDI in 2011 fell again, to some US\$701 million. Bauxite is the backbone of Montenegro's industrial sector. According to the 2011 report of the central bank's chief economist total industrial output declined by 10.3 per cent in 2011, mostly due to the output decline in electricity, gas and water supply sector by 32.7 per cent, which showed record production in 2010. Output increase was recorded in mining and quarrying and manufacturing industry sectors by 6.3 per cent and 6.8 per cent, respectively.

To encourage domestic spending the government decreased personal tax to a flat rate of 9 per cent in 2010. GDP growth in 2008 was 6.9 per cent; however the global economic crisis quickly turned the budget surplus into a large deficit and the economy fell into recession in 2009 with a negative growth of -5.7 per cent, which caused a rapid rise in public debt. Government revenue fell by around 10 per cent and didn't return until global trade picked up in 2010 and GDP growth grew by 2.5 per cent, which was estimated to have remained constant in 2011. High unemployment, typically in double digits, is still characteristic of an earlier economic regime when Montenegro was integrated with Serbia. However, unemployment has steadily fallen from 19.7 per cent in 2005 to 15.1 per cent in 2008 and 14 per cent in 2009 before rising to 16.5 per cent in 2010.

The banking system was reduced in size as a response to the sharp decline in domestic deposits in 2008. Banks that survived were, for two years, reliant on support from their foreign parent-banks until a return to confidence in 2010.

### External trade

Montenegro has bilateral free trade agreements with the EU, European Free Trade Association (Efta), Russia and countries of Central and South-Eastern Europe (Cefta). In April 2012, Montenegro join

the World Trade Organisation (WTO) as a full member.

While Montenegro has an established industrial sector based on bauxite mining and aluminium production, tourism has become the principal foreign exchange earner.

### Imports

Main imports include petroleum and lubricants, vehicles and machinery, capital machinery, manufactured goods, chemicals, food and live animals and raw materials.

**Main sources:** Serbia (29.3 per cent of total in 2012), Greece (8.7 per cent), China (7.2 per cent).

### Exports

Principal exports include aluminium, manufactured goods, food and live animals and raw materials.

**Main destinations:** Croatia (22.9 per cent of total in 2012), Serbia (22.8 per cent), Slovenia (7.9 per cent).

### Agriculture

Around 1 per cent of the workforce is employed in the fishing industry. Montenegro, when it committed itself to eco-friendly development in its 1992 constitution, reflected what is a coincidence of history and geography. Its forests had not been plundered during eras of autocracy so that a largely pristine ecosystem is available for sustainable development including tourism and timber production. Forest and woodland cover over half the total area of land – 743,609 hectares (ha), of which forest cover is 620,872ha. The majority of forests are state-owned – 500,041ha – while 243,568ha are privately owned. There is an estimated 72.1 million square metres of standing stock, of which conifers amount to 30 million square metres.

State ownership protects forests from over-exploitation, with sustainable objectives for timber production.

### Industry and manufacturing

The manufacturing industry is one of the largest employers, followed by retail and transport.

The state-owned and bankrupt, Niksic Steel Plant, one of the country's largest firms, was put up for sale on 5 January 2012, as part of the government's privatisation plans. The sale was expected to return €30 million (US\$39.4 million) to the state treasury. However, despite interest being shown by investors from six other countries the only confirmed offer came from Niksic's former Dutch owners.

### Tourism

Montenegro's constitution proclaims the country as an 'ecological state' and as such it promotes itself as a destination for visitors who love the outdoors. The

country has been largely unspoilt by intensive development along the Adriatic coast and its interior retains historic and cultural landscapes as well as national parks and some of Europe's most rugged mountains. Winter sports are popular, as well as water sports, especially along the Tara River Canyon.

Travel and tourism is important to the economy of Montenegro. In 2008, just before the global economic crisis struck, tourism contributed 26.4 per cent (US\$1.2 billion) of GDP; however this has fallen steadily so that by 2011 it contributed 15.4 per cent (US\$728 million) of GDP. Tourism provides employment for over 17 per cent of the workforce (around 30,000 jobs).

The World Travel and Tourism Council concluded in January 2012 that Montenegro's tourism sector was set to grow by 16.4 per cent over 2011–21, based on the government's commitment to capital investment in the industry.

### Environment

The constitution mandates that the environment is protected from exploitation.

### Mining

There are large deposits of bauxite; aluminium accounts for around 25 per cent of Montenegro's industrial output and almost 75 per cent of export earnings. The first and largest bauxite mines are in Nikšić, employing about 1,400 workers. There are coal mines in Plijevlja but they are chronically underfunded and in need of investment to increase production. There are shale deposits but Montenegro does not have the technology to exploit them.

### Hydrocarbons

There are no known oil and gas reserves; oil consumption is typically over 450 barrels per day, all of which is imported. Natural gas is not produced; any consumption is commercially negligible. In February 2012, the government signed an agreement to join the multinational, South Stream Transport group, which is in the process of organising the building a natural gas pipeline off- and onshore, to transport Russian gas to Western and Central Europe bypassing Ukraine. The expected start date for construction was announced as December 2012.

Consumption of lignite coal is some 1.30 million tonnes for domestic and industrial needs and an additional 1.38 million tonnes for electricity generation.

Coalmines, containing lignite, are mainly based in Plijevlja and have been chronically under funded and in need of investment to increase production. There are shale deposits but Montenegro does not have the technology to exploit them.

## Energy

Total installed generating capacity was 1,550MW in 2007, producing 6.67 billion kilowatt hours per annum. The energy market has been privatised and the once state-owned Elektroprivreda Crne Gore (EPCG) was broken up. In May 2009, Italy's energy company A2A bought a 15 per cent share in the utility. Although EPCG is responsible for generation, distribution and supply of electricity, it no longer has a monopoly and transmission has been unbundled into a separate company. It runs the two hydroelectric power stations of Piva and Perucica with capacities of 342MW and 302MW respectively, plus the coal-fired power station at Pljevlja, producing 210MW.

The Djerdap (Iron Gate) Gorge, located on the Danube, provided 2,532MW shared between Serbia, Montenegro and Romania, but since Montenegro split with Serbia the supply of electricity is subject to international commercial considerations. Montenegro has the potential to be a major exporter of electricity to neighbours and beyond the Balkans from its hydropower reserves. It is currently constructing new hydroelectric dams, including a controversial plan in the world heritage site of the Tara Gorge.

## Financial markets

### Stock exchange

Montenegro Berza (Montenegro Stock Exchange) (MSE)

## Banking and insurance

### Central bank

Centralna Banka Crne Gore

### Main financial centre

Podgorica

## Time

GMT plus two hours, (daylight saving GMT plus one hour, end March to end of October).

## Geography

Montenegro is somewhat diamond in shape with a tiny, 25km, border with Croatia in the west. It has a much longer, 225km, border with Bosnia and Herzegovina from the west to the north. Serbia has a 203km border on its east to south east and Albania has a 172km border along the south. Lastly, it has a 294km coastline along the Adriatic Sea from the south west to west.

The name Montenegro (*Crne Gora*) means black mountain and, from the sea, must seem like a solid rock formation. High limestone mountains overshadow the shoreline, rising sharply from the narrow coastal plain (no wider than 10km), which is dotted with many bays and coves. The mountains form a tableland that lacks the soil to sustain much life as rainwater is quickly drained through porous rocks. At

2,522m the highest peak is Bobotov Kuk, in the north west of the country, in high mountains, that stretch along the border with Bosnia and Hercegovina. A matching mountain range lies along the Albanian border. These mountain ranges generally rise to over 2,000m in height, but then 60 per cent of the country is above 1,000m, nevertheless the northern region is futile pasturelands. Over 80 per cent of the country is forest, much of it primeval. There are three main rivers running north/south – Piva, Tara and Lim – added to which are 40 lakes, the largest of which is Skadar, which spans the border with Albania. The river Tara has a 82km long, 1300m deep canyon, which is the world's second deepest chasm (after the US Grand Canyon).

## Hemisphere

Northern

## Climate

The climate is dictated by the geography. Mediterranean climate allows coastal summer temperatures to reach 26 degrees Celsius (C), falling to 12 degrees C in winter. The tableland has a continental climate, when summer temperatures can reach 40 degrees C and drop during winter as low as 5 degrees C. In the alpine, snowcapped northern mountains winters are cold, temperatures can fall to minus 7 degrees C and summers cool at 20 degrees C.

## Entry requirements

### Passports

Required by all

### Visa

Requirements for Montenegro have yet to be published – the following were appropriate for the union of Serbia and Montenegro and should only be considered as guidelines. Contact a Montenegro Consulate for further information.

Visas are required by all, with the exception of most European, North American and Australasian visitors for both business and tourist reasons. Visitors arriving via Serbia require a visa.

Those visitors that require visas should contact the nearest embassy or consulate for an application form. Business travellers in this category will require a letter of invitation from a local company giving the nature of business, duration of visit and a full itinerary, plus a letter from the employing company confirming details; and proof of sufficient funds for living expenses and medical insurance.

### Currency advice/regulations

The import of local and foreign currency is unlimited but must be declared; export is limited to the declared amount.

## Hotels

There are a wide range of hotels ranging from luxury to family-run *pensions*. The ministry of tourism began a system of star rating, but by August 2006 had not completed the process.

Hotel reservations should be made in advance, especially during summer.

## Credit cards

Major international credit and charge cards are accepted.

## Public holidays (national)

### Fixed dates

1 Jan (New Year), 1 May (Labour Day), 9 May (Victory Day), 13 Jul (National Day), 29 Nov (Republic Day).

### Variable dates

Orthodox: Christmas (three days), and Easter (two days); Bayram (Feast of the Sacrifice, first day of Ramadan)

These religious holidays are based on the lunar calendar.

## Working hours

### Banking

Mon–Fri: 0830–1630

### Business

Mon–Fri: 0800–1500.

### Government

Mon–Fri: 0730–1530.

### Shops

Mon–Fri: generally in larger towns: 0800–2000 (some shops may close between 1200–1700); Sat: 0800–1500.

## Telecommunications

### Mobile/cell phones

There are GSM 900/1800 services that cover almost all of the country.

## Electricity supply

220V, 50Hz with European flat and round, two-pin plugs.

## Weights and measures

Metric system

## Getting there

### Air

**National airline:** Montenegro Airlines  
**International airport/s:** Podgorica International airport (TGD), 12km from the city. A new terminal, opened in May 2006, includes *bureau de change*, restaurant, shops and an information centre. Taxis and buses are available to the city.

**Other airport/s:** Tivat Airport, on the Adriatic Coast, caters largely for tourist flights from Europe.

**Airport tax:** Departure tax: eur 16, in cash.

### Surface

**Road:** There are border crossings from Croatia at Debeli and Brijeg, from Albania at Bozaj, several from Bosnia and Hercegovina at Vilusi, Vracenovici, Scepan Polje and Metaljka and from Serbia at Bijelo Polje.

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Vehicle owners must pay a toll on entering Montenegro.

**Rail:** There are links to Serbia via Belgrade and Albania via Skadar.

**Water:** There are regular ferry services from Italy.

**Main port/s:** Bar, Kotor and Zelenika

### Getting about

#### National transport

**Road:** There are over 5,000km of roads but only 60 per cent are paved and are not maintained to a high standard. Two major roads that provide access around the country are the Adriatic Highway which runs along the coast from Ulcinj to Igalo and the motorway, with tolls, from Petrovac to the Serbian border at Bijelo Polje, via Podgorica.

**Buses:** Bus services link most towns and cities.

**Rail:** There are almost 250km of railways, with most lines running from the coast in the south west to the Serbian border in the north east. All lines run into Podgorica, of which one rail link terminates at Nikšić.

#### City transport

There are bus services in Podgorica.

**Taxis:** City taxis have meters, although if not in use negotiate a price before travelling.

#### Car hire

There are several local and international car hire firms in Montenegro, with cars available at the airport and in large towns.

An international driving licence is necessary, along with insurance. Traffic drives on the right, with speed limits at 120kph on motorways, 100kph on other main roads. Road signs are likely to be in Cyrillic script.

### BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

#### Telephone area codes

The international direct dialling (IDD) code is +381, followed by area code and subscriber's number:  
Podgorica 81

#### Useful telephone numbers

Ambulance: 94

Fire: 93

Police: 92

#### Chambers of Commerce

Montenegro Chamber of Economy, 29 Novaka Miloseva, 81000 Podgorica (tel: 230-545; fax: 230-943; e-mail: pkcg@cg.me).

#### Banking

Atlasmont Banka, 4 Stanka Dragojevic St, Podgorica (tel: 407-200; fax: 665-451; e-mail: office@atlasmont.cg.me).

Crnogorska Komercijalna Banka (Commercial Bank of Montenegro), Moskovska bb, 81000 Podgorica (tel: 404-232; fax: 404-277; email: info@ckb.cg.me).

NLB Montenegrobanka, 46 Bulevar Stanka Dragojevic, 81000 Podgorica (tel: 402-212; fax: 402-212; e-mail: info@montenegro-banka.com).

Podgoricka Banka, 8a Novaka Miloseva Street, 81000 Podgorica (tel: 224-555; fax: 405-100; email: pgbanka@cg.me).

#### Central bank

Centralna Banka Crne Gore (CBCG) (Central Bank of Montenegro), Bulevar Svetog Petra Cetinjskog 7, Podgorica (tel: 403-191; fax: 664-140; e-mail: info@cb-cg.org).

#### Stock exchange

Montenegro Berza (Montenegro Stock Exchange) (MSE), www.montenegroberza.com

Nova Berza Hartija od Vrijednosti Crne Gore (New Securities Exchange of Montenegro) (NEX Montenegro), www.nex.cg.yu

#### Travel information

Automobile Association of Montenegro, Podgorica (AMSCG), (tel: 225-493, 224-467).

Montenegro Airlines, Slobode 23, Podgorica (tel: 664-411/433/455; email: office.podgorica@mgx.cg.me).

National Tourist Organization of Montenegro, Omladinskih Brigada 7, 81000 Podgorica (tel: 230-959; fax: 230-979; e-mail: tourism@cg.me)

Zeljeznica Crne Gore (Montenegro railways), Trg Golootockih Zrtava 13, 81000 Podgorica (tel: 441-302; fax: 633-957; email: zcq-uprava@cg.me).

Tivat Airport, PP24, 85320 Tivat (tel: 670-960; fax: 670-950; internet: www.optivat.com).

#### Ministry of tourism

Ministry of Tourism, Rimski trg 46, Kancelarija br 8 Podgorica (tel: 482-145; e-mail: ministarstvo.turizma@mn.me; internet: www.mturizma.cg.me; www.visit-montenegro.org).

#### National tourist organisation offices

National Tourism Organisation, Omladinskih Brigada 7, 81000 Podgorica (tel: 230-959, 230-981; fax: 230-979; email: tourism@cg.me; internet: www.visit-montenegro.com)

#### Ministries

Ministry of Agriculture, Forestry and Water Management, Podgorica (tel: 482-109; fax: 234-306; email: milanm@mn.me).

Ministry of Culture and Media, Podgorica (tel: 231-561; fax: 231-540; email: marinko\_vorgic@min-kulture.mn.me).

Ministry of Economics, Podgorica (tel: 242-104, 482-112; fax: 242-028; email: minprivrede@mn.me).

Ministry of Education and Science, Podgorica (tel: 405-301; fax: 405-334; email: mpin@cg.me).

Ministry of Environmental Protection and Physical Planning, Podgorica (tel: 482-220; fax: 34-131; email: milenaz@mn.me).

Ministry of Finance, Stanka Dragojevic br 2, Podgorica (tel: 242-835; fax: 224-450; email: mf@mn.me).

Ministry of Foreign Affairs, Stanka Dragojevic 2, Podgorica (tel: 246-357, 201-530; fax: 224-670; email: mip.ministar@mn.me).

Ministry of Health, 46 Romas Square, Podgorica (tel: 234-056, 482-346; fax: 242-762; email: tijanak@mn.me).

Ministry of Interior, Podgorica (tel: 241-252, 349-000; email: mup.kabinet@cg.me).

Ministry for International Economic Relations, Stanka Dragojevic br 2, 81000 Podgorica (tel: 225-568; 225-591; email: mierei@mn.me).

Ministry of Justice, Vuka Karadzica 3, 81000 Podgorica (tel: 507-552; fax: 407-522; email: pravda@cg.me).

Ministry of Labour and Social Welfare, Podgorica (tel: 234-252; fax: 482-443).

Ministry of Maritime Affairs and Transportation, Rimski trg 46, 81000 Podgorica (tel: 234-179; fax: 234-331; email: mps@mn.me).

Ministry of Minority Protection, Podgorica (tel: 482-126; fax: 234-198; email: min.manj@cg.me).

#### Other useful addresses

Agency of Montenegro for Economic Restructuring and Foreign Investment, Jovana Tomasevica bb, 81000 Podgorica, Montenegro (tel: 242-640; fax: 245-756; email: anaz@mn.me).

Aluminium Industry of Montenegro (tel: 620-616; fax: 620-955; e-mail: kap.board@cg.me).

Vektra Montenegro (management, transportation, storage, international trade), Vuka karadzica 10, 81000 Podgorica (tel: 624-500; fax: 625-335; e-mail: office@vektra.cg.me; internet: www.vektra.cg.me).

Directorate for Construction of Highways in Montenegro, Podgorica (tel: 625-110, 625-102; fax: 624-353).

Montenegro Development Fund, Bulevar Revolucije 9, 81000 Podgorica (tel: 245-973; email: fzrcg@cg.me; internet: www.fzrcg.cg.me).

Montenegrin Investment Promotion Agency (MIPA), Podgorica (e-mail: info@mipa.cg.me; internet: www.mipa.cg.me).

Montenegro Stock Exchange, Cetinjski put 2a (Zgrada Vektre) 81000 Podgorica (tel:

205-940, 205-960; fax: 205-920; internet: www.montenegroberza.com).

Statistical Office of Montenegro (MONSTAT), IV Proleterske 2, 20 000 Podgorica (tel: 230-811; fax: 230-814; email: statistika@t-com.me; contact@monstat.org).

New Securities Exchange Montenegro (NEX Montenegro), Miljana Vukova bb, 81000 Podgorica (tel: 230-670, 230-690, 210-170; fax: 230-640; internet: www.nex.cg.me).

**National news agency:** Mina (MNNews): <http://mnnews.net>

**Other news agencies:** Media Club: [www.medioclub.cg.me](http://www.medioclub.cg.me)

### Internet sites

Customs Administration: [www.djp.gc.me](http://www.djp.gc.me)

Government of Montenegro: [www.vlada.cg.me/eng](http://www.vlada.cg.me/eng)

Official Gazette: [www.slircg.cg.me](http://www.slircg.cg.me)

Montenegro tourism: [www.visit-montenegro.com](http://www.visit-montenegro.com)

Montenegro Business Alliance: [www.visit-mba.org](http://www.visit-mba.org)