

Chapter I - Doing Business in Montenegro

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

Market Overview

- Following the independence referendum in May 2006 in which 55.5 percent of its voters chose independence from Serbia, Montenegro has refocused its attention to economic and social issues.
- Montenegro experienced a late but efficient transition process based on three pillars: (i) free market economy; (ii) privatization and; (iii) protection of property rights.
- The main incentive for U.S. investors to do business in Montenegro is the business-oriented economic system, a high level of economic freedom, 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 9%, the republic credit rating has been evaluated at BB+, and around 90% of government property has been privatized. Inflation was 4.4% in 2007.
- 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% and a lower rate of 7% applies to certain services.
- A better investment environment, equal treatment of domestic and foreign physical and legal entities and high investment return ratios have contributed to Montenegro's attractiveness for foreign investors. In the first ten months of 2007, there was a 140% increase in foreign direct investments in Montenegro, and a 600% increase compared with 2004. According to preliminary data, the amount of foreign investments from January to October 2007 was \$956.9 million (€708.1 million). In the first ten months of 2007, fifty-seven percent of foreign investments were in the real estate sector. \$140.1 million (€103.6 million) were invested in stocks and bonds, \$102.2 million (€75.6 million) more than during the same period last year. Overall, foreign investments in 2006-2007 were larger than in the previous five years combined.

- Per capita foreign investments in 2006 reached \$1,097.5 (€811). Estimated FDI per capita for 2007 is \$1,418 (€1,048). For the first nine months of 2007, Montenegro was the regional leader in terms of per capita investment, with Croatia and Serbia coming in second and third, according to a report on greenfield investments published by the Center for Liberal Democratic Studies (CLDS). The report states that Montenegro leads all transition countries in central, eastern, and south-eastern Europe in per capita investment.
- Over 3,000 foreign-owned firms are registered and operating in Montenegro. The number of registered foreign companies has doubled in the last two years. Foreign investors come from sixty countries, with no single country dominating investment. In 2006 and 2007, the most significant investments came from Norway, Austria, Russia, Slovenia, and Hungary. The highest amount of FDI is invested in the central part of Montenegro (61.2%), while 30.1% is invested in the southern part of the country, and the remaining 8.7% in the north. Based on job-creating foreign investments (i.e. not including individual real estate transactions), the sector breakdown of FDI in 2006 was as follows: 36% of all investments were made in finance, 22% in tourism, 11% in industry, 6% in transportation, 5% in services, 2% in agriculture, and the remaining 18% in other sectors.

Market Challenges

Private Sector Development

- Around 85% of the capital in Montenegrin companies has been privatized. Capital structure analysis shows that the state still has shares in 65 companies and in 53.8% of those, the state has more than 50% of ownership. This year, the Privatization Council proposed that the government begin privatizing hotels along the Budva and Ulcinj Rivas, as well as the Institute of Metallurgy in Niksic, "Barska plovidba", a shipyard company and the marina in Bar. There is no deadline for the sell-off of state-owned companies.

Regulatory Framework

- Montenegro has made great strides amending legislation in accordance with international standards and in creating the necessary institutions for attracting investments. However, as is the case with other transition countries, implementation and enforcement of existing legislation remains a problem.

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.

- 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, progress on combating corruption has been achieved through the passage of important legislation on public procurement, the treasury and budget system, and the courts. Implementation of these laws is now a key priority for the Government.

Market Opportunities

Tourism

- This sector is very promising in terms of growth. Total revenues for tourism in Montenegro last year amounted to €480 million or 39% more than in 2006. 1.15 million tourists, both foreign and domestic, visited Montenegro in 2007 or 20% more than in the previous year. There were 7.3 million total overnights or 23% more than in 2006. Approximately one million of the tourists in 2007 were foreign, which amounted to 6.4 million overnights by foreign tourists alone. When the World Travel and Tourism Council released its 2005 Top Ten List of Travel and Tourism economies, Montenegro ranked first as the fastest growing travel and tourism economy in the world for the second year in a row. The Council forecast that Montenegro will experience an annual real growth rate of 10% in the next ten years, higher than any other country.

Highways

- Preparatory work has begun on a bypass for the Moraca canyon. Building this bypass is a top priority by the Montenegrin Government. There are plans to improve road and rail links through Montenegro and between Montenegro and neighboring countries. The tender for construction of a 250 kilometer highway running throughout Montenegro will be announced in early 2008.

Electric power

- The energy system of Montenegro is small, with 285,000 users and a demand of around 4500 GWh annually. Out of that demand, 42% is consumed by the aluminum plant in Podgorica (KAP), 3% is consumed by Zeljezara Niksic (the Niksic steel plant), and 0.5% by the Railroad of Montenegro, and the rest is household consumption. Around 34% 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. Montenegro only utilizes 17% of its potential energy production while energy consumption is higher than production.

Market Entry Strategy

- Montenegro has enacted specific legislation outlining guarantees and safeguards for foreign investors. Montenegro's Foreign Investment Law (ratified in November 2000) 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. However, this market has not yet completed all of the institutional reforms necessary for doing business in country. With this in mind, local representation is crucial for investors. 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 a natural person. Both have equal rights. The term "foreign investor" applies to a company that has been founded by a foreign person in Montenegro and foreign legal entities whose share of investment capital is higher than 25% 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. The amount of investment is stated in the investment contract or other act prescribed by law. There is a required amount of investment.
- According to the Foreign Investment Law, foreign investors can invest with one or more foreign investors, inland investors, 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 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 major problem within 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, such as Deloitte and Touche and KPMG, can be helpful in establishing the credibility of a potential local partner. The U.S. Embassy's Commercial Section can provide International Company Profiles (ICPs) that encompass a thorough background check on potential clients and representatives. Reports 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. Local organizations which may also be useful in verifying the credibility of a potential local partner include the Chamber of Commerce of Montenegro, the Montenegro Business Alliance, and the Union of Employers. The American Chamber of Commerce (AmCHAM) is in the process of establishing its representative office in Montenegro.

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

According to the OECD, Montenegro is the regional leader for speed and ease of business registration. It takes just four days, the minimum financial requirement for a limited liability company is €1, and only three documents are required: a founding decision, bylaws, and the form for the specific type of company. All documents are available at the web site: www.crps.cg.yu. The Central Register of the Commercial Court is in charge of business registration. After entry into the Central Registry, the company needs to be registered at the Institute for Statistics, also located in Podgorica.

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

Limited Liability Company

- minimum capital requirement is €1;
- founding act;
- contract of decision of company's foundation;
- filled out form;
- registration fee 10€.

Joint stock company

- founding act;
- minimum capital requirement of €25,000;
- 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 of shares;
- filled out registration form;
- registration fee 10€.

General partnership

- two or more persons;
- minimum capital requirement - none;
- registration fee 10€.

Limited partnership

- two or more persons;
- minimum capital requirement - none;
- registration fee 10€.

Entrepreneur

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

Part of foreign company

- minimum capital requirement - none
- registration fee 10€.

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. Some successful examples do exist: Coca-Cola and Pepsi-Cola both operate franchises in Montenegro. The best prospects for franchising opportunities may be 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 Oriflamme. 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.cg.yu/>, <http://www.mipa.cg.yu/>, <http://www.mba.cg.yu/>, <http://www.upcg.cg.yu/>.

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 Law on Public Procurement in Montenegro, which was published in the Official Gazette (No. 40/2001 and No. 46/2006) regulates public procurements. 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 render corruption more difficult. 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 established under 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 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 provides for restrictive measures and discretionary government interference. Stringent customs and tax administration 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 Mex, Carine, Voli, and Maxi. The trade sector in Montenegro is now 100% 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 from most other countries: a product/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 after-sales service network in place. The ability to provide financing is still important, but no longer the key selling factor, since financing from local banks has become more easily available.

The size of the Montenegrin market is a limiting factor for many highly specialized products. For such products, it is very 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. Montenegro’s private sector should be targeted. Private sector growth augers well for western businesses that are accustomed to selling products based on pricing, product quality and servicing ability. The government states that the private sector accounts for more than 70% percent of GDP.

Electronic Commerce

Electronic Commerce is regulated by the E-commerce Law adopted in 2004. There is still no wide use of e-commerce 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 channels include: newspapers, magazines, television, radio, billboards, and signs. Television is the most important media in Montenegro. Outdoor advertising is also growing. The major daily newspapers in Montenegro are:

"Pobjeda", <http://www.pobjeda.cg.yu/>,
"Dan", <http://www.dan.cg.yu/>,
"Republika", <http://www.republika.cg.yu/> and
"Vijesti" <http://www.vijesti.cg.yu/>.

The major weekly in Montenegro is "Monitor", <http://www.monitor.cg.yu/>.

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, even 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. With the introduction of the VAT on January 1, 2005 and a new customs procedure, illegal sales have been significantly reduced. The VAT rate in Montenegro is 17%. 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 for selling pirated and/or counterfeited goods. It also provides ex officio authority for market inspectors in these areas. In April 2005, the Montenegrin Parliament adopted the Regulation on (TRIPs) Border Measures that provides powers to the customs authorities to suspend customs procedure and seize pirated and counterfeit goods.

Montenegro's Penal Code acknowledges infringement of all IP rights, ex officio prosecution and 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 the surveillance of optical disk imports and exports, and imports and exports of polycarbonates (the material used in production of optical disks) and equipment for the production of optical disks.

Since independence, the relevant authorities (the Ministry of Culture and Media, the Deputy Prime Minister's Office for European Integration, as well as various NGOs) have begun to work on establishing an institutional and regulatory framework for intellectual property protection. They are currently in the process of establishing an IPR office. In addition, the Anti-Pirating Association of Montenegro was established in November 2006.

Montenegro is not on the Special 301 Watch List.

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 register of fixed assets, the court register, the statistical register, as well as from the firm itself, chambers, and the business environment. 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, web site available at <http://buyusa.gov/serbia>.

Web Resources

Chamber of Commerce and Industry of Montenegro - www.pkcg.org

Montenegro Business Alliance - www.visit-mba.org

Union of employers - www.upcg.cg.yu

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

<http://www.cg.yu>, www.mipa.cg.yu, www.visit-mba.org, www.upcg.cg.yu

Major daily newspapers in Montenegro:

"Pobjeda", <http://www.pobjeda.cg.yu>,

"Dan", <http://www.dan.cg.yu>,

"Republika", <http://www.republika.cg.yu> and

"Vijesti" <http://www.vijesti.cg.yu>.

Major weekly publication in Montenegro is "Monitor", <http://www.monitor.cg.yu>.

Chapter IV - Leading sector for U.S. Exports and Investment

- **Tourism sector**
- **Energy sector**
- **Highways**
- **Health care equipment**
- **Building products**

Tourism sector

Overview

In 2005, Montenegro was named, for the second consecutive year, the fastest growing travel and tourism economy in the world by the World Travel and Tourism Council. The Council forecast that Montenegro would experience an annual real growth rate of 10% in the next ten years, higher than any other country.

Montenegro's 2007 tourist season in terms of physical and financial indices was the best one ever. According to official data, 1.15 million tourists visited Montenegro, 20% more than during the same period last year. At the same time, there were 7.3 million overnight stays, an increase of 23%. Total revenues from tourism last year amounted to USD 648.7 million (480 million euros) or 39% more than in 2006. The average stay increased to 6.6 days from 6.3 in 2006. In 2007, tourism contributed 20% of Montenegro's GDP. Employment in the tourism sector is estimated at 18.7% of total employment; 25.8% of total capital investment in 2007 was invested in the tourism sector.

The implementation of a lower rate of value added tax (from 17% to 7%) since January 1, 2006 for lodging is a strong incentive to further develop the tourist economy 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).

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 network 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 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). The Government of Montenegro will announce in 2008 several locations for greenfield investments such as Velika Plaza (more than 13km of fine sandy beaches), Ada Bojana (river island in the delta of the Bojana River with a surface of around 520 hectares), and Valdanos and Buljarica Bays.

Web Resources:

MINISTRY OF TOURISM

81000 Podgorica, Rimski trg 46

Telephone: (+382 81) 234 116; Fax: +382 81 234 168

E-mail: <mailto:ministarstvo.turizma@mn.yu>

Web site: <http://www.mturizma.cg.yu/>

Mr. Predrag Nenezic, Minister

NATIONAL TOURISM ORGANIZATION OF MONTENEGRO

81000 Podgorica, Rimski trg 10

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Web site: <http://www.visit-montenegro.org>

Mr. Sasa Radovic, General Manager

Energy sector

Overview

The energy system of Montenegro is small with 285,000 users and a demand of around 4684.7 GWh annually. Out of that demand, 42% is consumed by the aluminum plant in Podgorica (KAP), 3% is consumed by Zeljezara Niksic (the Niksic steel plant), 0.5% by the Railroad of Montenegro, and the rest is household consumption. Around 34% of consumption is serviced by imports from the regional system.

Electricity production in Montenegro for 2007 was around 3000 GWh and the rest is 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.

Currently, the Electric Power Company of Montenegro, 65% state-owned, has a total monopoly on production, transfer, distribution and provision of electric energy. However, 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% of its potential energy production while energy consumption is higher than production, meaning that there are great opportunities for new energy sources. In addition, to develop this sector, Montenegro needs a developed 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.

Web Resources:

MINISTRY OF ECONOMIC DEVELOPMENT
81000 Podgorica, Rimski trg 46

Telephone: (+382 81) 242-104, 482-112; Fax: (+382 81) 242-028

E-mail: www.minprivrede@mn.yu

Mr. Branimir Gvozdenović, Minister

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Highways

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% 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, 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 under half an hour and made the trip safer.

Best Products and Services

U.S. companies that specialize in road network upgrading, park development, management and development of logistic, residential, 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

In the north, the road from Podgorica to Kolasin through 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. Building of this motorway is considered a top priority by the Montenegrin Government. There are plans to improve road and rail links through Montenegro and between Montenegro and neighboring countries. The tender for construction of a 250 km highway through Montenegro will be announced early in 2008 and is projected to be worth three billion euros.

Web Resources:

MINISTRY OF MARITIME AFFAIRS, TRANSPORTATION AND TELECOMMUNICATION

81000 Podgorica, Rimski trg 46

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Mr. Andrija Lompar, Minister

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Mr. Ratko Ivanovic, President of the Board

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, the United States and Switzerland. The market has seen some growth over the last ten years, but real potential lies ahead. The vast majority of equipment in public hospitals is outdated and is 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. Due to fiscal problems with the national health account, the Ministry decided to centralize hospital tenders. These new measures have begun to show some results, mainly with increased transparency of public procurement.

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 even greater opportunities for U.S. companies.

Web Resources:

MINISTRY OF HEALTH, LABOR AND SOCIAL WELFARE

Rimski trg 46, 81000 Podgorica

Tel: +382 81 242 276

Fax: +382 81 242 762

Web site: www.mzdravlja.vlada.cg.yu

Republican Fund for Health Insurance

Vaka Đurović b.b.

Tel: + 382 81 404 101

Fax: + 382 81 665 314

Web site: www.rfzcg.cg.yu

Institute for Public Health

Ljubljanska bb

ijzcg@ijz.mn.yu

tel: +382 81 412 888

fax: +381 81 243 728

Web Site: www.ijz.cg.yu

Building products

Overview

Stable economic conditions and new investments have contributed to the expansion of the building materials market in Montenegro. In particular, Montenegro's housing market is experiencing rapid growth. Building materials is one of the fastest growing sectors of the country's economy.

Traditionally, Montenegrin buildings were constructed with un-reinforced brick covered with concrete stucco or, more recently, with steel-reinforced concrete with brick infill. Montenegrin buildings are energy inefficient, heavy, and take a long time to build. Wood and steel frame buildings are almost unheard of, though Montenegrin builders are starting to look at American-style platform-frame wood construction and prefabricated housing.

Most building materials, such as glass, cement, paint and varnishes, are imported or manufactured in Montenegro by European brand name firms. As most modern building materials are imported, Montenegro has no applicable standards or testing in this sector. Materials from well-known manufacturers that have certificates from the country of origin are accepted in the market based on technical merit.

Best Products and Services

The existing situation in the housing and urban market in Montenegro offers many opportunities to promote high-tech American building materials based on advanced U.S. technology. U.S. value-added building products that may have good market prospects include wood and vinyl windows, doors, flooring, kitchen cabinets, suspended ceilings, insulation, adhesives, cements, roof shingles, heating and ventilation equipment, air conditioning, refrigeration and cooling systems, steel buildings and fabrications. Other potential imports from the United States could include framing lumber, plywood, molding and fiberboard. In addition, the Montenegro remodeling market may grow significantly over the long term, offering U.S. companies opportunities in this subsector.

Opportunities

Building and construction is one of Montenegro's booming sectors. It offers opportunities for U.S. companies in luxury properties, holiday real estate, administrative buildings and trade outlets. The tourism sector also fuels market demands as Montenegro invests in Adriatic Sea summer resorts and mountain ski resorts.

Web Resources

MINISTRY OF MARITIME AFFAIRS, TRANSPORTATION AND TELECOMMUNICATION

81000 Podgorica, Rimski trg 46

Telephone: (+382 81) 482 124; Fax:(+382 81) 230 650

E-mail: angelinaz@mn.yu

Mr. Andrija Lompar, Minister

MONTEPUT

81000 Podgorica, Bulevar Revolucije 5

Telephone: (+382 81) 224 493;

Fax:(+382 81) 224 419

E-mail: montepu@cg.yu

Mr. Ratko Ivanovic, President of the Board

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**
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- **Standards**
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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 0% to 30%. A uniform tariff rate of 5% may be applied on goods imported for non-commercial purposes. The average custom tariff rate is 6%. 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.vlada.cg.yu for further information.

Manufactured goods, classified chiefly by materials, are dominant Montenegrin exports while imports have no single dominant item. According to preliminary data, the current account deficit in the first nine months of 2007 amounted to one billion euros, which represents half of the projected GDP and an increase of 68.2% over the same period of 2006. The volume of services trade in the period January - September 2007 was 1.86 billion euros, or 40.6% more than in the same period in 2006.

More detailed export and import information is available for the first half of 2007. According to Monstat data, the value of overall exported and imported goods was USD

370.3 million (274 million euros) and USD 1,166 million (863 million euros), respectively. The result of this imbalance was a foreign trade deficit that reached USD 796 million (589 million euros). Due to faster growth in visible imports over visible exports, the import/export ratio deteriorated from 40.79% in the first months of 2006 to 31.78% for the same period of 2007.

Data shows that exports and imports rose by 0.7% and 29.3%, respectively, in relation to the same six month period last year. The structure of exports was mainly determined by the export of aluminum and aluminum products with a share in overall exports of 52.64%, followed by the export of iron and steel (10.4%), mineral oil (7.69%), beverages and alcohol (4.3%). According to available data, total imports for the first six months amounted to 863 million euros, or 93.6% of the estimated GDP. The most important products, with a share of 12.24% in overall imports, were vehicles, followed by mineral fuels and various boilers.

Montenegro's most important export partners were Italy and Serbia, with imports mainly coming from Serbia, Italy and Germany.

Trade Barriers

Montenegro, in preparation for its efforts to initiate its accession to the World Trade Organization (WTO), has already 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.

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 0% to 30%; the average customs tariff is 6%.

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 restrictive measures 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. However, import licenses are required for arms/ammunition, military and police equipment, antiquities, 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

Miodrag Radusinovic, Director
Oktobarske revolucije 128
81000 Podgorica, Montenegro
Phone: +382 81 442 000
Fax: +382 81 620 459
E-mail: m.radusinovic@mn.yu
Web site: <http://www.upravarina.vlada.cg.yu>

Standards

Overview

The Institution for Standardization in Montenegro was established in April 2007. The Law on Standardization, adopted in the Parliament on February 11, 2007, establishes the regulatory framework. The Institute is responsible for drafting standards -- the first 200 of which will be adopted in the near future and will be in line with EU harmonized standards. According to the Institute's plan, 800 standards should be adopted by the end of 2008. The Institute for Standardization signed two bilateral agreements (with Serbia and Bosnia and Herzegovina) in order to transfer materials and expertise in this field.

Institute for Standardization

Miodrag Perovic, director
Address: Bulevar Svetog Petra Cetinjskog 91
Phone: (+382 81) 225 863
Fax: (+382 81) 225 823

More information can be obtained from the Ministry of Economic Development.

Ministry for Economic Development
81000 Podgorica, Rimski trg 46
Telephone: (+382 81) 242-104, 482-112; Fax: (+382 81) 242-028
E-mail: minprivrede@mn.yu
Web site: <http://www.minekon.vlada.cg.yu>
Mr. Branimir Gvozdenović, Minister

Trade Agreements

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 -- in December 2006. 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.

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.

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.
- **EFTA countries** (Switzerland, Norway, Iceland, Liechtenstein). A preliminary declaration of cooperation was signed with EFTA in December 2000, pledging asymmetric treatment of Montenegro products in the markets of the four member countries. This declaration has paved the way for a future free trade agreement between EFTA and Montenegro.

The United States 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.

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 new fixed line operator). On December 20, 2000, 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 Telecommunications Agency was established in March 2001 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% private. In 2005, Magyar Telekom, a subsidiary of Deutsche Telekom, acquired 76.53% of T - Com Montenegro, becoming its majority owner. T- Com Montenegro was subsequently re-branded 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 around 150,000. Seven internet providers operate in Montenegro. The largest two are Internet Crne Gore (www.cg.yu) and Montsky (www.montsky.net). ISDN and ADSL (broadband) service is available.

Three mobile operators' signals cover almost 99% of Montenegro's inhabited territory. According to the latest data, mobile operators in Montenegro have around 1,045,981 users (ProMonte 41.3%, T - Mobile 33.8% and M - tel 24.9%). The market penetration rate for mobile telephone users in Montenegro (number of cell phone users per one hundred inhabitants) reached 168.67% in 2007. Demand for mobile services has been high and continues to grow rapidly.

The new country code, + 382, was assigned to Montenegro in June 2006 and after a transition period in which both country codes were used (+381 and +382), since October 2007 just +382 has been operating.

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. Podgorica Airport is the main aviation hub in Montenegro. The new passenger terminal (5,500 m²) 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. Current yearly passenger flow at Podgorica airport is around 300,000. In addition to construction of the new terminal, the apron was refurbished and extended, and improvements were made to the taxiway system, the airfield lighting system, and the power supply. There are now six aprons instead of the previous three, and an additional extension of up to eight aprons is possible.

The new terminal was built because air traffic in Montenegro increased rapidly and the so-called "old" passenger terminal, a small, single-story building, with one international and one domestic departure gate, was inadequate. The old terminal building will be used for medical staff, a VIP lounge, and a press conference hall. The central part of the old terminal will be used as a museum-exhibition center which will show the long 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 to various European and world destinations. During the summer season, there are many charter flights and air connections to various major cities.

Note: Serbian VIP airlines [Air Pink](#) and [Prince Aviation](#) use the airport.

- [Adria Airways](#) (Ljubljana)
- [Austrian Airlines](#) (Vienna)
- [DI Air](#) (Bari, Skopje)
- [Jat Airways](#) (Belgrade)
- [Malév Hungarian Airlines](#) (Budapest)
- [Montenegro Airlines](#) (Bari, Belgrade, Frankfurt, Ljubljana, Naples, Paris-Charles de Gaulle, Rome-Fiumicino, Skopje, Vienna, Zurich)

Tivat Airport (IATA: TIV, ICAO: LYTV) 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 northern coastal resorts, being only seven km from Kotor and 20 km from Budva. The main passenger terminal underwent an extension and refurbishment, and the airport is being equipped with instrumentation for night landing.

Montenegro can be entered by vehicle from various directions. The quality of the roads, however, varies. 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 to under half an hour and made the trip significantly safer.

In the north, the road from Podgorica to Kolasin through 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. This project is of strategic importance to Montenegro. The tender for construction of a 250 kilometer highway will be announced in 2008.

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 Podgorica - Niksic corridor is currently under construction.

The Podgorica - Nikšić railway has been primarily used for freight traffic, particularly bauxite from the Nikšić mine to the Podgorica aluminium plant. That is about to change, as this part of the railway is currently under reconstruction and electrification. Passenger traffic is set to start in 2009.

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, as it is important for the interests of both countries. The Montenegrin Railway Company is state-owned though it should be privatized soon.

Montenegro is linked with the world by a sea route. 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. Kotor, Tivat and Zelenika are smaller ports.

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

Language

The predominant language is Montenegrin language. Fortunately, many business people speak foreign languages, mostly English and Italian, some German and French. In the southern parts of Montenegro, close to the the Albanian border 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: +381 81 412 412

Codra Hospital

Address: Radosava Burica bb

Tel: +381 81 648 334

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.

Holidays in 2008

<u>DATE</u>	<u>DAY</u>	<u>HOLIDAY</u>
Jan. 1	Tuesday	New Year's Day
Jan. 2	Wednesday	New Year's Day
Jan. 7	Monday	Orthodox Christmas
Jan. 8	Tuesday	Orthodox Christmas
April 25	Friday	Orthodox Good Friday
April 28	Monday	Orthodox Easter Monday
May 1	Thursday	Labor Day
May 2	Friday	Labor Day
May 21	Wednesday	Independence Day
May 22	Thursday	Independence Day
July 14	Monday	Statehood Day

The following holidays may be observed by Montenegrin citizens of a particular religion:

December 25 Christmas (Catholic)
Easter (Catholic)
Ramadan Bairam (Muslim)
Yom Kippur (Jewish)
Rosh Hashanah (Jewish)

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

www.minekon.vlada.cg.yu
www.upravacarina.vlada.cg.yu
www.montenegroairports.com
www.promonte.com
www.telekom-cg.com

Chapter VI - Investment Climate Statement 2008

A.1. Openness to Foreign Investment

Recent political events

The referendum on Montenegrin independence was held on May 21, 2006, when 55.5% of Montenegro's voters chose independence from Serbia. Montenegrin independence has led to the further opening of the market and an increase in investor awareness and confidence.

Montenegro and the EU signed a Stabilization and Association Agreement (SAA) on October 15, 2007, boosting Montenegrin hopes of becoming a full EU member. Montenegro and the EU also signed the so-called Interim Agreement (allowing for the early implementation of trade and trade-related provisions of the SAA) which took effect on January 1, 2008. Although the SAA sends a clear signal of encouragement, it will still take years for Montenegro to join the EU as it has not yet formally applied for full membership.

Montenegro's Constitution was ratified and adopted by the Parliament of Montenegro on October 19, 2007.

Foreign investments

Montenegro is quickly 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 participation. The attitude towards foreign investors is generally favorable.

Already, the country has attracted considerable interest. In the first ten months of 2007 there has been a 140% increase in foreign direct investments in Montenegro, and a 600% increase compared with 2004. According to preliminary data, the amount of foreign investments from January to October 2007 was \$956.9 million (€708.1 million). In the first ten months of 2007, 57% of foreign investments were in the real estate sector. €103.6 million was invested in bonds and stocks, €75.6 million more than during the same period last year. Overall, foreign investments in 2006-2007 were larger than the sum of the previous five years.

Per capita foreign investments in 2006 reached \$1,097.5 (€811). Estimated FDI per capita for 2007 is \$1,418 (€1,048). For the first nine months of 2007, Montenegro was the regional leader in terms of per capita investment, with Croatia and Serbia coming in second and third, according to a report on greenfield investments published by the Center

for Liberal Democratic Studies (CLDS). The report states that Montenegro leads all transition countries in central, eastern, and south-eastern Europe in per capita investment. Over 3,000 foreign-owned firms are registered and operating in Montenegro. The number of registered foreign companies has doubled in last two years. Foreign investors came from sixty countries, with no single country dominating investment. In 2006 and 2007, the most significant investments came from Norway, Austria, Russia, Slovenia, and Hungary. The highest amount of FDI is invested in the central part of Montenegro (61.2%), while 30.1% is invested in the southern part of the country, and the remaining 8.7% in the north. Based on job-creating foreign investments (i.e. not including individual real estate transactions), the sector breakdown of FDI in 2006 was as follows: 36% of all investments were made in finance, 22% in tourism, 11% in industry, 6% in transportation, 5% in services, 2% in agriculture, and the remaining 18% in other sectors.

Privatization of the largest remaining state-owned companies, including the Plantaze Vineyard, the Port of Bar, the National Railway, the National Airports of Montenegro, and Montenegro Airlines, is planned for 2008.

The Government of Montenegro twice advertised a tender for the privatization of the Pljevlja thermo-electric power plant and adjacent coal mine. However, in June 2007, Parliament voted to cancel the tender to sell the plant and the government's 31% interest in the coal mine; there is no plan to offer the tender again in the near-term.

Tenders also will be announced during 2008 for several attractive tourism sites, including Ada Bojana Island, Valdanos Bay, Velika Plaza, Jaz beach, and Buljarica Bay.

Some U.S. companies already are operating in Montenegro and the government has put an emphasis on attracting more American companies.

Philip Morris International opened a branch office with nine employees in Montenegro in May 2007. The main activity of the office is the import and distribution of Philip Morris products in the Montenegrin market. *Datacard Group* won a government of Montenegro/Ministry of Interior Affairs tender for the procurement of a system for issuing national identification documents. The value of the contract, signed in July 2007, is €8,725,725. The issuance of new Montenegrin passports will start in spring 2008. *Microsoft* officially opened its office in Montenegro in May of 2007 during a Podgorica conference aimed at presenting the company's latest technology and products. The software giant already has collaborated with the Montenegrin Government and local partners on different projects (software legalization, e-government, and IT modernization for government institutions). *Fox TV* received a national frequency after winning a tender that awarded rights of transmission and broadcasting of radio and TV signals in Montenegro. *Becovic Management Group (BMG)* purchased the Hotel Mediteran property in July 2005 from the state controlled Hotel - Tourist Company "Ulcinjaska Rivijera" (UR) for €940,000. 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. *Opportunity Bank* was established in April 2002 with the goal of providing expertise and financial help to small and medium sized enterprises,

agricultural producers, and entrepreneurs. The bank has influenced the continual development of the banking sector in the last few years and is a leader in the microfinance sector in Montenegro. *Media Development Loan Fund (MDLF)* bought 25 percent of the shares of "Daily Press," the publisher of Vijesti. MDLF is considering purchasing additional shares, but the local owners currently will only sell a maximum of 40 percent of Vijesti shares to MDLF. *Morgan Invest* has bought 38 percent of the shares of the textile factory "Titex" in Podgorica for €2.45 million. The U.S. company bought the shares of the bankrupt factory from the Slovenian company "Novus," which had paid €538,000 for them in 2004. In a recent tender, U.S. company *GoDaddy* successfully won its bid to become the agent for domain registration for the national Internet domain of Montenegro (the new ".ME" internet domain); GoDaddy will work for five years with a possible extension of this term.

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.

The Montenegrin Agency for Economic Restructuring was established in 1990. This agency's primary task has been privatization and restructuring state-owned companies.

Inquiries on investment opportunities in Montenegro can be directed to:

Petar Ivanovic, Director
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Montenegro has enacted specific legislation outlining guarantees and safeguards for foreign investors. Montenegro's Foreign Investment Law (ratified in November 2000) 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 (see above paragraph), 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 that regulate tax policy.

Montenegro has made significant steps in amending investment-related legislation in accordance with world standards and in creating the necessary institutions for attracting investments. However, as is the case with other transition countries, implementation and enforcement of existing legislation remains a problem.

Dispute resolution is under the authority of national courts, but it can be under the authority of international courts if the contract 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.

A.2. 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.

A.3. Expropriation and Compensation

Montenegro provides legal safeguards against expropriation. Protections are codified in 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 new Restitution Law. The necessary sub-acts entered into effect on January 1, 2005, and the Restitution Fund (which will provide cash compensation when necessary) 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.

The new law establishes a set claims period, after which no further claims will be considered. Claims were submitted to the municipal Restitution Commission where the property was located within 18 months after the establishment of the relevant Commission.

At the end of August 2007, Parliament passed a new Law on Restitution, which supersedes the 2004 law. According to the new law, there will be only three Commissions: one in Bar (covering the coastal area), one in Podgorica (for the central part of Montenegro), and one in Bijelo Polje (for northern part of Montenegro). It is expected that the three Commissions will start work in early 2008.

Montenegro provides safeguards from expropriation actions through its Foreign Investment Law. Article 29 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.

A.4. Dispute Settlement

Legal System

Montenegro’s Law on Courts defines a judicial system consisting of three levels of courts: Basic, Superior, and the Supreme Court. It also establishes two courts -- the Appellate and Administrative Courts (established in 2005) -- with special jurisdiction for commercial matters.

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 challenges, such as the introduction of new legislation and changes to existing laws; developing a new system of operations, including 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/matters.

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

The Business Organization Law, adopted in 2001, simplified the procedures for initial registration of companies; currently only one euro and four days are necessary to register an LLC in Montenegro. According to an OECD survey, Montenegro has the lowest barriers for initial registration of a business in the region. Under this law, the Central Register of the Commercial Court was founded and online searches for companies registered in Montenegro are now possible. *The Business Insolvency Law*, adopted in 2001, simplified the procedure for company insolvency. The law provides insolvent companies with three options: voluntary liquidation, restructuring, or bankruptcy proceedings. The length of the bankruptcy process has been cut, and it is easier to liquidate a company. *The Accounting and Auditing Law* has brought international standards into the Montenegrin accounting and auditing system. The Institute for Accounting and Auditing was founded as an independent institution to supervise the whole process and is in charge of granting the licenses and permits for accountants and auditors. The Montenegrin Parliament adopted a *Competition Law*, which went into force on January 1, 2006, and is regarded as an improvement to the investment climate in Montenegro. *The Law on the Participation of the Private Sector in Public Services* adopted in 2002 allows private companies to participate in public-private partnerships through: leasing, management contracts, Build-Operate-Transfer arrangements (BOT), and concessions. *The Customs Law*, in line with World Trade Organization and European Union requirements, was introduced in Montenegro in 2003. The law simplifies import-export procedures, which should increase international trade flows. The set of *Tax Laws* was implemented in 2003 and introduced the Value Added Tax (17%), which replaced the sales and turnover tax. The VAT provides for a significant amount of budget revenues. At the end of April 2004, the Parliament adopted the *Foreign Trade Law*. The law decreases barriers for doing business and executing foreign trade transactions and is in accordance with WTO Agreements. However, the law still provides for restrictive measures and discretionary government interference. In addition, the law appears to be more about protecting producers rather than consumers, who pay the costs of protection in the end. The current *Labor Law*, adopted in July 2003, is under revision and a new law is expected to be approved by the government and adopted by Parliament during 2008. Besides the Labor Law, the question of labor-based relations is also defined in a General Collective Agreement, Branch-level Collective Agreements, and with individual labor agreements between employer and employee. The new *Concession Law* is in draft and is waiting to be approved by the government and then adopted in the Parliament. The Law on Concession will create favorable conditions for obtaining and utilizing concession licenses. It will also regulate 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 projects will be realized in Montenegro.

Also adopted were the *Law on the Central Bank*, the *Law on Pledges (which provides for a bailment of personal property as security for some debt or engagement)*, the *Law on Strikes*, the *Electronic Signature Law*, and the *Law on Free Zones*.

A.5. 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.

A.6. Right to Private Ownership and Establishment

In Montenegro, a foreign investor, foreign company, or foreign individual may acquire property. Article 12 of the Montenegrin 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 Relation. 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.

A.7. Protection of Property Rights

Mortgages/Secured Transactions

In July 2002, Montenegro enacted its 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 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, ex officio prosecution and 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 material used in production of optical disks) and equipment for the production of optical disks.

Since independence, the relevant authorities (the Ministry of Culture and Media, the Deputy Prime Minister's Office for European Integration, as well as various NGOs) have begun to work on establishing an institutional and regulatory framework for intellectual property protection. They are currently in the process of establishing an IPR office. In addition, the Anti-Pirating Association of Montenegro was established in November 2006.

Montenegro is not on the Special 301 Watch List.

In practice, enforcement is weak and insufficient. 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 is still limited. Since 2006, the government, in partnership with the IPR Committee has funded a number of training programs to help regulatory authorities address the problem.

Strengthening IPR protection will continue to be a challenge in the medium-term.

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 Accession

Montenegro has made considerable progress towards meeting legislative obligations, and, in fact, has nearly completed all required legislation necessary to move forward on its WTO accession process.

The Government of Montenegro applied for accession to the WTO, as a separate customs territory, in December 2004. At the February 15, 2005 meeting, the General Council accepted separate membership applications from both Montenegro and Serbia and agreed to establish independent working parties to continue the accession process.

Montenegro submitted a package of legislation to WTO for review in July 2007, including: amendments to the Foreign Trade Law and the Decree on Implementation of the Foreign Trade Law; amendments to the Law on Foreign Investment and the Law on Business Entities; the draft Law on Undisclosed Information; the draft amendments to the Law on Technical Regulations and the Law on Standardization; the revised Decision on the Control List; and the draft Decree on Prices of Medicines. Also, provisions related to SPS measures from the draft Food Safety Law were translated and submitted. Questions on the Memorandum on the Foreign Trade Regime were received from United States and European Communities after the third Working Party Meeting in February 2007, and answers to these questions were returned in May 2007.

Montenegro has already accomplished a large part of the legislative reform required for WTO accession and is now entering the later stages of its WTO accession.

In addition to planned legislative activities, Montenegro is preparing to amend existing legislation as may be necessary to comply with WTO requirements. According to the Government of Montenegro, Montenegro places the highest priority on completing its WTO accession as rapidly as possible.

The U.S. Government, through USAID, has been providing technical assistance to Montenegro on the WTO accession process; the project is anticipated to wrap up in early 2008.

A.8. Transparency of Regulatory System

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 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 monitoring of public tenders. The energy law prescribes that 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.

Taxation

According to the World Bank/International Finance Corporation publication "Doing Business 2007," Montenegro is among the 31 countries in the world with the highest tax reduction in the world, having lowered its tax rate by a significant amount over a one-year period.

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 (according to 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.

Tax rates:	
Personal income tax rate	15%
Corporate tax rate	Flat rate: 9%
Value added tax	Standard rate: 17% Lower rate: 7% Zero rate: 0%
Real Estate Tax	<ul style="list-style-type: none"> - The real estate tax rate is proportional. - The real estate tax rate can range from 0.08% to 0.80% of the real estate market value. - Local government units can determine the real estate tax rates according to types of real estate. - A local government unit can increase the tax rate for agricultural land which is not cultivated to 50% in relation to the tax rate for agricultural land which is cultivated.
Real Estate Transfer Tax	2% of the market value of a real estate property (on a newly constructed real estate transfer, the VAT is paid at the rate of 17%).

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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).

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The *Corporate Tax Law* proscribed a proportional tax rate of 9%. 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% on personal income. This rate will be reduced in 2009 to 12%, and in 2010 to 9%. 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%. Amendments to the law have reduced the tax rate from 17% to 7% 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 fostered 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. (VAT is a part of the customs liability).

The taxpayer shall be refunded VAT for: local transactions within 60 days from the day of filing VAT to be calculated (until January 1, 2008, the deadline was 90 days); major importers and taxpayers who disclose more than three times in a row a surplus of input VAT, shall be refunded that VAT within 30 days from the day of filing (previously, 60 days).

All proposed laws and regulations are published in draft form and open for public comments, generally for a 30 day period.

A.9. Efficient Capital Markets and Portfolio Investment

The capital market together with the banking sector is the main pillar of overall transition in the Montenegrin economy. Overall, Montenegro's capital market is characterized by openness, low transaction costs, transparency, and adequate protection of private property.

Montenegro's capital market developed from the privatization process, especially mass voucher privatization (implemented in 2001). The legal and institutional framework for the capital market was established between 2001 and 2003, starting with the implementation of the Law on Securities and establishment of the Securities Commission (SCMN), which regulates exchanges and industry activities.

In comparison with other regional markets, Montenegro's capital market has an underdeveloped primary market and trades a limited variety of securities. However, it has significant growth potential and has become competitive with others in the region, particularly as both domestic and foreign investors have become increasingly interested in the Montenegrin capital market in recent years.

Montenegro has two stock exchanges (Montenegro stock exchange and NEX Montenegro), fifteen broker houses and three broker-dealer houses. Securities are dematerialized and three types are traded: shares of companies, shares of privatization - investment funds, and old currency savings bonds.

The total turnover on Montenegrin exchanges amounted to \$510 million (€ 377 million) in 2006, representing an increase of 90% in relation to 2005. The turnover for 249 trading days was made through 114,073 transactions.

The average monthly turnover amounted to \$42.5 million (€31.4 million), which was 89.9% higher than the average monthly turnover in 2005. An average of 458 transactions were made daily, while daily turnover amounted to \$2 million (€ 1.5 million).

Companies' shares (81% of total turnover) made up the largest contribution to the turnover structure. Shares of investment funds made up 13.9%, while 5.1% of total turnover was related to the trade of bonds.

In relation to 2005, the turnover structure remained almost the same in 2006 with respect to the companies' shares (81.0% in 2006 and 82.4% in 2005), but the trade with investment units of investment funds increased (13.9% in 2006 and 9.5% in 2005), while trading with bonds decreased (5.1% in 2006 and 8.6% in 2005).

These trends also can be seen in the stock exchange indices. The Montenegro stock exchange is calculated in the MOSTE index which includes prices of 35 securities, including investment units of all Investment Funds, and NEX Montenegro, which is calculated in two indices. NEX 20 represents shares of the twenty companies with the largest market capitalization and liquidity on the NEX Montenegro stock exchange and NEX PIF represents the price trend of the investment units of Investment Funds. The

Montenegro stock exchange's MOSTE index recorded growth in 2006 of 455.8 index points (a 98.4% increase), while the NEX 20 index increased in 2006 by 8269.6 index points (an 84.5% increase).

The banking system in Montenegro is 100% privately owned. The total capital of Montenegrin banks amounted to \$200 million (€148.7 million) as of December 31, 2006, which is \$57.1 million (€42.3 million) or 39.7% more in relation to year-end 2005.

At the end of 2006, the structure of disbursed loans showed a large share of long-term loans (68.04%; the remaining 31.96% were short-term loans). The structure changed in comparison with the previous year, with long-term loans growing at a higher rate. Loans granted to private companies represented the most important item of the aggregated loan portfolio in 2006, comprising 52.68% of the total. They increased at a rate of 114% in comparison with 2005.

During the last several years, Montenegro has experienced a stabilization of the banking sector, the gradual development of the capital market, and restored 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 8% to 20%, annually.

A.10. Political Violence

Montenegro has been led by democratically-elected governments that have contributed to regional stability. The current government supports Montenegro's integration with the European Union and the reforms necessary to achieve this goal.

There is no sustained anti-American sentiment in the general public despite U.S. involvement in regional NATO actions. Montenegro and the United States share many 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/commercial sphere.

A.11. 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. According to the Transparency International Corruption Perceptions Index for 2007, Montenegro ranked 84 (out of the total 179 countries included in the study, with higher numbers meaning more corruption).

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.

In 2005, the government adopted an official Program for the Fight Against Corruption and Organized Crime, and adopted an Action Plan to implement the Program the following year. In 2007, the government established a National Commission to monitor the implementation of the Action Plan. Deputy Prime Minister for European Integration Gordana Djurovic currently heads the Commission.

The Commission's first report, which covered the September 2006 – May 2007 time period, found that only 69 of 280 recommended measures had been implemented (however, another 56 measures were partly realized, the Government hopes to make considerable progress on others). The next report will be prepared in January 2008.

A legal framework against corruption and organized crime has been in force since August 2006 (Law on Witness Protection/Action Plan to Fight against Corruption and Organized Crime). Montenegro is also preparing a criminal intelligence system, and has been a full member of the International Criminal Police Organization-Interpol since September 2006.

Over the past year, progress on combating corruption has been achieved through the passage of important legislation on public procurement, the treasury and budget system, and the courts. Implementation of these laws is now a key priority for the government.

A.12. Bilateral Investment Agreements

Montenegro signed the Central European Free Trade Agreement (CEFTA) -- which is intended to eliminate all custom restrictions for industrial and agricultural products in member states by 2010 -- in December 2006. 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.

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.

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.
- **EFTA countries** (Switzerland, Norway, Iceland, Liechtenstein). A preliminary declaration of cooperation was signed with EFTA in December 2000, pledging asymmetric treatment of Montenegro products in the markets of the four member countries. This declaration has paved the way for a future free trade agreement between EFTA and Montenegro.

The United States 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.

A.13. OPIC and Other Investment Insurance Programs

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’s activities include: (1) insurance for investors against political risk, expropriation of assets, damages due to political violence and currency convertibility; and (2) 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. This fund is capitalized at \$150 million.

For more information see: <http://www.opic.gov>.

A.14. Labor

Montenegro's unemployment rate has dropped in recent years and wages have increased steadily. Montenegro’s total labor force is comprised of approximately 257,000 people; the unemployment rate in October 2007 was 11.7%. The Employment Agency states that there are currently 30,908 unemployed people. Average wages, in 2007, increased 17.8% compared to 2006, despite the constant minimum wage level. It is expected that this trend

will continue in 2008. The average monthly wage in 2007 was \$658 (€508), while the average monthly wage without taxes and contributions was \$465 (€345).

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, port/shipping, and manufacturing (i.e. aluminum).

Bringing Montenegro's labor market legislative framework into accordance with EU standards is one of the primary tasks of the Montenegrin Government. The labor market, which is still not fully liberalized, is currently regulated by the Labor Law (adopted in 2003). Montenegro has amended the law to permit direct negotiations between employees and employer, and it is expected that a new Labor Law will be adopted in 2008. Labor relations are governed by national, sector, and company collective bargaining agreements. Another significant piece of legislation is the newly adopted Law on Pension Insurance, which has helped to reform the pension system.

A.15. 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.

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A.16. Foreign Direct Investment Statistics

Investing Company: Interbrew

Country: Belgium

Investment: Acquisition of Niksic Brewery for USD 25.2 million

Investing Company: Societe Generale

Country: France

Investment: Acquisition of 64.45 percent of Podgoricka Bank for USD 16.8 million

Investing Company: Hellenic Petroleum

Country: Greece

Investment: Acquisition of the 54.4 percent of Jugopetrol Kotor petroleum refinery for USD 120 million

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

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

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

Investing Company: Daido
Country: Japan
Investment: Acquisition of Factory of Ball Bearings for USD 11.2 million

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

Investing Company: Beppler & Jacobson
Country: England
Investment: Acquisition of Hotel Bianca for USD 10.8 million

Investing Company: Njega Tours
Country: Russia
Investment: Acquisition of Hotel AS for USD 18 million

Investing Company: Salomon Ent
Country: Russia
Investment: Acquisition of Bauxite Mine (Rudnici boksita AD Podgorica) for USD 12.5 million

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

Investing Company: Gradex HPB
Country: Slovakia
Investment: Acquisition of Rudnik mrkog uglja (Dark coal mine) for USD 12.7 million

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

Investing Company: LB leasing Ljubljana

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

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

Investing Company: OTP Bank
Country: Hungary
Investment: Acquisition of CKB bank for USD 134 million

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

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

Investing Company: MN Speciality
Country: England
Investment: Acquisition of Steel factory Niksic for USD 6.5 million

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

Investing Company: Bepler & Jacobson
Country: England
Investment: Acquisition of Ski center "Jezerine" for 0.5 million

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

Investing Company: Balkan Energy
Country: Greece
Investment: Portfolio investment in Dark coal mine Berane of 1.5 million

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

Investing Company: BT International
Country: Switzerland

Investment: Acquisition of "4. Novembar" Mojkovac for USD 6.3 million

Investing Company: Intereuropa

Country: Slovenia

Investment: Portfolio investment in Zetatrans for USD 12.3 million

Investing Company: Morgan Invest

Country: USA

Investment: Portfolio Investment of Titex for USD 2.45 million

Investing Company: Springer & Sons

Country: Austria

Investment: Acquisition of Hotel Panorama for USD 2.5 million

Investing Company: Platzer Leasing & Monte Mlin Sajo

Country: Austria & Montenegro

Investment: Acquisition of Hotel "Vila Oliva" for USD 3.5 million

Investing Company: Barkli SK

Country: Russia

Investment: Acquisition of Hotel "Otrant" for USD 2.5 million

Investing Company: Becovic Management Group

Country: USA

Investment: Acquisition of Hotel "Mediteran" for USD 1 million

Investing Company: Capital Estate

Country: Russia

Investment: Acquisition of Hotel "Grand Lido" for USD 10.8 million

Investing Company: HLT fund & Primorje Tivat

Country: Slovenia & Montenegro

Investment: Acquisition of Hotel "Centar Igalo" for USD 3.1 million

Investing Company: Hungest Hotels

Country: Hungary

Investment: Acquisition of Hotel "Topla" for USD 0.8 million

Investing Company: Hungest Hotels

Country: Hungary

Investment: Acquisition of Hotel "Centar" for USD 1 million

Investing Company: Beppler & Jacobson

Country: England

Investment: Acquisition of Ski center Bjelasica for USD 0.5 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)

Larger 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

Montenegro is the only country that does not belong to the Euro zone but uses Euro as its official currency (since March 31, 2002). 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 main advantages of such a system are that there is: (i) no possibility of deficit coverage by printing money, (ii) market regulation of prices; (iii) market regulation of interest rates; (iv) market regulation of exchange rates; (v) use of sophisticated measures of monetary policy such as a required reserve; and (vi) better focus on banking sector control.

The Central Bank of Montenegro, established in 2001, is the monetary authority. The banking sector functions under the Law on Banks adopted in 2000, in the same year as the Law on the Central Bank. Part of the new legal banking framework includes the Law on Bank Bankruptcy and Liquidation, which made the process of banking liquidation more efficient. During 2002 and 2003, the Central Bank adopted a set of regulations related to banking supervision and banking operations in line with EU standards, including the Decision on Credit Unions and the Decision on Micro-Credit financial institutions. The Deposit Protection Law, adopted in 2003, established the Deposit Protection Agency at the beginning of 2006. Seven banks are currently members of the Agency.

The level of legal reserve in 2002 was 100%, 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% for sight deposits and term deposits with maturity of less than 90 days; and 5% for term deposits with maturity of more than 90 days but less than one year. The banks may use up to 50% 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 main role of the Montenegrin Central Bank is to supervise the banking system. In performing on-site and off-site controls, the Central Bank adopted and is applying the internationally accepted CAMELS methodology, including permanently rating banks. With this rating system, it is possible to identify early potential and existing weaknesses which relate to the bank's financial position and operations.

The Central Bank also maintains 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 ten banks operating in Montenegro: Podgoricka Bank - Societe Generale, France (www.pgbanka.cg.yu) Mortgage Bank, Montenegrin Commercial Bank - OTP Hungary (www.ckb.cg.yu), NLB Montenegro Bank - Nova Ljubljanska bank, Slovenia (www.montenegro-banka.com), Opportunity Bank (www.opportunitybank.cg.yu), Hypo Alpe Adria Bank, Atlasmont bank (www.atlasmontbanka.cg.yu), Pljevaljska Bank, First Montenegrin Bank and Commercial Bank Budva. The banking system is 100 % privately owned. Total capital of Montenegrin banks amounted to \$250 million (192.6 million euros), which is \$58.3 million (43.9 million euros) or 29.5% more than in the same period in 2006.

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 8% to 20%, 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, Opportunity Bank, NLB) 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, but following the country's independence on June 3, 2006, all EBRD shareholders accepted Montenegro as a shareholder and country of operations.

During its first year as an independent country, Montenegro has proved to be a politically stable and economically viable state which has the potential to grow rapidly. The country is building up a favorable business climate and the EBRD's presence in Montenegro can play an important role in signaling to investors that Montenegro is an attractive investment destination.

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 a sustainable modernization of key infrastructure areas, such as energy, roads and railways, as well as municipal infrastructure.

Prior to its becoming a country of operations, the EBRD's financing in Montenegro included infrastructure loans and investments in local banks. So far, the EBRD has invested a total of €43.3 million in Montenegro.

Contact:

EBRD office in Montenegro
Svetog Petra Cetinjskog 42
Phone: +382 81 235 190; 235 191
Fax: +382 81 235 193

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, consultancies, 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 for the creation of a revolving investment fund for water projects. The value of the grant was \$463,950. Other than 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/>
U.S. Agency for International Development: <http://www.usaid.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 business laws were adopted. 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 have traditionally been founded on trust, with significant time and energy invested in developing relationships among the parties.

Travel Advisory

Please see Montenegro's Consular Specific Information, available at http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_2974.html.

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, the Russian Federation 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.

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.

U.S. visas are not currently processed in Montenegro. Montenegrin applicants should consult the American Embassy Belgrade website for further information on how to apply for a U.S. visa.

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 THE REPUBLIC OF MONTENEGRO

81000 Podgorica, Bulevar Sv. Petra Cetinjskog 3

Phone: (+382 81) 243 117, 242 388; Fax: (+382 81) 246 894

E - mail: predsjednik@cg.yu

Mr. Filip Vujanovic, President

PRESIDENT OF THE PARLIAMENT OF THE REPUBLIC OF MONTENEGRO

81000 Podgorica, Bulevar Sv. Petra Cetinjskog 10

Phone: (+382 81) 242 182; Fax: (+382 81) 242 192

E - mail: predsjednik@skupstina.mn.yu

Mr. Ranko Krivokapic, President

PRIME MINISTER

81000 Podgorica, Jovana Tomasevica bb

Phone: (+382 81) 242 530, 242 388; Fax: (+382 81) 242 329

E - mail: kabinet.premijera@mn.yu

Mr. Zeljko Šturanović, Prime Minister

DEPUTY PRIME MINISTER FOR ECONOMIC POLICY

81000 Podgorica, Jovana Tomaševića 2

Telephone: (+382 81) 202 195, 202 215; Fax: (+382 81) 202 218

E - mail: ivona.jovanovic@mn.yu

Mr. Vujica Lazović, Deputy Prime Minister

DEPUTY PRIME MINISTER FOR EUROPEAN INTEGRATIONS

81 000 Podgorica, Jovana Tomaševića 2,

Telephone: (+382 81) 244 263; Fax: (+382 81) 224 552

E - mail: gordanadjurovic@mn.yu

Ms. Gordana Djurović, Deputy Prime Minister

MINISTRY OF JUSTICE

81000 Podgorica, Vuka Karadžića 3

Telephone: (+382 81) 407 501; Fax: (+382 81) 407 515

E - mail: pravda@cg.yu

Mr. Miraš Radović, Minister

MINISTRY OF FINANCE

81000 Podgorica Stanka Dragojevića br. 2
Telephone: (+382 81) 242 835; Fax: (+382 81) 224 450
E - mail: mf@mn.yu
Mr. Igor Lukšić, Minister

MINISTRY OF FOREIGN AFFAIRS
81000 Podgorica Stanka Dragojevića 2
Telephone: (+382 81) 224 609, 246 357; Fax: (+382 81) 224 670
E - mail: mip@mn.yu
Mr. Milan Roćen, Minister

MINISTRY OF CULTURE, SPORT AND MEDIA
81000 Podgorica, Vuka Karadžića 3
Telephone: (+382 81) 231 538, 231 540; Fax: (+382 81) 231 540
E - mail: min.kulture.rcg@cg.yu
Mr. Predrag Sekulić, Outgoing Minister
Mr. Branimir Micunovic, Incoming Minister

MINISTRY OF ECONOMIC DEVELOPMENT
81000 Podgorica, Rimski trg 46
Telephone: (+382 81) 242-104, 482-112; Fax: (+382 81) 242-028
E-mail: www.minprivrede@mn.yu
Mr. Branimir Gvozdenović, Minister

MINISTRY OF EDUCATION AND SCIENCE
81000 Podgorica, Rimski trg 46
Telephone: (+382 81) 405 301; Fax: (+382 81) 405 334
E-mail: mpin@cg.yu
Mr. Slobodan Backović, Outgoing Minister
Mr. Sreten Skuletic, Incoming Minister

MINISTRY OF INTERIOR AFFAIRS AND PUBLIC ADMINISTRATION
81000 Podgorica, Bul. Svetog Petra Cetinjskog
Telephone: (+382 81) 242-104, 482-112; Fax: (+382 81) 242-028
E-mail: mupkabinet@cg.yu
Mr. Jusuf Kalamperović, Minister

MINISTRY OF MARITIME AFFAIRS, TRANSPORTATION AND
TELECOMMUNICATION
81000 Podgorica, Rimski trg 46
Telephone: (+382 81) 482 124; Fax: (+382 81) 230 650
E-mail: angelinaz@mn.yu
Mr. Andrija Lompar, Minister

MINISTRY OF AGRICULTURE, FORESTRY AND WATER SUPPLY
81000 Podgorica, Rimski trg 46

Telephone: (+382 81) 482 109; Fax:(+382 81) 234 306
E-mail: milutins@mn.yu
Mr. Milutin Simović, Minister

MINISTRY OF TOURISM AND ENVIROMENTAL PROTECTION
81000 Podgorica, Rimski trg 46
Telephone: (+382 81) 482 145; Fax:(+382 81) 234 168
E-mail: pedjan@mn.yu
Mr. Predrag Nenezić, Minister

MINISTRY OF HEALTH, LABOR AND SOCIAL WELFARE
81000 Podgorica, Rimski trg, PC "Vektra"
Telephone: (+382 81) 242 276; Fax:(+382 81) 242 762
E-mail: mzdravlja@mn.yu
Mr. Miodrag Radunović, Minister

MINISTRY OF DEFENSE
81000 Podgorica, Jovana Tomaševića 29,
Telephone: (+382 81) 224 042; Fax:(+382 81) 224 702
E-mail: kabinet@mod.cg.yu
Mr. Boro Vučinić, Minister

DEVELOPMENT SECRETARIAT
81000 Podgorica, Rimski trg 46,
Telephone: (+382 81) 241 412; Fax: (+382 81) 241 790
E-mail: dusko@mn.yu
Mr. Dušan Simonović, Secretary

Financial Institutions:

CENTRAL BANK OF MONTENEGRO
81000 Podgorica, ul Svetog Petra Cetinjskog 7
Telephone: (+382 81) 224 488
Fax: (+382 81) 224 298
E-mail: info@cb-cg.org
Mr. Ljubiša Krgović, President

THE SECURITIES COMMISSION OF THE REPUBLIC OF MONTENEGRO
81000 Podgorica, Novaka Miloseva n.n
Telephone: (+382 81) 231 525; Fax: (+382 81) 231 526
Web site: www.scmn.cg.yu
Mr. Zoran Djikanovic, President

MONTENEGRO STOCK EXCHANGE
81000 Podgorica, Zgrada Vektre 2A
Telephone: (+382 81) 235 051; Fax: (+382 81) 235 051

Web site: <http://www.montenegroberza.com/>

Mrs. Dejana Šuškvčević, Director

NEW SECURITIES EXCHANGE MONTENEGRO

81000 Podgorica, Miljana Vukova n.n

Telephone: (+382 81) 230 670; Fax: (+382 81) 230 640

Web site: <http://www.nex.cg.yu/>

Mrs. Danijela Laketić, Director

Agencies:

MONTENEGRIN INVESTMENT PROMOTION AGENCY

81000 Podgorica, Atinska 36

Telephone: (+382 81) 655 586; Fax: (+382 81) 655 583

Web site: www.mipa.cg.yu

Mr. Petar Ivanovic, Director

MONTENEGRIN AGENCY FOR RESTRUCTURING

81000 Podgorica, Jovana Tomasevica n.n

Telephone: (+382 81) 252 023; Fax: (+382 81) 245 756

Web site: www.agencijacg.org

Mr. Branko Vujovic, President

ENERGY REGULATORY AGENCY

Bulevar Svetog Petra Cetinjskog 96

81000 Podgorica

Tel: (+382 81) 201 360

Fax: (+382 81) 201 365

Web site: www.regagen.cg.yu

AGENCY FOR TELECOMMUNICATION AND POSTAL SERVICES

Bulevar revolucije, 81000 Podgorica

Tel: (+382 81) 241 786

Fax: (+382 81) 241 805

Web site: www.agentel.cg.yu

REPUBLICAN STATISTICAL OFFICE OF MONTENEGRO

81000 Podgorica, Cetvrte Proleterske 2

Web site: www.monstat.cg.yu

COMMERCIAL COURTS

Podgorica, Cetvrta 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
Telephone: (+382 85) 312 666

Business Associations and Chamber of Commerce:**CHAMBER OF COMMERCE AND INDUSTRY OF MONTENEGRO**

Novaka Miloseva 29, 81000 Podgorica
Phone: (+382 81) 230 545 / 230 545; Fax: (+382 81) 230 493
Mr. Vladimir Vukmirovic, President
Web site: www.pkcg.org

MONTENEGRO BUSINESS ALLIANCE

Kralja Nikole 27a/4, 81000 Podgorica
Phone: (+382 81) 622 728; Fax: (+382 81) 622 738
Mr. Slobodan Radovic, President
E-mail: mba@cg.yu
Web site: www.visit-mba.org

UNION OF EMPLOYERS

Marka Miljanova 46a/25, 81000 Podgorica
Phone: (+382 81) 210 555; Fax: (+382 81) 210 556
Mr. Predrag Mitrovic, President
E - mail: upcg@cg.yu
Web site: www.upcg.cg.yu

Embassy of the United States of America:

Ms. Alexandra Bonura, Political and Economic Officer
Ms. Gina Werth, Commercial Officer/Vice Consul
Ms. Marina Milić, Economic Program Specialist
81000 Podgorica, Ljubljanska bb
Phone: (+382 81) 225 417;
Fax: (+382 81) 241 358
Web site: <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>

<http://www.buyusa.gov/yugoslavia/en/9.html>