

## **V Annex - Economic and structural developments and reforms**

### **12. DECISION ON PRIVATIZATION PLAN FOR 2008**

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According to Article 3 of the Economy Privatization Law (Official Gazette of the Republic of Montenegro 23/96, 6/99, 59/00 and 42/04), the Government of Montenegro, in the session held on 6 March 2008, passed the

### **DECISION ON PRIVATIZATION PLAN FOR 2008**

#### **I MAIN PRIVATIZATION OBJECTIVES**

The Decision establishes main privatization objectives and other aspects of this process, methods and principles of privatization with the list of companies and a percentage of share capital to be privatized.

The main privatization objectives are increasing competition and efficiency of companies' performance, encouraging foreign investments and entrepreneurship in all fields, increasing employment and improving the standard of living.

#### **II METHODS AND PRINCIPLES OF PRIVATIZATION**

The privatization in 2008 shall be based on privatization methods and principles adjusted to the free market requirements.

##### **1. Sale of shares and assets by public tender**

1.1. The implementation of tenders announced for the following companies shall continue:

- 1.1.1. „Jadransko brodogradilište“ AD Bijela,
- 1.1.2. N.I.G. „Pobjeda“ AD Podgorica,
- 1.1.3. „Montepranzo-Bokaprodukt“ AD Tivat.

1.2. On the basis of the decisions passed by the Privatization Council, the preparation of tenders for the following companies shall continue:

- 1.2.1. „Duvanski kombinat“ AD Podgorica,
- 1.2.2. Institute „Dr Simo Milošević“ AD Igalo,
- 1.2.3. „Elektroprivreda Crne Gore“ AD Nikšić – small hydro power plants,
- 1.2.4. Electrical industry „Obod“ AD Cetinje.

1.3. Privatization procedure shall be initiated for the following companies:

- 1.3.1. HTP „Budvanska rivijera“ AD Budva,
- 1.3.2. HTP „Ulcinjaska rivijera“ AD Ulcinj,
- 1.3.3. „Institut crne metalurgije“ AD Nikšić,
- 1.3.4. AD „Marina“ Bar,
- 1.3.5. „Barska plovidba“ Bar,
- 1.3.6. DOO "Montenegro bonus" Cetinje,
- 1.3.7. "Zora" DOO Berane.

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1.4. Based on the previously adopted restructuring programme, the privatization procedure shall be initiated for the following companies:

- 1.4.1. „Luka Bar“ Bar,
- 1.4.2. „Željeznice Crne Gore“ AD Podgorica,
- 1.4.3. „Montenegro airlines“ DOO Podgorica.

1.5. In order to raise necessary investment funds for „Elektroprivreda Crne Gore“ AD Nikšić, a combined engagement of preferential and commercial borrowings with the increase in capital shall be entered into or the sale of minority package of shares to a strategic partner conditioned by the retention of a majority state ownership in the company.

The companies from the Enclosure 1 which has been attached to the Decision and forms its integral part shall be privatized by public tender.

### **2. Sale of shares and assets by public auction**

A part of assets, shares i.e. a stake in a company shall be sold by public auction pursuant to the owners' decisions.

In companies where the state or state funds are majority owners, the Privatization

Council shall give the approval for the decision on sale of assets whose value exceeds EUR 50,000. The companies from the Enclosure 2c) which has been attached to the Decision and forms its integral part shall be privatized by public auction, pursuant to the previous owners' decision.

### **3. Sale of shares on stock exchange**

The companies from the Enclosure 2c) which has been attached to this Decision and forms its integral part shall be privatized through stock exchange following previous owners' decision, with the approval of the Privatization Council.

### **4. Privatization of companies from the field of forestry**

The companies from the field of forestry from the Enclosure 2c) which has been attached to this Decision and forms its integral part shall be privatized pursuant to the methods defined by a line ministry upon the owner's proposal with the previous approval of the Privatization Council.

### **5. Valuation of tourism locations through public private partnership**

Pursuant to the decisions of the Privatization Council, the competent tender commissions shall conduct the procedure for the selection of an investor for the valuation of tourism locations Ada Bojana, Velika plaža and Buljarica by public international tender.

### **6. Sale and valuation of military assets**

The Privatization Council has formed competent tender commissions to conduct the sale and

valuation of former military assets. The commissions shall conduct the public tender procedure for the sale and valuation of the former military assets (Enclosure 3).

#### **7. Privatization of public utility companies**

The initiative for amendments to the regulation on economy privatization shall be launched, establishing the models for restructuring public utility companies.

#### **8. Privatization of companies in bankruptcy**

The sale of shares of the companies in bankruptcy may be conducted in the course of the bankruptcy procedure.

#### **9. Companies or assets not included in the Plan**

In the event a company or assets are not be included in this Plan or if there is a need for changing privatization methods or principles, the Privatization Council shall decide on the privatization method and principle in accordance with the Economy Privatization Law.

### **III SOCIAL ASPECTS OF PRIVATIZATION**

While privatizing the companies by public tender, it is necessary to include the settlement of social issues as a contractual obligation and provide credible guarantees and termination clauses in case of a failure to meet contractual obligations. In addition, with respect to other privatization methods and principles it is necessary to include the settlement of social issues, excluding the stock exchange.

### **IV IMPROVEMENT OF LEGISLATION**

The Privatization Council shall initiate the proposal for amendments to enactments with a view of achieving a more efficient privatization.

### **V FINAL PROVISION**

This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

No: 03-931

Podgorica, 6 March 2008

**The Government of Montenegro**

**Prime Minister**

**Milo Đukanović**