

V Annex - Economic and structural developments and reforms

13. DECISION ON PRIVATIZATION PLAN FOR 2009

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According to Article 3 of 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 25 December 2008, passed the

DECISION ON PRIVATIZATION PLAN FOR 2009

I MAIN PRIVATIZATION OBJECTIVES

This Decision establishes main privatization objectives and other aspects of this process, methods and principles of privatization along 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 2009 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.
- 1.1.4. Institut „Dr Simo Milošević“ AD Igalo,
- 1.1.5. "Zora" AD Berane.

1.2. Pursuant to 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. HTP „Budvanska rivijera“ AD Budva,
- 1.2.3. HTP „Ulcinjaska rivijera“ AD Ulcinj,
- 1.2.4. „Institut crne metalurgije“ AD Nikšić,
- 1.2.5. AD „Marina“ Bar,
- 1.2.6. „Barska plovidba“ Bar,
- 1.2.7. DOO "Montenegro bonus" Cetinje,
- 1.2.8. „Elektroprivreda Crne Gore“ AD Nikšić – capital increase, and / or sale of the minority package of shares,
- 1.2.9. „Elektroprivreda Crne Gore“ AD Nikšić –small hydro power plants.

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

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- 1.3.1. „Luka Bar“ AD Bar,
- 1.3.2. „Željeznice Crne Gore“ AD Podgorica,
- 1.3.3. „Montenegro airlines“ AD Podgorica,
- 1.3.4. „Pošta Crne Gore“ DOO Podgorica.

The companies referred to in 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

50,000€. The companies referred to in Enclosure 2b) which has been attached to this 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 referred to in Enclosure 2a) which has been attached to this Decision and forms its integral part shall be privatized through stock exchange following previous owners' decision.

4. 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 Plaza, Njivice, Utjeha, Buljarica and Jaz by public international tender.

5. Sale and valuation of former military assets

The activities aimed at valuation of military-tourism complexes "Mediteran", Žabljak, "Bigovo – Trašte", Kotor and „Valdanos“ – Ulcinj shall continue pursuant to the announced public tenders.

The competent tender commissions shall conduct public tender procedures aimed at sale or valuation of the former military assets referred to in Enclosure 3 attached to this Decision and making its integral part.

6. Privatization of public utility companies

The initiative aimed at establishing amendments to the regulations referring to economy

privatization shall be launched, establishing the models for restructuring public utility companies.

7. Privatization of companies experiencing bankruptcy

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

8. Companies or assets not included in the Privatization Plan

In the event a company or an asset is not included in this Plan or if there exists a need for changing privatization methods or principles, the Privatization Council shall decide on the privatization method and principle pursuant to the Economy Privatization Law.

III SOCIAL ASPECTS OF PRIVATIZATION

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

IV FINAL PROVISION

This Decision shall become effective eight days upon its publication in the "Official Gazette of Montenegro".

No: 03-13136

Podgorica, 25 December 2008

Government of Montenegro

Prime Minister

Milo Djukanović