

Government of Montenegro

Ministry of Economy

Questionnaire

Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union

20 Enterprise and industrial policy

Minister: Branko Vujovic

Podgorica, December 2009

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**CHAPTERS OF THE ACQUIS – ABILITY TO ASSUME THE
OBLIGATIONS OF MEMBERSHIP**

Chapter 20: Enterprise and industrial policy

I. ENTERPRISE AND INDUSTRIAL POLICY PRINCIPLES

Industrial Policies and Competitiveness

Benchmarking/Scoreboard

1 Please provide an overview and analysis of the economic situation of your country and more specifically of industry and industrial sector. When providing economic data, please indicate as far as possible not only the most recent available figures, but also past and future trends (the last three years and projections for the next three to five years) in respect of each question. Please refer to Annex 1 for a more detailed set of questions on presenting the situation of industry and industrial sectors.

Montenegro has a character of an open economy which adopted the euro currency as its sole legal tender, and with a high degree of liberalization. The main factors that strongly encouraged and contributed to the economic growth achieved over the previous period included the following: introduction of the Euro as the official currency (see Question 39, Chapter 17 – Economic and Monetary Policy), price and trade liberalization, privatization process and restructuring, major infrastructure projects, reforms initiated in the area of labour market, education, and as well as fiscal policy reforms and stable **public finance management**. The European and Euro-Atlantic integration has been identified as the strategic priority.

The main development goals are focused on an increase in economic freedom and strengthening of the private sector's role and the rule of law as a precondition for building modern institutions of parliamentary democracy and improving the standard of living of the citizens by offering high quality public services, through efficient education, healthcare and social welfare systems.

After the restoration of its independence in 2006, Montenegro recorded a dynamic economic growth, which was paralleled by an intensive reform of the legal system, in the sense of rounding up its legislative framework, redefinition of the basic system of state institutions, membership of all major international organizations, active participation in all regional initiatives and organizations, ratification of a large number of international treaties and an affirmative role of Montenegro in the strengthening of regional cooperation and good neighbouring relations.

Movement of Key Economic Indicators in the period of 2006 –2008

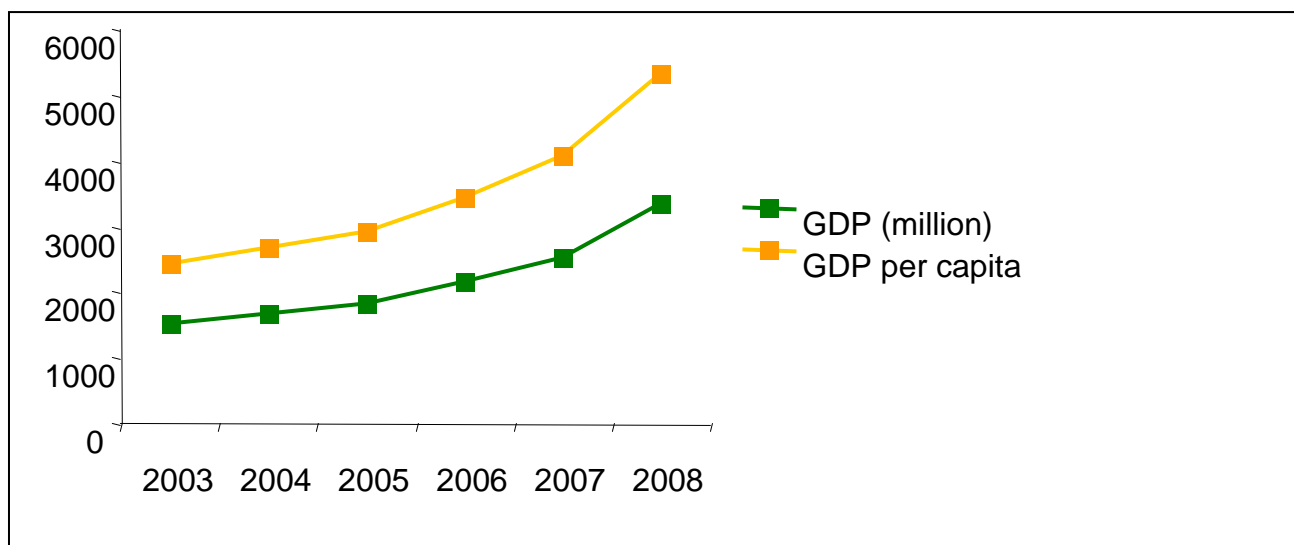
	2006	2007	2008	2009est.
GDP in current prices, EUR million	2,148.99	2,807.9	3,338.6	3,715.0
Real GDP growth, %	8.6	10.7	8.1	-4
Inflation, %	2.8	7.7	8.0	3
Consolidated public spending (% GDP)	42.68	41.37	45.77	
Budget Surplus/Deficit (% GDP)	2.94	6.35	0.48	
Employment growth rate (person), %	3.8	5.6	6.1	-3.0
Registered unemployment rate, % ¹	14.7	11.9	10.9	11.6
Growth Rates in Export of Goods and Services, %	12.65	25.1	1.3	
Growth Rates in Import of Goods and Services, %	14.29	30.07	13.6	

¹ The unemployment rate is based on the data provided by the Employment Office of Montenegro, 2009

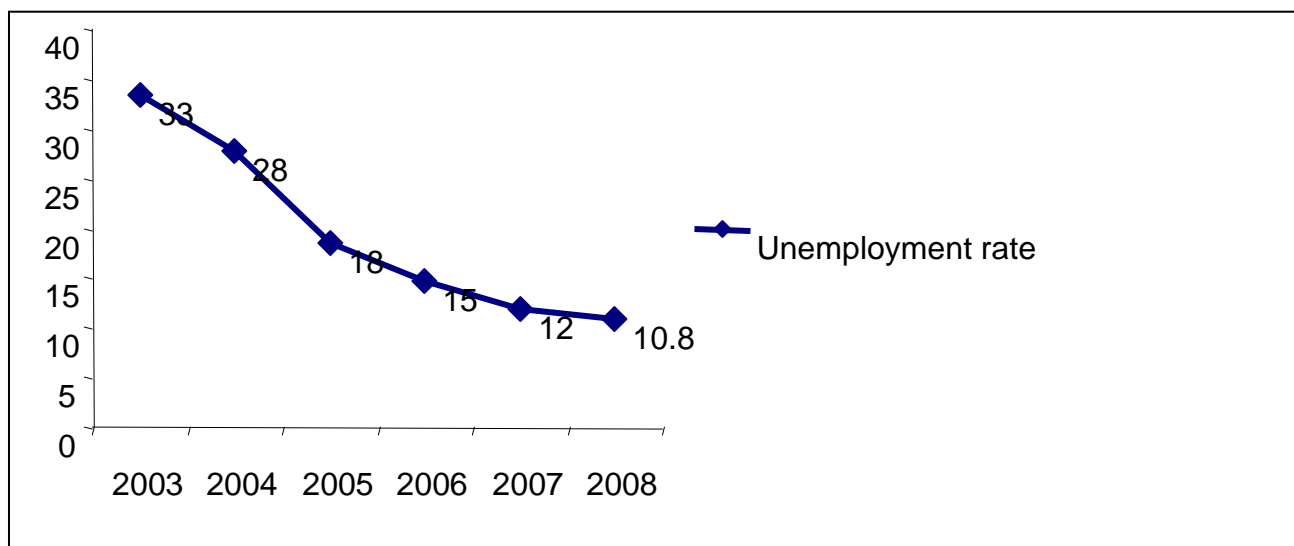
20 Enterprise and industrial policy

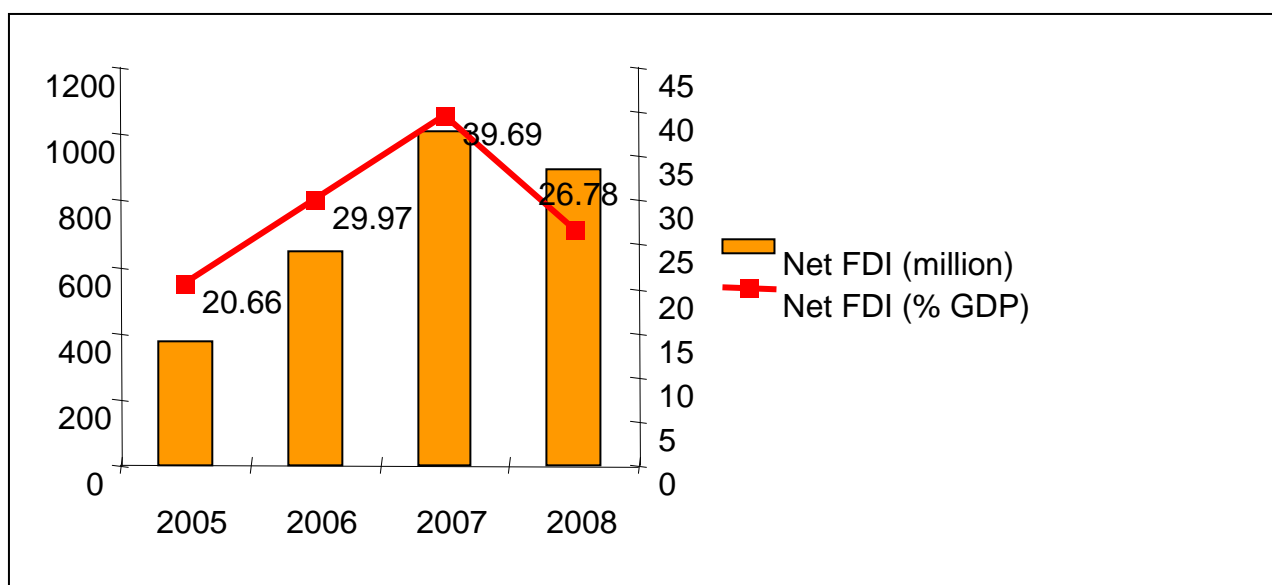
Trade balance in goods and services, current prices, EUR million	-318.1	-901.51	-1.198.3	-1,151.6
Trade balance in goods and services, % GDP	-17.48	-35.49	-35.9	-31.0
External debt, EUR million	513	462.1	481,7	
External debt, % GDP	30,3	18.2	14,4	
Net Foreign Direct Investment, current prices, EUR million	380.1	524.9	550	460
Net Foreign Direct Investment,% GDP	20.88	20.66	16.5	12.4

Over the previous three-year period of 2006 – 2008, the most significant effects were achieved by the synthetic indicator of the GDP growth, which was increasing in the said period by an average rate of 9%.



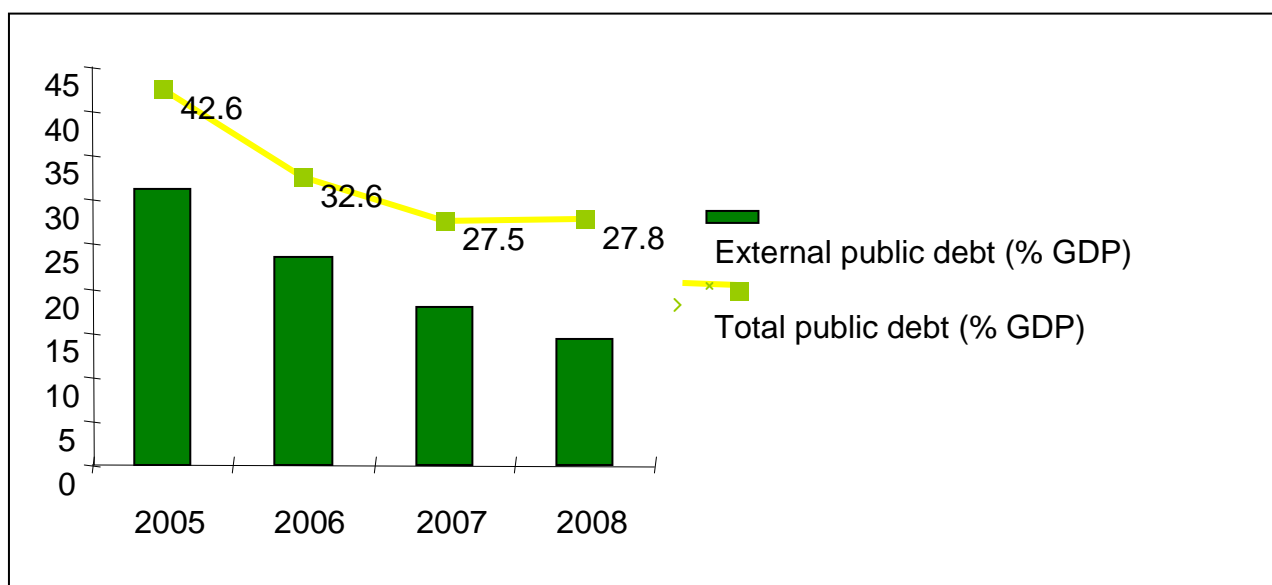
The registered unemployment rate amounted to even 33% in 2003, whereas it went down to 10.8% in 2008.





An exceptional inflow of foreign direct investments was achieved:

A very good policy was also in place in the area of public debt management.



The Economic and Financial Program for the period 2008 – 2011, which was prepared by the Ministry of Finance in December 2008, included mid-term projections of basic macroeconomic aggregates, and yet those significantly changed due to the effects of global economic and financial crisis. The Ministry of Finance is preparing a new Economic and Fiscal Program for the year 2010 (until the end of 2009) to include new projections on the basis of three possible scenarios:

Also, the preparation of the Budget Law for 2010 is in its final phase, to include a projection of the expenditures of budgetary units, starting from the adopted mid-term macroeconomic framework.

Detailed responses to this question are provided in Chapter – ECONOMIC CRITERIA, Part V – **Economic and Structural Trends and Reforms**, for the following:

- **Basic principles of economic policy**, see the response to question 5;
- **Cooperation** of the line Ministry of Finance, competent ministries and the Central Bank of Montenegro in **designing and implementing economic policy**, see the response to question 6;
- **Privatization Process** in the area of industry (methods, procedure, privatization plans, etc.), see the response to question 17; also, in Chapter 20 – Enterprise and Industrial Policy, see the response to questions 11 to 15);
- **Enterprise restructuring** (also for the industry area), see the response to question 20; Chapter 20 – Enterprise and Industrial Policy, see the response to questions 11 to 15);

- **Key priorities** in the areas of **macroeconomic policy and structural reform**, see the response to question 23;
- **An overview of the development of sectoral structure of the economy** (expressed through GDP and employment), see the response question 24;
- **Gross investment into fixed assets (also including the industrial sector)**, with respect to the level, structure, and source of investment, see the response to question 26;
- Initiatives for the **enhancement** of business, see the response to question 27;
- Data on major trade partners (both in import and export of goods intended for trade) and an overall trade structure by sectors, see the response to question 28;
- The priorities of economic policy faced by Montenegro, also taking into account the context of global economic and financial crisis, see the response to question 29.

Movement of industrial Production during the period 2000 – 2008

In the 90s of the previous century, the industrial production recorded a decline as a result of wars and blockades. A sudden fall was recorded in the period of 1991-1994 (by about 50% according to various indicators) and a mild one in the period of 1998-1999. Between these two periods a recovery was recorded. According to the classification of activities which has been applied from January 2001, industry includes the following three sectors:

- 1) *Quarrying and mining;*
- 2) *Processing industry, and*
- 3) *Electricity, gas and water supply*

If the year 2000 is taken as the base one, it can be concluded that the industrial production varied over the previous years.

Table: Industrial production indices

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Industrial production indices	100	99	100	102	116	114	101	101	98

Source: MONSTAT

The industrial production in 2001 was lower by approximately 1% compared to 2000, while in 2002 and 2003 a slight increase was recorded once again, when the industrial production was almost at the same level. In the course of 2004, a more significant growth of industrial production was recorded (16%), primarily due to an increase in the generation of electric power which amounted to 26% in the said period. A similar trend was also recorded in the three-year period of 2006-2008.

Industrial production recorded the following trends over the previous three years:

Table 1 – The structure of sectors in total industry and the indices achieved in 2006

	Share in 2005 expressed in %	<u>December 2006</u> December 2005	<u>January - December 2006</u> <u>January - December 2005</u>
Industry – total	100.0	102.3	101.0
Quarrying and mining	6.1	86.4	102.9
Processing industry	70.6	104.8	100.1
Electricity, gas and water production	23.3	100.3	103.1

Source: Monstat

The production in the quarrying and **mining sector** was higher by 2.9% due to an increase of **17.5%** in the extraction of bituminous coal, lignite and peat, whereas the extraction of metal ore was reduced by 1.9%, and of other ores and stone by 13.7%. Physical output of **processing industry** was higher by only 0.1%. A higher production was accomplished by eleven sectors (branches) of industry, with a share of 58.7% in the total industry. The most dynamic growth

throughout the year was recorded in the production of furniture and other products (286%). A stable growth was recorded also in the production at food products and beverages, by 3.8%. The production in the base metals industry, making up 40.7% of the total metal industry, oscillated during the year (due to occasional strikes of the Aluminum Factory workers), while a cumulative production was 4.3% higher compared to the previous year. In the **electricity, gas and water sector**, the production went up by 3.1% compared to the previous year.

Industrial production in 2007 went up by 0.1%, compared to the previous year. A high growth of 9.3% was achieved in the processing industry. The growth of 1.5% was recorded in the quarrying and mining sector, while the sector of electricity, gas and water production recorded a decline of 27.4%.

Table 2 – The structure of sectors in total industry and the indices achieved in 2007

	Share in 2006 expressed in %	<u>December 2007</u> December 2006	<u>January-December 2007</u> January-December 2006
Industry – in total	100.0	107.7	100.1
Quarrying and mining	6.2	60.2	101.5
Processing industry	70.0	110.5	109.3
Electricity, gas and water production	23.8	111.3	72.6

Source: Monstat

The **quarrying and mining sector** recorded an increase in production which was contributed the most by the extraction of other ores and stone that recorded an increase on 77.7%, whereas a decrease of 21.9% was recorded in the extraction of bituminous coal, lignite and peat. In the **sector of processing industry**, the highest growth was recorded in the fields of extraction of base metals (8.7%) and the output of metal products, other than machines (43.2%), mainly as a result of the Aluminum Factory's output. Otherwise, the output of the Aluminum Factory, regardless of the difficulties faced during the year (work stoppages due to strikes), has the greatest impact on the growth of the processing industry sector. High growth rates in three sub-sectors (production of chemical products and fiber; production of leather and leather products; and manufacturing of machinery and household appliances), with a share of 4.5%, could have no significant impact on the movement of overall industrial production. The production of food and beverages recorded a slight decline of 0.3%, which was not a matter of concern because it had recorded a significant growth in the previous two years. A decline of 4.5% was recorded in the production of tobacco products. The sector of **electricity, gas and water production**, making up 23.8% of the total production, recorded a decline of 27.4% in comparison to 2006. Throughout the year the production remained at a very low level, as a result of an unfavourable hydrological situation and insufficient accumulation at the beginning of the year, as well as because the Thermal Power Plant of Pljevlja was out of operation for a long period of time.

In 2008, the **level of industrial production** in Montenegro experienced a decline. A decline in the production of 11.3% was recorded in the processing industry sector, while a growth of 31.9% was recorded in the sector of **electricity, gas and water production**, and of 17.7% in the quarrying and mining sector.

Table 3 – The structure of sectors in total industry and the indices achieved in 2008

	Share in 2007 expressed in %	December 2008	January-December 2008
		December 2007	January-December 2007
Industry – total	100.0	79.7	98.0
Quarrying and mining	6.3	85.3	117.7
Processing industry	76.4	69.4	88.7
Electricity, gas and water production	17.3	106.8	131.9

Source: Monstat

Both sub-sectors of the **quarrying and mining sector** recorded a higher production: the extraction of raw materials for the energy sector (40.3%) and other raw materials (8.4%). The **sector of processing industry**, which makes up 76.4% of the total industrial production, recorded a fall of 11.3% compared to the observed period of the previous year. Only **three sub-sectors** recorded a **growth** of production (food products, beverages and tobacco; production of leather and leather products and other processing industry). The other **ten sub-sectors** of the processing industry recorded a **decrease** in production. What can be regarded as a matter of concern is a decline of 11.3% recorded in the field of base metal production, due to its share in the overall industrial production (45.7%). The decline in this field relates to an insufficient and unprofitable output of the Aluminum Factory throughout the year for several reasons (the prices of aluminum went down in the world market; extremely high electricity costs; staff surplus; strikes). The sector of **electricity, gas and water production**, making up 17.3% of the total production, recorded a growth of 31.9% in comparison to 2007. The highest growth was recorded in February (145.2%) and November (105.6%).

Most of the branches of industrial sub-sectors experience similar problems in business operations relating to the liquidity problems, surplus of employees, under-utilization of capacities, insufficient competitiveness and similar. The potentials in the **processing industry** were identified in the following areas: production of food and beverages; production of tobacco; wood processing and wood products; and other processing industry – referring to the production of furniture and a variety of other products. A total industrial production could be improved by the restructuring of these branches of industry, modernization of equipment, higher outputs (in addition to lower production costs) and more rational human resources management.

The share of industrial production in GDP

In 2000, the share of industrial production in GDP amounted to 19.1%, and yet it went down in the following years. In 2007, the share of industrial production in GDP amounted to 12%.

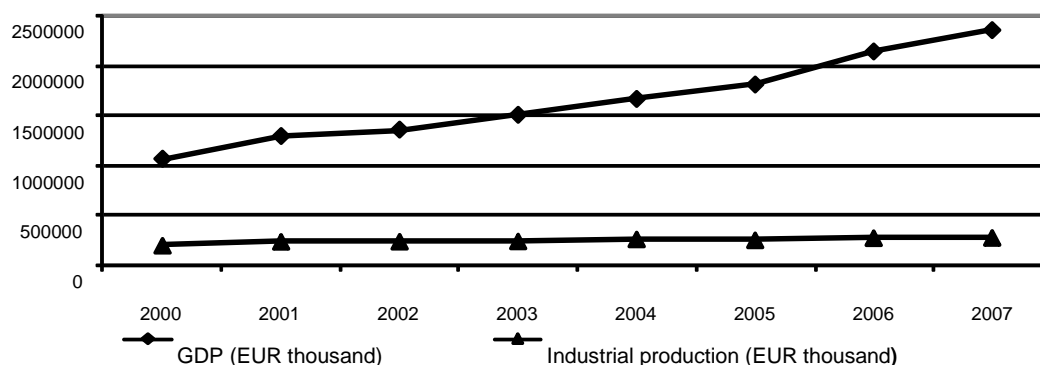
Table: The share of Industrial production in GDP

YEAR	2000	2001	2002	2003	2004	2005	2006	2007
Industrial production (EUR million)	204	244	245	248	269	260	282	284
Industrial production (%GDP)	19.1	18.9	18	16.4	16.1	14.3	13.1	12.0
GDP(EUR million)	1,065.70	1,295.11	1,360.35	1,510.13	1,670.80	1,815.00	2,149.00	2,364.90

Sources: MONSTAT and Ministry of Finance

The share of industrial production in GDP was reduced as a result of significantly lower growth rates of industrial production compared to those of GDP, which had been high in the previous years.

Graph: Movement of GDP and industrial production



Source: MONSTAT

Employment in the sector of industrial production

In 2001 36,690 persons were employed in the sector of industrial production, whereas this number went down to 35,829 and 34,054 in 2002 and 2003 respectively. In 2004, the number of employed persons in this sector increased to 36,355, whereas in 2005 it went down again to 35,546. In 2006, the number of employees in the sector of industrial production once again recorded a slight increase amounting to 35,851. In 2007, the industry sector employed 35,044 persons. In 2008, the number of employees in the sector of industry amounted to 34,098. It can be noticed that the number of persons employed in this field remained fairly constant.

Table: Number of employees in the sector of industrial production

YEAR	2001	2002	2003	2004	2005	2006	2007	2008
Quarrying and mining	4132	4346	4278	4579	4079	4159	3753	3721
Processing industry	26786	25645	24241	26277	25971	26065	25697	24335
Electricity, gas and water production	5772	5838	5535	5492	5496	5627	5594	6042
Industry – total	36690	35829	34054	36348	35546	35851	35044	34098

Source: MONSTAT

The sector of industrial production employs more than **22%** of the total number of registered employed persons in Montenegro. If the employment is observed by sectors of industrial production, the majority of employed persons work in the sector of processing industry. The **processing industry employs more than 70%** of the total number of persons employed in the sector of industrial production.

Table: The share of employees in industrial production in the total number of employees

YEAR	2001	2002	2003	2004	2005	2006	2007	2008
Employees in industrial production	36690	35829	34054	36355	35546	35851	35044	34098
Total number of employees	141112	140778	142672	143479	144340	150800	156408	166221
Share of employees in industrial production in the total number of employees (%)	26	25.45	23.86	25.33	24.62	23.77	22.4	20.51

Source: MONSTAT

2 If an industrial/competitiveness policy is in place, please describe its main features and priorities. How are these priorities made consistent with the overall economic policy? Does the industrial policy take into account the necessity to create an attractive operating environment for business and investors; to promote the development of adequate professional skills, the creation of an integrated innovation system and the development of clusters? How is competitiveness addressed?

There is no specific strategic document on the industrial or competitiveness policy in Montenegro.

A Development Strategy of Montenegro is planned to be prepared as a part of the mid-term priorities established under the National Program for Integration of Montenegro into the EU (NPI) for the period 2008 – 2012, whereby some basic elements will be identified, and also a long-term development orientation of Montenegro in the area of overall economic policy, including the policy of competitiveness, in addition to the goals, directions, a development schedule and the measures for its implementation.

The Montenegrin Academy of Sciences and Arts is currently implementing a large project titled “Montenegro in the 21st Century - the Era of Competitiveness,” which will, in the first half of 2010, lay down the foundations of development of Montenegro in all key areas including the long-term projections. This document will serve as an input for the preparation of a National Development Program (NDP), which is planned to be completed until the end of 2010 (under the IPA 2009 project).

The starting point for the preparation of the Development Strategy and NDP, in addition to the foregoing project of the Montenegrin Academy of Sciences and Arts, rests in the principles of economic and development policies that are already in place and outlined in numerous strategic documents of the Government of Montenegro, out of which the following ones are the most important:

- National Programme for the Integration of Montenegro into the EU for the period 2008 – 2012
- Economic Reform Agenda for Montenegro (2002 – 2007)
- National Strategy of Sustainable Development of Montenegro, including an Action Plan (2007)
- Action Plan – Integration of Sustainable Development into the Educational System (2007-2009)
- Annual Review of Regional Development Policy Implementation for Montenegro
- Agriculture in Montenegro and the EU - Food Production and Rural Development Strategy (2006)
- Fisheries Development Strategy (2008)
- Montenegro Economy Policy for 2009 and Projections for 2010
- Montenegro Economic and Fiscal Programs (2006, 2007, 2008, 2009)
- Elimination of Barriers to Development of Entrepreneurship in Montenegro
- Annual Report of the Central Bank of Montenegro
- Annual Report of the Ministry of Finance
- Annual Reports of the Development Fund of Montenegro for 2007 and 2008 respectively
- Book of Changes (introduction to the educational system reform), Ministry of Education and Science, 2001
- National Employment Strategy (2007-2010)
- Law on Agriculture and Rural Development
- Privatization Plans for 2008 and 2009 respectively
- Tourism Development Master Plan until the year 2020
- Programme for Development of Mountain Tourism in Montenegro
- Spatial Plan of Montenegro until 2020
- Statistical Yearbooks for 2007 and 2008 respectively
- Strategy for Civic Education in Primary and Secondary Schools in Montenegro (2007-2010)

- Strategy for Scientific and Research Activities of (2008-2012) ([Annex 155](#))
- Foreign Direct Investment Incentives Strategy, 2006
- Export Promotion Strategy, 2006
- Energy Development Strategy of Montenegro until 2025
- Strategy for Poverty Reduction and Social Inclusion (2008)
- Strategy for Development of Small and Medium-Sized Enterprises
- Postal Services Development Strategy for the period 2008-2018
- Transport Development Strategy (2008)
- Strategy for the Development of Social and Child Welfare System (2008 – 2011)
- Healthcare Development Strategy
- Development Strategy of Electronic Communications Sector in Montenegro (2006)
- Public Administration Reform Strategy (2002 – 2009)
- Strategic and Operational Plan for Competitiveness and Export Promotion, 2006
- Education Reform Strategic Plan for the period 2005-2009
- Judiciary Reform 2008 – 2012

The main priorities of Montenegro that will be contained in the Development Strategy and NDP, inter alia, include the following: strengthening of economic competitiveness, faster economic growth, including the ensuring of macro-economic stability, incentives for the development of entrepreneurship and higher competitiveness. Special attention will be attributed to further investment activities in the area of physical infrastructure and rural development, in addition to further improvement of the human resources management policy.

So far the strategic priorities used to be established under the document titled Economic Policy, that used to be adopted each year by the Government.

In parallel with the preparation of the Development Strategy of Montenegro, it is also planned to prepare sectoral analysis, that is the analysis of industrial sectors (SWOT), in order to identify problems and weaknesses on the one hand, and strengths and opportunities on the other hand, and also the level of competitiveness of particular sectors, depending on their specific features, which will serve as the basis for the issuing of guidelines to prepare specific development programmes for the selected sectors.

3 Is there an industrial/competitiveness framework policy paper/strategy/action plan that defines the government's approach to industrial development and restructuring (including privatisation aspects) and improving competitiveness (if it is not the case, which documents can be considered reference documents for understanding the government's policy in the industrial sector and on competitiveness (policy analysis, strategies, action plans, regulations)? Specify the status of this (these) document(s). How it is based on the analysis of the country's competitive advantages, market imperfections/failures; when and for what reasons state intervention is foreseen; how the interface is articulated with other government policies such as competition, education and research, employment, and regional policies; whether interested parties (business operators, academic and research institutions, intermediary agencies) have been involved in the design of the strategy. How much is Industrial Policy a political priority for your Government?

Different aspects of sectoral analysis of competitiveness are provided in the foregoing documents (previous question), which will serve as the basis for the preparation of a Development Strategy and National Development Program (NDP).

The promotion of industrial sector development in the previous period was mainly conducted through the support to small and medium-sized enterprises in Montenegro, in addition to the very process of privatization and attraction of foreign investments into the industrial sector in Montenegro, which is explained in more details in the following questions under this Chapter.

4 Who is involved in design and implementation of industrial/competitiveness policy (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)? Which are the main tools/instruments, programmes, finance for industrial/competitiveness policy? Which institutions are responsible for policy implementation, in particular in the areas of privatisation, restructuring, export promotion, investment promotion, innovation and training? What are their main functions, organisation, staffing levels and annual budget? How is co-ordination between the various institutions arranged? How are industrialists consulted on policy? How are responsibilities divided between the central government and local government and the implementing agencies?

Support to entrepreneurship and the strengthening of small and medium-sized enterprises sector is conducted in accordance with the Strategy and Action Plan governing this area, as well as various programmes of support intended for the growth of employment in these enterprises. Those are implemented by: The Directorate for Development of Small and Medium-Sized Enterprises, Employment Office of Montenegro, Development Fund of Montenegro, and also by the Ministry of Agriculture, Forestry and Water Management and Ministry of Economy, in line with their respective competences. For this purpose, the financial resources are allocated from the Budget of Montenegro (addressed in more detail in this Chapter under the section on support to small and medium-sized enterprises).

The privatization process is monitored by the Privatization Council and its commissions, whose members come from the ministries, trade unions and business associations, as well as various governmental directorates, agencies and administrations.

The promotion of export falls under the competence of the Montenegrin Investment Promotion Agency (MIPA), and partly under the competences of the Ministry of Economy. This activity is also carried out by business associations through their activities, including regular consultations with the members of various industry sectors. The Council of Foreign Investors also plays an important role, along with various business alliances operating in Montenegro.

All larger privatizations projects, including the restructuring of particular systems, are followed by **public hearings and consultations** with the concerned stakeholders, organized by line ministries (Ministry of Economy, Ministry of Transport, Maritime Affairs and Telecommunication).

The Council for Business Barrier Elimination was granted considerable competencies, and has an increasingly important role in the procedure of proposing new regulations mainly aimed to eliminate business barriers, improve business environment in Montenegro, advance its attractiveness for investments and increase an overall competitiveness of Montenegrin companies.

5 Which professional organisations exist and how are the interests of industry represented in these organisations? What co-operation exists between these organisations and government policy makers?

Professional, expert and interest organizations which enable their members to implement their interests in the area of economic policy, i.e. particular sectoral policies, operate in Montenegro through the following organizational forms:

- Chamber of Commerce of Montenegro
- Union of Employers of Montenegro
- Montenegro Business Alliance
- Montenegro Chamber of Trades and Entrepreneurship
- Montenegro Tourism Association
- Association of Agricultural Producers of Montenegro
- Institute of Accountants and Auditors of Montenegro
- Institute of Certified Accountants of Montenegro

- Montenegro Hotel Association
- Beekeepers Association of Montenegro
- Association of Bakers of Montenegro
- Association of Plant Producers in Protected Areas
- Building Trades Association of Montenegro
- Bartenders Association of Montenegro
- Chefs Association of Montenegro
- Association of Producers of Dairy Products of Montenegro
- Association of Importers and Distributors of Motor Vehicles and Spare Parts
- Association of Professional Photographers - Focus
- Union of Architects of Montenegro
- Freight Forwarders Association
- Association of Taxi Drivers of Montenegro
- Association of Private Petrol Station Owners – Prive petrol
- Cooperative Union of Montenegro
- Montenegrin Association of Trades, Small and Medium-Sized Enterprises
- Bar Association
- Ulcinj Business Association
- Entrepreneurs Association of Bar
- Association of Employers of Mojkovac
- Association of Employers of Danilovgrad
- Hospitality Businesses Association of Nikšić
- Hospitality Businesses Association of Kotor
- Association of Small-Scale Economies of Berane
- Bijelo Polje Association of Private Owners

Most of these organizations were established in accordance with the Law on Non-Governmental Organizations, as associations, except for the Chamber of Commerce of Montenegro, which was established according to the Law on the Chamber of Commerce of Montenegro (Official Gazette of Montenegro 42/98). All organizations, except for the Chamber of Commerce of Montenegro, operate on the principle of voluntary membership. Also, most of these organizations operate at the local level, and realize their respective interests in direct cooperation with the local self-government, whereas they realize their interests relating to the Government of Montenegro as the members of organizations operating at the national level. .

The cooperation between these commercial organizations and the Government, particularly to ensure the participation of private sector members, is explained in more detail in the response to **Question 38**.

The Foreign Investors Council was established in Montenegro in December 2008, as a non-governmental and non-profit organization, aiming to improve the investment climate and support the development of businesses in Montenegro and also encourage direct foreign investments. **The Founders of the Council** are the following: Telecom Montenegro; NLB Montenegro Bank, Montenegro Stars Hotel Group, Aluminum Factory and Daido Metal.

On 4 February 2009, the Government and the Ministry of Economy, as the authorities competent for the investment policy, signed the **Protocol on Cooperation in the Field of Investment Climate Enhancement in Montenegro** with the Foreign Investors Council. The third signatory of the Protocol was the Montenegrin Investment Promotion Agency (MIPA). The Protocol was signed with the aim of enabling and stimulating the implementation of joint projects, where the resources and professional knowledge of the private and public sector will become united in order to advance the investment policy and environment in Montenegro.

6 How are requirements of sustainable development incorporated in the design and implementation of industrial policy? Do you have any other more horizontal policy measures to take into account the climate change challenge?

Article 13 of the Law on Environmental Protection (Official Gazette of Montenegro 48/08) stipulates that the National Strategy of Sustainable Development of Montenegro, among other documents, represents the key document whereby the policy of sustainable development and environmental protection was established. According to Articles 14 and 15 of this Law, the National Strategy of Sustainable Development defines a long-term direction of economic and social development and environmental protection towards sustainable development. The Strategy lays down the guidelines for a long-term action, identifies the goals and measures for their implementation, taking into consideration the existing situation and the undertaken international obligations. The Strategy is adopted by the Government for a period of four years. The development documents for particular fields and activities cannot be in conflict with the Strategy.

Relating to the foregoing, so far the National Strategy for Sustainable Development of Montenegro (2007) has been developed and the process of monitoring and evaluation of implementation of the Strategy and the associated Five-Year Action Plan has been established.

The National Strategy for Sustainable Development, within the framework of economic development, defines the priority tasks and measures for their implementation in 8 priority sectors/fields, including the industry. Accordingly, the main courses of action in the industrial sector were defined for the forthcoming period, including further continuation of the privatization and restructuring process, establishment of legal conditions for liberalization of the market of industrial products and development of small and medium-sized enterprises in the industry sector, which in meant to lead higher competitiveness.

From the standpoint of sustainable development, the priority task is to improve the industry output in relation to the environmental protection. Measures aimed at carrying out this task include consistent implementation of the Law on Integrated Pollution Prevention and Control, as well as the strengthening the role of market-based instruments (e.g. pollution charges). Implementation of stimulating measures for investments into cleaner production, that is to achieve a higher energy efficiency on the part of industrial consumers and support a more rational water consumption in industry, also represents a priority. In the process of implementation of strategic priorities, particular attention will be paid to the strengthening of partnerships and instruments based on voluntary principles (standards, EMAS, Eco-Mark product labeling, etc), since the practice of developed countries shows that the companies generating better output in relation to the environment are at the same time more economically efficient. Other important activities include the fulfillment of obligations assumed by the State for the purpose of remediation of previous pollutions (either in the process of privatization or at the companies that are no more in function), that is a consistent fulfillment of obligations assumed by new owners of the privatized companies.

In the context of the foregoing measures, there was an initiative to undertake some activities as a part of relevant sectoral policies aimed to enable the introduction of standards based on the principles of sustainable development, particularly in the context of reduction of pollutant emissions into the environment and a higher energy efficiency.

It is important to list the following projects as positive examples: remediation and recultivation of the Lead and Zinc Mine tailing pond in Mojkovac; replacement of the filters at the Thermal Power Plant of Pljevlja by electric filters whereby the level of pollutant emissions is reduced to the standard limit values; introduction of cleaner technologies into the production processes, etc.

The Action Plan of the National Strategy for Sustainable Development of Montenegro identified a number of sustainable development indicators of importance for the monitoring of implementation of sustainable development measures in the industry sector. The ongoing activities are aimed to improve the system of monitoring and evaluation of the Action Plan of the National Strategy for Sustainable Development, including the industrial sectors, due to a change in the methodology for the processing of statistical data used in the existing Action Plan.

Within the activities of the National Council for Sustainable Development, and those of the Office for Sustainable Development, which was set up to provide an administrative and technical support to the activities of the National Council and coordinate the implementation of the National Strategy for Sustainable Development, some mechanisms were established whose application provided for verification of the conformity of sectoral strategies, programs, plans, also including the sectors of agriculture, industry, transport and energy. Accordingly until now the sectoral strategies such as the Spatial Plan of Montenegro until 2020, Montenegro Tourism Development Strategy until 2020, Energy Development Strategy of Montenegro until 2025, Agricultural Strategy, Montenegrin Transport Development Strategy, and Draft National Integrated Coastal Zone Management Strategy of Montenegro, were reviewed for the consistency with the National Strategy for Sustainable Development of Montenegro by the National Council and its bodies, prior to their submission to the Government for consideration. The National Council provided its opinion on the proposal of the Spatial Plan of Montenegro until the year 2020 prior to its adoption. Following the objections and comments of the National Council, the strategic documents were aligned with the measures provided by the National Strategy for Sustainable Development, or else the guidelines on how to manage the identified conflicting issues were defined, up to the moment when it would be possible to achieve consistency with the sustainable development objectives.

The Action Plan of the National Strategy of Sustainable Development of Montenegro identified even the measures addressing climate change, stipulating the activities that needed to be implemented relating to air quality and climate change management.

In the context of horizontal policy measures taking into account the climate change challenge, some important activities are carried out in the context of implementation of the United Nations Framework Convention on Climate Change. The activities relating to the preparation of the First National Communication on Climate Change are in progress, after which a National Climate Change Programme will be developed as a basic document which will define the measures of horizontal taking into account the effects of climate change. More detailed information on the content of the First National Communication is provided in the answers to questions on climate change in Chapter 27.

The Law on Strategic Environment Impact Assessment (Official Gazette of Montenegro 80/05) is also important for the adoption and implementation of horizontal policies. Namely, Article 9 of the Law on Strategic Environment Impact Assessment (Official Gazette of Montenegro 80/05) identifies the necessity for each plan and program to be followed by a strategic assessment, in addition to a review on case by case basis, based on the following criteria for the establishment of significant impacts on the environment:

- The criteria relating to the plan and program:
- Importance of a plan or program for the environmental protection and sustainable development;
- Issues relating to the environmental protection contained in the plan or program and possible effects on the air, water and the sea, land, climate, ionizing and non-ionizing radiation, noise and vibrations, flora and fauna, habitats and biodiversity, protected natural resources, population and human health, cities and other settlements, cultural and historical heritage, infrastructural, industrial and other facilities; and other created values;
- The extent to which the plan or program affects other plans or programs, including those with different hierarchical structures;
- the level up to which a framework for the implementation of projects is established by the plan or program with respect to the location, nature, scope, conditions for the functioning or the location of resources;
- The criteria relating to effects;
- Probability, intensity, complexity, reversibility;
- Time dimension (duration, frequency, repetition);
- Spatial dimension: location, geographical region, number of exposed inhabitants, nature of transboundary impacts;

- Cumulative and synergic nature of impacts;
- Risks for human health and the environment;
- Impact on the areas of natural, cultural and other importance: special natural features; regions or natural areas with a recognized protected status at the national or international level; cultural-historical heritage; densely populated areas; areas with various protection regimes;
- Endangered areas: exceeded quality standards for the environment or limit values; intensive land use; existing risks; reduced environmental capacity; particularly sensitive and rare areas; ecosystems, flora and fauna.

In the same way, Article 15 of the same Law stipulates that a Report on Strategic Assessment of Impacts of plans and programs has to include possibly significant effects on human health and the environment, in addition to the aspect of impact on the climate factors.

7 What are the specific measures implemented to promote investment, and in particular to attract foreign direct investment? Do you have studies showing the opportunities (niches) for your manufacturing sectors on the EU and global market?

The Foreign Direct Investment Incentives Strategy of Montenegro was adopted by the Government of Montenegro in July 2006. The Foreign Direct Investment Incentives Strategy is focused on key levers of the investment policy, through implementation of fiscal, financial and institutional incentive measures and key promotional activities.

Three groups of measures were identified by the Strategy :

- 1) GENERAL STRATEGIC MEASURES: a group of measures aimed to ensure more favorable general conditions for business operations in Montenegro, resulting in medium-term in the reduction of general operational risks.
- 2) FOCUSED STRATEGIC MEASURES: a set of regulatory and fiscal incentive measures, aimed to result in further harmonization of the investment policy of Montenegro with the regional policy, as well as its position in relation to the region of South Eastern Europe.
- 3) PROMOTIONAL STRATEGIC MEASURES: aimed to create in medium-term an image of Montenegro as an investment destination, first of all through the affirmation of general and focused strategic measures, and then through a presentation and affirmation of positive examples of investments.

Following the Strategy, a SWOT analysis was prepared by comparing the investment environment in Montenegro with that of the South-East Europe region, in addition to the results of a survey on the investment environment in Montenegro – strengths, weaknesses, opportunities and challenges. A comparative analysis of Montenegro in relation to the region was also prepared for the following sectors in which Montenegro already had a long-standing tradition, and which were also internationally competitive: tourism sector; energy sector; telecommunication sector; metal industry sector, food and beverages sector and maritime industry sector.

Based on the survey results, target groups of potential foreign investors and target sectors were identified, and a Program of Promotional Activities prepared, which is implemented by the Montenegrin Investment Promotion Agency (MIPA).

The Investment Promotion Agency – MIPA, which started operating in March 2005, is responsible for the promotion of investments, in addition to development of special promotional programmes for particular sectors and countries (sources of investment inflows), as well as to carry out the activities aimed to improve the image of Montenegro as a favorable destination for investment activities. The Agency is also responsible for the following: establishment of contacts and provision of professional services to foreign investors; representation of characteristic sectoral and actual advantages offered to the investors in Montenegro (published in printed and electronic form); organization of promotional activities at target markets; establishment of public-private partnerships aimed to promote Montenegro as widely as possible; preparation of a database of target companies, as well as the systems for recognition and identification of potential investment

sources; partnership cooperation with municipalities, free zones and other state organizations of Montenegro to promote attractive locations and real estate which competitively meet the requirements of investors; provision of feedback information, analysis and recommendations to the Government, in order to improve the investment environment, and stimulate the initiatives for development of an “investment product” (such as the stimulation of a better offer of greenfield options and technological parks aimed to achieve a higher competitiveness of Montenegro, as a destination that is favorable for investments and development); implement the strategy of application of internet and information technologies as an instrument for marketing and research activities, as well as to keep the records on agreements. The Agency for Foreign Investment Promotion of Montenegro has a Director and a Management Board, while its members come from the public and private sector, foreign investors and local communities.

In cooperation with Multilateral Investment Guarantee Agency (MIGA), MIPA prepared an operational and marketing plan until the end of 2008. The activities of MIPA are aimed to achieve the goals that were precisely specified under the operational and marketing plan, as follows:

- Improvement of the image of Montenegro as an investment destination;
- Cooperation with successful companies – potential investors;
- Cooperation with the companies which are already in Montenegro for the purpose of reinvesting;
- Institutional development of MIPA.

The marketing and operational plan was successfully implemented.

MIPA actively provides support to Montenegrin companies to act in an organized manner outside of Montenegro. In cooperation with the Ministry of Economy, in 2008 and 2009, a number of important international fairs were participated by the investors from Montenegro.

Publications – A publication titled “111 Most Frequently Asked Questions” was updated, in addition to a newly published one titled “Investment Country Overview”, which included the recommendations of MIGA from the operational and marketing plan, and also advice provides in the previous year in relation to the interest of potential investors to find out more about Montenegro. The publication represents some kind of a country report.

A sectoral analysis titled “Investment Opportunities for Marinas” was prepared based on the development plans of the line ministry, Coastal Zone Management Agency (“Morsko Dobro”) and municipal spatial plans.

An analysis of the investment environment in specific municipalities was also prepared, relating to the industrial and other zones as identified under the town plans. The goal of this analysis is to promote the zones, in cooperation with the municipalities, and also a joint approach to potential investors with a previously clearly defined product.

Presently, the following two publications are about to be completed: “11 Reasons to Invest in Montenegro”, which follows the logic of “111 Most Frequently Asked Questions” discretely suggesting to the investors that Montenegro wishes to remain number one when it comes to direct foreign investments, and pointing out the advantages of investing into Montenegro as the center of regional business; and “Indicators of Changes”, with the objective of pointing out in a quantitative manner the strong positive changes that occurred in Montenegro over the previous ten years.

In cooperation with the Electric Power Company of Montenegro and the Company Statkraft, the “Feasibility Study for Investment into Additional Energy Sources” was prepared.

Following an Agreement signed with the PR Consulting Firm Hauska&Partners, Vienna, and a visit of German and Austrian journalists, articles about Montenegro were published by the following printed and electronic media: Die Presse, Industriemagazin, WirtschaftsBlatt, Wiener Zeitung, dpa Büro, Belgrade, Börsen-Zeitung, Deutschlandfunk, nov-ost Presse- und Sprachdienste, Ost-West-Contact, Ost-West-Contact and Deutsche Welle.

A number of interviews was recorded by foreign and national media: BBC News (Great Britain), Finance (Slovenia), Deutsche Welle (Germany).

The web-site of MIPA was redesigned and improved, being updated on regular basis (www.mipa.co.me).

In addition to MIPA, that performs solely those activities, other governmental institutions actively and permanently promote investment opportunities in their respective areas of responsibility, especially the Ministry of Economy, the Ministry of Tourism, and the Ministry of Spatial Planning and Environmental Protection.

8 Has the government supported the creation of free zones and industrial parks or similar initiatives? If so, how can their operation be assessed so far? Are the relevant contractual agreements consistent with EU regulations?

The Law on Free Trade Zones regulates the manner of establishing free zones and free warehouses as well as a special regime and criteria for conducting economic activities in free zones (Official Gazette of Montenegro 42/2004, 11/07, 76/08).

A free zone is established subject to prior approval by the Government of Montenegro, following the proposal of the line ministry (Ministry of Economy), and on the basis of previously submitted economic feasibility analysis for the establishment of such a zone (Decision on the Content of Economic Feasibility Analysis for the Establishment of Free Zones and Warehouses (Official Gazette of Montenegro 53/04, 81/08). Regulations on free zones are fully harmonized with the Code of Conduct for the EU Tax policy (Code of Conduct for Business Taxation – Taxation of Saving). Furthermore, the regulations are harmonized with the World Trade Agreement on subventions and compensational measures.

The Customs Law of Montenegro (Official Gazette of Montenegro 07/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and the Official Gazette of Montenegro 21/08) regulates particular issues of customs procedure and supervision of entry and exit goods in and out of the free zone.

The Decree implementing the Customs Law regulates the manner of record keeping and implementation of customs supervision measures in the zone (Official Gazette of Montenegro 15/03, 81/06, 38/08).

More detailed information on the functioning of a Free Zone are provided in the response to question 7, Chapter 29 – the Customs Union, in addition to the listed regulations enclosed with the same question.

Montenegro has only one Free Zone, or to be more precise – one organizational unit at the Port of Bar operates under the free zone regime. The Free Trade Zone of the Port of Bar was officially put into function in April 2005.

In the previous period, the Free Zone of the Port of Bar signed 28 agreements relating to the activities carried out in the Free Zone of the Port of Bar,, 8 of which included leasing of land parcels or facilities at the Port.

The following activities are carried out by users under the free zone regime:

- Construction of fuel tanks and fuel trade;
- Manufacturing and placement of measuring instruments;
- Manufacturing of laminated materials;
- Vehicle storage and circulation;
- Manufacturing of concrete and concrete elements;
- Gas storage and circulation;
- Storage and circulation of alcoholic beverages;
- Storage and circulation of non-alcoholic beverages;
- Storage and circulation cigarettes;
- Grain storage and circulation;
- Sugar storage and circulation;
- Construction material storage and circulation;

- Supplying of Duty Free Shops;
- Storage and circulation of technical appliances;
- Storage and circulation of consumer goods;
- Storage and circulation of stone;
- Storage and circulation of jewelry, costume jewelry and leather goods.

The Government of Montenegro took the initiative for the Ministry of Economy to consider the possibility of setting up business zones, with a particular emphasis on the less developed northern region of Montenegro.

The project of setting up business zones in Montenegro is aimed to stimulate the development of entrepreneurship and employment growth in Montenegro. By establishing the business zones, potential users will have more favorable conditions to work from the point of view of cost reduction and ensured infrastructure facilities.

The following arguments for establishing the free zones are quoted:

- Investment stimulation;
- New jobs;
- Introduction of new technologies and equipment;
- Modernization and improvement;
- Industrial binding.

There would be space for projects in a business zone – companies from all fields of activity would enhance the entrepreneurial climate and thus contribute to job creation.

The project for establishing business zones envisages easements for the businesses operating in the zone:

- Organized infrastructure land with all permits;
- Lower costs for renting business premises;
- Lower administration costs;
- Linking of complementary businesses;
- Other easements in business operations.

The priority for doing business in the business zone will be given to the manufacturers of goods, finishing works and assembly lines for new products, including storage of goods and supplies .

Concerning the process of construction of business zones, it is planned to be funded through local governments, as the beneficiaries. The Ministry of Economy of Montenegro would co-finance the mentioned project. The funding allocated by the Ministry of Economy for this purpose would be non-refundable, and included into the Budget Plan.

Accordingly, the Ministry of Economy prepared a pilot project titled "The Business Zone of Obod Cetinje", including detailed requirements and the procedure for establishing a business zone.

9 Are you carrying out or commissioning studies on the competitive position of your economy and/or main industrial sectors and are results of recent studies available?

In the framework of the **Foreign Direct Investment Incentives Strategy** of Montenegro (2006), a comparative analysis of Montenegro and the region was done for the sectors where Montenegro already had a long-standing tradition, and which are in addition to this internationally competitive: Tourism Sector, Energy Sector, Telecommunications Sector, Metal Industry Sector, Food and Beverages Sector and Maritime Industry Sector.

The Strategy of Food Production and Rural Development – Agriculture in Montenegro and the European Union (2006) includes a detailed overview of competitiveness of the food production sector and recommended measures aimed to increase the competitiveness in this area.

Based on this, target groups of foreign investors and target sectors, which should be focused on when planning the promotional activities, can be identified.

Furthermore, a project titled "Competitive Position of the Most Significant Products of Montenegrin Economy" was carried out in 2006 and 2009. (The Agency "Damar", Podgorica, conducted a consumer survey to establish the habits of consumers purchasing consumer goods; the attitude of citizens towards domestic products; and the attitude of citizens towards the project "Made in Montenegro").

10 Please inform about what is foreseen for the future and what is in the pipeline (plans, blue prints, timetables).

The planned Development Strategy of Montenegro will constitute the basis for the preparation of a strategic document that will define the guidelines of industrial policy in Montenegro.

The first National Development Programme of Montenegro for the period 2010 – 2012, is going to be prepared in 2010, according to a standard methodology intended for all candidate countries for the EU membership. Analysis of priority projects in four key sectors (economic competitiveness, human resources, physical infrastructure and rural development) will be compared to the potential structure of project funding (budget, local budgets, company assets, grants, loans and other sources).

Further adoption of sectoral strategies and accompanying action plans, in certain areas of special importance, which have a growth potential and competitiveness growth imperative, will be continued. A special focus will be given to the integration and affirmation of the industry sectors, which fully integrate the available industry capacities, entrepreneurial initiative and agricultural potentials of Montenegro.

A further development and strengthening of the tourism sector is also important, since it represents a special "invisible export" by the Montenegrin economy, starting for the concept of an integrated tourist offer that can be provided by Montenegro as an attractive tourist destination. The following priority activities will contribute to the implementation of anticipated activities in the field of tourism: completion of the process of tourist industry privatization; improvement and extension of tourist infrastructure; promotion of integrated tourist product of Montenegro; creation of a more favourable environment for investment activities and a higher competitiveness of the tourist industry staff.

In the following period, the Chamber of Commerce of Montenegro wishes to attribute special attention to the promotion and commercialization of Montenegrin brands – recognizable agricultural products with a distinctive mark of origin. Following a detailed analysis of the balance of production and consumption, particularly of specific agricultural and food products, and the challenges and constraints for a more concentrated presence of these products in the domestic market, the Chamber of Commerce of Montenegro, having organized a round table discussion on "Representation of Domestic Products in the Market of Montenegro – THE GOOD FROM MONTENEGRO" (March 2009), identified a direction to be followed in the upcoming activities aimed at promoting products and, above all, raising awareness that the purchase of high-quality domestic products stimulates an overall economic growth.

In a long-term perspective, designing and promotion of a trademark for a high-quality and recognizable Montenegrin product is the way to improve the quality of products and services, thereby achieving better readiness for participation in the international market. During the preparation of proposals for the improvement of market representation, special attention was paid to compliance with the principle of national treatment and free movement of goods, as the key pillar of the common EU internal market, which constitutes an obligation of Montenegro in the final phase of negotiations for membership in the World Trade Organization, as well as the framework defined under the Stabilization and Association Agreement with the European Union.

Bearing in mind that the Chamber of Commerce of Montenegro set an example (adoption of ISO 9001 standards; a number of opportunities for education of businessmen on the EU rules and regulations) and sent a clear message to its members that the quality and adoption of international standards represented the main requirement of modern economic flows, the Chamber gained necessary credibility for the protection and branding of the very concept defining the quality of

products and services in Montenegro. Using comparative practices showing that chambers of commerce, as economics associations, are the implementers of projects identifying products that can be recognized as quality products of Montenegro, which as such can equally participate in the competitive world market and encourage the promotion of all aspects of quality of products and services, the Chamber of Commerce registered a collective trademark with the Montenegro Intellectual Property Office. The Service for Quality of the Chamber of Commerce of Montenegro will support the work of the Technical Commission, tasked to verify whether the conditions for using the trademark are met, and to the Council of the Project, which issues a final decision, and it will also undertake the activities aimed to achieve the set goals.

Registration of the collective trademark GOOD FROM MONTENEGRO, as well as overall activities (verification and campaign), are implemented by the Chamber of Commerce in order to accomplish the following objectives:

- Promote domestic resources and stimulate their use;
- Increase export volumes;
- Attract new investments;
- Create new jobs,
- Promote traditional values (products and services) in tourist facilities.

The main goal of registration of the collective trademark GOOD FROM MONTENEGRO is a recognizability, quality and successful placement of Montenegrin products on both the domestic and international market.

All activities are aimed to indirectly influence the domestic producers to accept the criteria of the international market, raise the level of product quality and turn business operations more cost-effective in order to increase the marketing of goods in the domestic and international markets as a result of competitive prices and quality. In order to achieve this goal, it is necessary to raise the level of knowledge in the field of marketing and introduce the appropriate standards.

The strategy and objectives of marketing campaign highlight all the benefits of production, promotion and purchase of high-quality products from Montenegro: it is pointed out that through the protection of intellectual property rights, by implementing the Law on Trademarks, and through the collective trademark, a brand is created that seeks to meet the highest European standards in the production and quality of products; a system of standards established in this manner contributes to the confidence of consumers in the quality of Montenegrin products, it is indicated that the system of standards GOOD FROM MONTENEGRO contributes to the protection and enhanced business operations of producers and a better placement of products in a broader market; in a suggestive manner and showing concrete examples, it is indicated that precisely defined production and quality standards represent the ultimate prerequisite for the recognizability and successful placement of Montenegrin products on the international market.

The campaign is conducted based on a research of the Chamber presented in the document titled "Presence of domestic products in the market of Montenegro - GOOD FROM MONTENEGRO", comparative experiences of other countries and the previous campaign titled "Made in Montenegro". In order to monitor the effects of the campaign, the consumers and producers (two target groups) are currently interviewed, which will serve as a starting point to analyze the campaign. In The brand Good from Montenegro was also adopted and registered as a collective trademark with the Institute for Intellectual Property.

Following the appointment of a coordination body GOOD FROM MONTENEGRO, tasked to establish a system of standards for the production and quality of Montenegrin products within a specified time period, the campaign is meant to: emphasize that, in addition to quality, it is of crucial importance for a more profitable marketing of products in the liberal market of Montenegro to have a high-quality marketing approach in promoting and advertising the products of Montenegro by their manufacturers; demonstrate through a specific marketing approach and the achieved financial results in the placement of products that it is necessary to have long-lasting and quality mutual relations among the manufacturer/marketing, product and consumer, and at the same time, using the foregoing marketing activities, point out to the widest public the advantages and benefits of buying quality products.

The following activities are also planned to be carried out:

- Trademark application (on canvas, bottles, as a stamp, pad, sticker, poster, on hats, shirts, badges, banners, billboards, city walls, brochures, folders, etc.);
- Promotional events;
- Active presence in the media (radio-jingle, newspaper ads, TV commercials, etc.);
- Public opinion research;
- Promotion of the first holders of the collective trademark;
- Promotion of the trademark.

Privatisation and Restructuring

11 Please provide a copy of your annual privatisation plan. What policy/plan and schedule has been identified for privatisation or restructuring? How is the privatisation of industrial enterprises proceeding according to this schedule? Where obstacles impede full respect of the schedule, what are the obstacles and the solutions proposed by the government to overcome these difficulties?

The privatization process is conducted on the basis of annual privatization plans, adopted by the Government of Montenegro following the proposal of the Privatization Council (body established by the Government of Montenegro pursuant to the Law on Privatization, in order to govern, control and ensure implementation of the privatization process) and published in all mass media. The Privatization Plan for 2009 establishes the basic methods and the manner of privatization, including the established lists of associations and the percentage of share capital to be privatized. All the share portfolios and funds of the state are registered with the Central Depository Agency at their nominal value, including a specified number of shares and a percentage share in the capital of a given business organization. In the current year, inter alia, some activities have been initiated and the plan was to put out a tender to sell the majority package of shares of the companies for road and maritime transport (railway, airports, ports, marinas), while the privatization activities in the energy sector are also conducted successfully. The process of privatization is developing as scheduled because the basic preconditions for a dynamic process of privatization in Montenegro have been previously established through the restructuring programs.

See enclosed: Privatization Plan for 2009 ([Annex 13](#))

12 What is the progress in privatising the banking sector and utilities?

The banking sector was fully privatized following the sale of the state-owned shares in the following banks: Montenegrobanka AD Podgorica (2003); Podgorička Banka AD Podgorica (2005); Pljevaljska banka AD Pljevlja and Nikšićka banka AD Nikšić (2006), in addition to the sale of the remaining state-owned shares of approximately 1% in 5 Montenegrin banks in 2007 and 2008.

Indirect state ownership in the total capital of banks amounts to only 2.68%.

The Law on Privatization of the economy in Montenegro stipulates that the process of privatization will be carried out pursuant to the plans adopted by the Government of Montenegro, following the proposal of the Privatization Council. The provisions of this Law also apply to the public companies and those managing the goods of common interest.

Accordingly, the Government adopted the Privatization Plan which, inter alia, anticipates a special program for the privatization of public companies.

A privatization program for the communal sector was adopted by the Government of Montenegro in March 2000. In accordance with the operational part of the Program, a number of public communal

companies were divided into more companies and reorganized prior to their privatization, in order to create the required optimal conditions for a high-quality privatization. Namely, in a number of municipalities separate companies were established (Limited Liability Companies) for the purpose of providing specific communal services, and those are owned by local governments. This establishment of corporate entities represents a transitional phase in the process of privatization.

In July 2007, the Government of Montenegro adopted the Water Utility Reform Plan which was based on the concept of making a clear distinction among the functions of sectoral policy, regulation and service provision. The Plan includes a number of issues relating to the provision of water supply and sewerage services, including organizational forms, property issues, administration, operation, financial sustainability and, particularly, implementation and protection of the public interest by creating an appropriate legal framework (to adopt a new Law on Water Utility Services in 2010), thus ensuring that the objectives laid down in the Plan will be achieved. The key elements of the reform that were recommended under the Plan included the transfer of asset ownership, reorganization of the sector (decentralization and regionalization), corporate governance, regulation, implementation of commercial practices and funding of capital investments.

13 Is the environment for developing the ownership and corporate governance system adequate? Are there arrangements for post-privatisation corporate governance?

The development of the process of corporate governance cannot be observed separately from the transition system, privatization of economy or transfer of public and state ownership into the private one in Montenegro.

One of key weaknesses of the self-regulating economy was an underdeveloped legal infrastructure and discord with the system of market economy, which particularly concerned the system of corporate governance as a whole, which represented an obstacle to the privatization process in the initial phase.

The institute (process) of corporate governance in Montenegro started to develop simultaneously with the initiation of the privatization process. Historically, during the self-governance in the states of the Former Republic of Yugoslavia, company governance turned out to be an issue due to inefficiency of the public and state-owned companies. As a result of that, the primary goal to be achieved through the privatization of those companies, in the process of transition, was to improve their efficiency. Through privatization, meaning identification of private ownership, and transfer of the public and state-owned property into private property, the required preconditions to increase the efficiency of company governance were created, although the issue of corporate governance was actually not resolved by the very act of privatization.

The privatization process in Montenegro, as well as in other transitional countries, caused the requirement to reform the system of governance in privatized companies. The need to create an adequate form of governance in joint-stock companies, where the rights of all holders of material interests in a joint-stock company will be protected and where the stakeholder concept will be fully implemented,, represents a starting point to create the corresponding model of corporate governance.

The lack of existence and implementation of a high-quality and all-inclusive legal framework for the corporate governance in Montenegro in the initial phase of transition were reflected in:

- Insufficiently clear role of the Management Board, in terms of the level and quality of ownership rights, and particularly of Executive Director and the management team as a whole
- Low level of protection of shareholder rights, particularly those of minority shareholders;
- Insufficient attention attributed to the importance of the role of General Assembly of a Joint Stock Company;
- Incomplete legislation with regard to Board of Directors, particularly when it comes to the regulation of responsibilities of particular members of a Board of Directors;

- Lack of implementation of mechanisms for internal supervision of the Joint Stock Company;
- Insufficient understanding of the significance of corporate governance and benefits for the state generated by an efficient system;
- Lack of clearly defined strategy at the state level, aimed at enhancing corporate governance,
- Lack of Code of Corporate Governance, which had particularly negative effects on the development of capital market, and then also the awards for managers (compensational schemes, and similar).
- Lack of an adequate authority (body, council) at the state level, responsible for the development and advancement of corporate governance, using the best experiences from the comparative practices of the countries of market economy.

Corporate governance represents a new concept of business operations and for this reason requires the existence of legal regulations that will set the applicable standards with regard to transparency, availability of reliable and relevant information and indicators from the capital market, build confidence in the capital market and prevent abuse of shareholder rights.

The practice of operation of the economy on new corporate grounds opened new issues in the function of more efficient governance, decision making at assemblies, relations within the management structure, boards, shareholders, creditors, employees and other holders of material interests in a joint-stock company, which required amendments to the existing and drafting of new regulations, more compatible with the achieved level of development and the new requirements of corporate economy. In this pursuit, all countries in transition, including Montenegro, are amending the existing and passing new laws of commercial legislation.

Following the adoption of the Law Amending the Law on Business Organizations, which came into force in 2007, it can be considered that the institutional framework for the process of corporate governance in Montenegro was formally rounded up. The legal framework of corporate governance was thus particularly improved in the field of shareholder rights, by: introducing new legal practices (special rights of shareholders in disagreement); extending the authority of General Assembly of a joint-stock company (disposal of a high-value property); reducing the percentage of ownership share as the precondition for exercising specific shareholder rights; introducing the practice of having an agreement of shareholders on voting and a precise regulation of shareholder complaints, in terms of deadlines for lodging an appeal; regulating the responsibilities of auditors in particular cases; and completing the regulations on the work of Board of Directors.

For the spreading of best practices of corporate governance, it is particularly important that even the private sector (small and medium-sized enterprises) increasingly recognizes its importance and potential benefits for business operations in the fields such as access to and cost of capital, higher efficiency of operations, improvement of business strategies by means of high-quality activities of boards, strengthening of the reputation and confidence of interest groups, and similar.

Also, by changing the ownership structure and arrival of companies from the EU countries (FDI, Joint Venture) with developed mechanisms of corporate governance, the customs of shareholders change, bringing about an advancement of corporate governance in Montenegro as a whole, which thus becomes comparable to the one in the countries of market economy that have a more developed and rich practice and experience in this field of activity.

The answer to the question is, generally speaking, affirmative, that is, it can be concluded that the overall infrastructural environment for functioning of a high quality system of corporate governance was established, in the process of which we especially indicate the development of adequate legal regulations, taking into consideration the best practice of the countries with the market economy. This field is regulated by a number of laws, including the following: Law on Business Organizations (2002); Law Amending the Law on Business Organizations (2007); Law on Accounting and Auditing (2008); Law on Insolvency of Business Organizations (2002); Law on Securities (2001); Law on Contractual Obligations; Instructions on the Operation of Central Registry (2002); Law on Voluntary Insurance Funds; Corporate Governance Code (Montenegro Stock Exchange, 2009), and similar. In terms of the achieved quality of corporate governance, the above mentioned set of laws is observed in a close relation with a number of institutions which are functioning and which are related to this process in a wider

sense of the term: Montenegro Stock Exchange; Central Bank of Montenegro; NEX Stock Exchange; Commission for Stock Exchange Quotation of Companies; Commission for Securities; Central Depository Agency; Commercial Court of Montenegro, etc.

Furthermore, it is important to mention that by the Law Amending the Law on Business Organizations of 2007, numerous new provisions were introduced related to the protection of rights of minority shareholders, especially with regard to convening a meeting of the Assembly, simplification of this process, a higher level of transparency, a higher level of responsibility of the Board of Directors, more emphasized role of auditing bodies, whereas the key innovation concerns the transfer from *two-tier system to one-tier system*. Accordingly, following the incorporation of these innovations into the existing law, a Joint Stock Company can have only one Board of Directors, which manages the Joint Stock Company and whose members are appointed by the General Assembly of stakeholders. The Board of Directors, for the execution of operating activities of the Joint Stock Company, appoints one or more Executive Directors (management, Executive Board of Directors). The work of the management team is supervised by an external independent director, whereas an internal control by special commissions or internal auditors is not excluded under this system.

Further development of legal framework for the corporate governance should take the following direction:

- More efficient implementation of the protection of shareholder rights, particularly the rights of minority shareholders, by creating the conditions for a more adequate judicial protection and more efficient addressing of shareholder complaints;
- Higher transparency of business operations of joint stock companies through mandatory public notifications and potential sanctions in the case of violation of this obligation;
- Development of new legal practices, recognized by the comparative law (independent directors, special commissions of the Board of Directors);
- Establishment of a connection between the awards granted to the managers and the performance of their companies, and a higher (full) transparency of their salaries and wages;
- Strengthening the protection of and better coordination among the holders of material interests;
- Strengthening the supervision functions of the competent authorities;
- Faster adoption of standards and recommendations in the field of corporate governance on the level of EU and on the global level;
- Strengthening the role of General Assembly of Joint Stock Company and its gradual transformation from a passive type of body which confirms the decisions of the Board of Directors into an active body which performs the control and guarantees the protection of shareholder rights.
- Adoption of a Code of Professional Ethics for Managers;
- Adoption of a Code of Corporate Governance which would develop in more detail the rules of governance and supervision of governance in corporate entities;
- Establishing the Council for Advancement of Corporate Governance, using the best comparative practices.

14 What is the main driving force behind industrial restructuring? Privatisation? Foreign Direct Investment? Development of competitive companies?

The major driving force behind the restructuring of the Montenegrin industry has been implemented through the privatization process followed by the development of competitive companies (new companies or dispersion of business activities of privatized companies), while the reorganization of the industry sector through foreign direct investments has been carried out to a lesser extent.

15 Are there adequate bankruptcy legislation and effective enforcement procedures in place to allow for the closing of non-viable enterprises?

In Montenegro, the Law on Insolvency of Business Organization is in force (Official Gazette of the Republic of Montenegro 6/2002, 1/2006 and 2/2007 and the Official Gazette of Montenegro 62/08).

This Law defines and regulates the related conditions and the insolvency procedure, administration of personal insolvency and reorganization of business organizations, institutions and entrepreneurs, as well as the rights and responsibilities of the participants and third parties in such procedures. Furthermore, the procedure for closing, i.e. liquidation of a business organization which is unable to survive, is regulated by this law as well.

Enterprise and SMEs

Policies

16 Please provide us with the official definition(s) currently applied in your country for SMEs.

The definition of the term 'small and medium-sized enterprises' in Montenegro is provided by the Law Amending the Law on Accounting and Auditing (Official Gazette of Montenegro 80/08), in relation to the criteria stipulated by this Law.

Article 3a of this Law, legal persons (SMEs) are classified in the following way:

- 1) Legal persons, within the meaning of this Law, are divided into small, medium-sized and large ones, depending on an average number of employees, total annual revenues and total assets.
- 2) A medium-sized legal person is a legal person which meets two out of the three following criteria as of the day of preparation of its financial reports for the previous business year:
 - Has 50 to 250 employees on average in the reporting year;
 - Generates total annual revenues of EUR10,000,000 to EUR 50,000,000;
 - The value of its total assets varies between EUR10,000,000 and EUR 43,000,000.
- 3) Legal persons who fail to satisfy two out of the three criteria from paragraph 2 of this Article are classified as small legal entities, while those that exceed two out of three criteria from paragraph 2 of this Article are classified as large legal entities.
- 4) Legal entities are self-classified according to the criteria from paragraphs 2 and 3 of this Article as of the day of preparation of their financial reports and the obtained data are used for the following business year.
- 5) The newly established legal persons are classified in accordance with paragraphs 2 and 3 of this Article, on the basis of financial reports for the current business year and the number of operating months, while the obtained data are used for the current and the following business year.
- 6) An average number of employees is calculated when the total number of employees at the end of each month, including those working abroad, is divided by the number of months.

17 What is the share of micro (up to 10 employees), small (up to 50) and medium-sized companies (up to 250 employees) in the national economy in terms of GDP, employment and export?

The small and medium-sized enterprises in Montenegro are regulated by the Law Amending the Law on Accounting and Auditing (Official Gazette of Montenegro 80/08).

Number of SMEs

Year	Entrepreneurs	Micro enterprises	Small enterprises	Medium-sized enterprises	Total SMEs	TOTAL Enterprises
2005	1,782	7,047	1,092	355	10,276	16,575
2006	1,808	8,172	1,184	358	11,522	20,204
2007	1,723	9,845	1,306	395	13,269	
2008	1,609	11,852	1,472	424	15,357	

Article 1 paragraph 2 of the Law on Business Organizations of Montenegro (Official Gazette of the Republic of Montenegro 06/02) stipulates that "business activities shall be carried out by business organizations and entrepreneurs", while Article 5 stipulates that "an entrepreneur is a natural person who engages in a business activity for the purpose of profit generation, and who is not performing this activity as an agent or employee on behalf of another person". In accordance with the aforementioned, the table below contains an overview of the number of employees in micro, small and medium-sized enterprises, and of entrepreneurs as well.

Number of persons employed in the SMEs sector and their share in the total employment in Montenegro

Year	Entrepreneurs		Micro enterprises		Small enterprises		Medium-sized enterprises		TOTAL SMEs		TOTAL MONTENEGRO
2005	3,544	2.46 %	19,986	13.85 %	21,393	14.82%	34,986	24.24 %	79,909	55.36 %	144,340
2006	3,772	2.50 %	22,602	14.99 %	23,361	15.49%	35,330	23.43 %	85,065	56.41 %	150,800
2007	3,756	2.40 %	25,847	16.53 %	25,749	16.46%	39,172	25.04 %	94,524	60.43 %	156,408
2008	3,276	1.97 %	30,252	18.20 %	29,422	17.70%	41,595	25.02 %	104,545	62.90 %	166,221

SOURCE: Monstat

Number of employees in Montenegro by sectors in %

Nace Rev 1.		2005	2006	2007	2008
A	Agriculture, hunting and forestry	1.93	1.73	1.65	1.59
B	Fishery	0.07	0.08	0.07	0.08
C	Mining and quarrying	2.83	2.76	2.40	2.24
D	Processing industry	17.99	17.28	16.43	14.64
E	Electricity, gas and water supply and production	3.81	3.73	3.58	3.63
F	Construction	5.24	4.54	4.25	5.31
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	16.48	19.63	19.66	19.16
H	Hotels and restaurants	7.70	7.25	7.23	8.81
I	Transport, storage and communication	9.52	8.05	7.26	7.70
J	Financial intermediation	2.09	2.06	2.01	2.09
K	Real estate, renting and business activities	3.51	3.92	3.42	3.39
L	Public administration and defence; compulsory social security	6.60	6.86	11.24	11.22
M	Education	8.99	8.52	8.11	7.76
N	Health and social work	7.76	7.97	7.67	7.43
O	Other community, social and personal activities	5.49	5.63	5.01	4.95
	Total	100.00	100.00	100.00	100.00
	Total employment	144 340	150 800	156 408	166 221

As for the share of small and medium-sized enterprises in GDP, an overview of GDP by business activity is provided in the table below, as well as an overview of the number of active micro, small and medium-sized enterprises and entrepreneurs in Montenegro (Source: Tax Administration).

According to the estimates, the share of SMEs in GDP amounts to approximately 60%.

Number of SMEs

Year	Entrepreneurs	Micro enterprises	Small enterprises	Medium enterprises	TOTAL
2005	1,782	7,047	1,092	355	10,276
2006	1,808	8,172	1,184	358	11,522
2007	1,723	9,845	1,306	395	13,269
2008	1,609	11,852	1,472	424	15,357

20 Enterprise and industrial policy

Gross Value Added by activities and at current prices for the period 2000-2007, in thousand EUR

Nace Rev 1.		2005	%	2006	%	2007	%
A	Agriculture, hunting and forestry	158,468	8.8	177,021	8.2	193,051	6.9
B	Fishing	483	0.0	1,165	0.1	918	0.0
C	Mining and quarrying	26,049	1.4	28,603	1.3	31,511	1.1
D	Manufacturing	148,686	8.2	164,695	7.7	193,056	6.9
E	Electricity, gas and water supply	85,821	4.7	88,496	4.1	837,69	3.0
F	Construction	54,192	3.0	76,039	3.5	95,700	3.4
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	190,124	10.5	237,872	11.1	337,018	12.0
H	Hotels and restaurants	53,785	3.0	64,078	3.0	91,454	3.3
I	Transport, storage and communication	171,327	9.4	208,270	9.7	282,629	10.1
J	Financial intermediation	43,854	2.4	64,977	3.0	106,675	3.8
K	Real estate, renting and business activities	210,961	11.6	245,146	11.4	360,098	12.8
L	Public administration and defence; compulsory social security	166,421	9.2	174,277	8.1	247,263	8.8
M	Education	76,938	4.2	87,545	4.1	102,300	3.6
N	Health and social work	82,155	4.5	84,615	3.9	86,845	3.1
O	Other community, social and personal activities	52,602	2.9	54,136	2.6	59,609	2.1
P	Private households with employed persons	0	0.0	0	0.0	0	0.0
	FISIM	-1842	-0.1	-4118	-0.2	-10231	-0.4
	Gross value added (basic prices)	1,520,024	83.7	1752817	81.6	2,261,665	80.5
	Taxes on products less subsidies on products	294,970	16.3	396181	18.4	546283	19.5
	GROSS DOMESTIC PRODUCT (market prices)	1,814,994	100.0	2,148,998	100.0	2,807,948	100.0

18 Is there a framework policy paper that defines/includes the government's approach and policy towards enterprises/SMEs? Specify the status of this document and provide the key elements of the government's SME policy. If it is not the case, which documents can be considered reference documents for understanding the government's policy in the enterprise/SME sector?

The Economic Reform Agenda of Montenegro for the period 2002 – 2007 is a document which defines overall economic reforms. The Agenda defines even economic reforms in the sector of small and medium sized enterprises, and entrepreneurship.

An emphasis is put on further development of a stable and stimulating environment for the development of entrepreneurship, i.e. on the following:

- Eliminating regulatory and administrative barriers for the development of entrepreneurship and business,

- Providing business education;
- Ensuring loyal and fair competition,
- Improving access to business information,
- Improving provision of business services,
- Facilitating access to available financial means;
- Enhancing competitiveness of small and medium-sized enterprises,
- Ensuring coordination of activities of all institutions with regard to the issue of entrepreneurship development.

After the Economic Reform Agenda of Montenegro 2002 – 2007, the Government of Montenegro prepared the National Programme for Integration of Montenegro into the EU for the period 2008-2012.

In the framework of the third chapter referring to the capacity to assume the obligations originating from the membership of EU, the section on Entrepreneurial and Industrial Policies, the policy of small and medium-sized enterprises is defined. The policy was observed from the point of view of status in the field of legislative and institutional framework, short-term and medium-term priorities defined in compliance with the European Charter for Small Enterprises, Action Plan for the implementation of recommendations from the European Partnership (2007), National Programme for Integration of Montenegro into the EU, Strategy for Development of Small and Medium Sized Enterprises 2007-2010, including the Program for Elimination of Barriers to the development of entrepreneurship in Montenegro.

19 Has the government developed a specific SME development strategy/action plan? Please describe its status, period and main points of action. Please provide an overview of basic SME policy documents (policy analysis, strategies, action plans, regulations)

The Government of Montenegro adopted the Policy Strategy for Support to the Development of Small and Medium Sized Enterprises 2002-2006, including the following main goals:

- 1) Increase the number of small and medium sized enterprises registered in the private sector, which are officially in operation;
- 2) Achieve a higher diversification and integration of economic activity, by increasing the participation of small and medium sized enterprises which are focused on production, and non-trading services;
- 3) Increase significantly the participation of small and medium sized enterprises comparing to micro enterprises in the overall company structure;
- 4) Increase the competitive activities of small and medium-sized enterprises in economic sectors, in which the Republic of Montenegro depends on import of goods and services, including an increase of participation of small and medium sized enterprises in revenues generated from export activities;
- 5) Increase the participation of national small and medium-sized enterprises in the foreign strategic alliances and arrangements of joint ventures;
- 6) Increase the share of small and medium sized enterprises in GDP;
- 7) Increase the share of small and medium sized enterprises in the total employment;

Development priorities of small and medium-sized enterprises relate to the following:

- Promoting entrepreneurship;
- Providing business training;
- Ensuring loyal and fair competition,
- Reducing regulations and administrative barriers to the development of business operations;
- Simplifying the system of business taxation;

- Encouraging the establishment of private Business Associations;
- Improving access to business information;
- Improving the provision of business services,
- Facilitating access to available financial assets.

Following the Strategy Policy for the Development of Small and Medium-Sized Enterprises 2002-2006, the Government of Montenegro adopted the Strategy for Development of Small and Medium Sized Enterprises 2007-2010, in compliance with the Economic Reform Agenda of the Government of the Republic of Montenegro, European Charter for the Development of Small and Medium-Sized Enterprises, Recommendations of the European Partnership, aimed to provide further support to the development of private business and the sector of small and medium-sized enterprises;

The main goals of the Strategy for Development of Small and Medium Sized enterprises 2007-2010 are the following:

- Increasing the number of new SMEs and entrepreneurs until the end of 2010 by 30%, compared to 2006;
- Increasing the employment in SMEs until the end of 2010 by 20%, compared to 2006;
- Increasing the share of SMEs in the export up to 30% until the end of 2010;
- Increasing the share of SMEs in GDP up to 60% until the end of 2010.

The operative tasks include the following:

- 1) Creating a stimulating environment for the development of SMEs – elimination of business barriers;
- 2) Regulating the system of statistical monitoring of the sector for SMEs;
- 3) Strengthening the institutional support to the development of SMEs;
- 4) Strengthening financial support to the development of SMEs;
- 5) Stimulating SMEs competitiveness and export – internationalization;
- 6) Supporting SMEs through the establishment of Public-Private Partnership;
- 7) Stimulating innovative and technological competitiveness (R&D projects);
- 8) Improving education and advisory services for SMEs;
- 9) Stimulating development and use of information and communication technologies;
- 10) Promoting entrepreneurship;
- 11) Improving dialogue with the private sector.

The Action Plan for the implementation of the tasks defined in the Strategy regulates the activities, bearers and deadlines for implementation of individual activities.

The activities relate to implementation of projects in the following fields: institutional support (advancement of the work of regional/local business centers; establishing clusters, and business incubators), elimination of business barriers, training (through the projects of Educational Entrepreneurship, private sector development, election of the best company, activities to implement the Strategy of Life-long Entrepreneurship Education, education for beginners in business and entrepreneurs in growth and development). As part of development projects, the projects of financial support, such as “Encouraging Entrepreneurship”, “Grant Scheme for Cost Recovery”, “Energy Efficiency and Renewable Sources of Energy” are in the process of implementation. The activities aimed at encouraging competitiveness and export promotion, as well as the SMEs internationalization are in progress. One of the activities involves a research in the field of small and medium-sized enterprises, as well as promotion.

The Government of Montenegro adopted the *Strategy for Life-Long Entrepreneurship Education 2008-2013*, aimed to provide for the development of human resources, which is especially important for the creation of a competitive and dynamic economy, capable of sustainable economic growth, with an appropriate number and quality of job positions and a stronger social cohesion in Montenegro.

A general goal of the Strategy for Life-Long Entrepreneurship Education concerns the development of entrepreneurial spirit through faster progress in promotion of the entrepreneurial mind-set of the society, in a systematic way and taking more efficient actions.

The priority fields of the Strategy are the following:

- 1) Raising awareness of the significance of entrepreneurial education for a full social and economic development of the country;
- 2) Promotion of entrepreneurial education in the system of formal education;
- 3) Promotion of entrepreneurial education in the system of non-formal education;
- 4) Monitoring of implementation and evaluation of the entrepreneurial learning.

Furthermore, the Government of Montenegro adopted **the Programme for elimination of barriers to the development of entrepreneurship in Montenegro**, including an analysis of the barriers to the development of business in Montenegro and recommendations for their elimination. The aim of this Programme is to provide assistance to the state administration bodies when deciding on the priority recommendations and in overcoming this issue. The Programme includes an analysis of the business environment, property rights, taxation policy, foreign trade and credit policies, labor market, disloyal competition and the grey economy and a general analysis of the current situation and factors which can slow down the process of development of the entrepreneurial sector in the country.

Deciding to take a systematic approach to the resolution of this issue, the decision was brought to adopt and implement annual Operational Plans for the elimination of business barriers. The Operational Plan for 2008 covers the following fields: registration of business organizations; issuing approvals for the performance of business activity; insolvency of business organizations; registration of rights over real estate; planning, spatial planning and construction of structures; taxation; import/export; and the labor market.

Both the Council and Operational Team for the Elimination of Business Barrier were appointed.

In 2008, the Council and the Operational Team for the Elimination of Business barriers had two and five meetings respectively, while in 2009 the model for coordination of activities was improved, so that until November 2009, the Council held five meetings while the Operational Team met several times, each time to consider a particular sector/issue. In the future, the Council will have regular monthly meetings.

The following research projects were conducted:

- “Public Awareness of the Projects Developed by the Directorate for Development of Small and Medium-Sized Enterprises“
- The project “Competitive Position of the Most Significant Products of Montenegrin Economy“, 2006 and 2009.

The GTZ is currently conducting a research in the field of business barriers titled “Challenges Facing SME Sector in Montenegro“.

The tasks of the Strategy for Development of Small and Medium Sized Enterprises 2007 – 2010 are included in the Economic Policy of Montenegro for 2008 and 2009, under Chapter “Development of Entrepreneurship and Small and Medium-Sized Enterprises“.

An analysis of the Economic Policy of Montenegro each year (quarterly and semi-annual) confirms the completion of implemented activities and projects related to the development of small and medium-sized enterprises and includes further plans for the implementation of initiated and new activities according to the Strategy for the Development of Small and Medium-Sized Enterprises 2007-2010.

The framework regulations defining the approach and the policy of the Government of Montenegro towards small and medium-sized enterprises includes the Law on Business Organizations (Official Gazette of Montenegro 06/02), Law Amending the Law on Accounting and Auditing (Official Gazette of Montenegro 80/08), Decree on more detailed criteria, purpose and conditions for the allocation of state aid and support (Official Gazette of Montenegro 13/08).

20 Who is involved in design an implementation of SME Policy (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)?

The Government of Montenegro is responsible for the creation and implementation of the policy for small and medium-sized enterprises, which is carried out through implementation of the activities

within the competence of the Ministry of Economy and the Directorate for Development of Small and Medium-Sized Enterprises.

The preparation and subsequent implementation of various forms of support to small and medium sized enterprises (institutional, financial, business training, business services and cooperation, promotion of entrepreneurship of small and medium-sized enterprises) also involves other institutions of both the public and private sector: Development Fund, Employment Office, Chamber of Commerce of Montenegro, Union of Employers of Montenegro, Montenegro Business Alliance, Centre for Entrepreneurship and Economic Development, etc.

The Directorate for the Development of Small and Medium Sized Enterprises was established by the Government of Montenegro in 2000 to carry out the tasks relating to several aspects of support to the development of entrepreneurship and SMEs:

- Preparation of the Strategy for the Development of Small and Medium Sized Enterprises;
- Development and implementation of programmes and projects for the development of small and medium-sized enterprises;
- Coordination of programmes, measures and activities referring to the development of small and medium-sized enterprises;
- Monitoring the implementation of programs of financial support to the development of small and medium-sized enterprises, including foreign financial support aimed at development of small and medium-sized enterprises;
- Preparation and implementation of programmes and projects to encourage the competitiveness of and export by small and medium-sized enterprises;
- Provision of professional assistance and participation in the preparation of regulations on the development of small and medium-sized enterprises, particularly for the purpose of achieving the goals and standards set by the European Union for the development of small and medium-sized enterprises;
- Investigating the effects of legal and other acts on the development of small and medium-sized enterprises;
- Preparation of training programmes for entrepreneurs;
- Project design and organization of regional and local centres in support of the development of small and medium-sized enterprises;
- Recommendation and ensuring of implementation of special programmes to encourage the development of small and medium-sized enterprises (encouraging the development of business angels, venture capital, techno-economic parks, incubators, etc.).

The Directorate for the Development of Small and Medium Sized Enterprises, through its activities, ensures support to the existing small and medium-sized enterprises.

The Development Fund of Montenegro is also one of the bearers of the Government's policy for small and medium-sized enterprises. The mission of the Fund is to encourage the economic growth of Montenegro through the development of private businesses and stimulation of entrepreneurship and to ensure the support to export-oriented companies .

The Chamber of Commerce of Montenegro is an autonomous, business, professional and interest-based organization of business organizations, banks and other financial organizations, personal and property insurance companies, and entrepreneurs doing business in the territory of Montenegro. The Chamber of Commerce of Montenegro is a member of ABC (The Association of Balkan Chambers) and the Forum of the Adriatic and Ionian Chambers of Commerce. Within the Chamber of Economy of Montenegro, there are 11 associations, including the Association of Small Enterprises and Entrepreneurs.

The Employment Office is responsible for the support to business starters and organization of professional training courses for unemployed persons.

The mechanisms of consultations among the institutions which are the bearers of the policy for small and medium-sized enterprises are implemented through the activities of the Council for Elimination of Business Barriers, the Memorandum of Cooperation and Partnership:

- The Council for Elimination of Business Barriers, presided by the Vice President of the Government of Montenegro, was established. Leading persons from the state administration bodies and business associations (Vice President of the Government of Montenegro responsible for economic policy, Minister of Economy, Minister of Finance, Minister of Interior Affairs and Public Administration, Director of the Directorate for Development of Small and Medium Sized Enterprises, Secretary of the Secretariat for Legislation, President of the Commercial Court, President of the Chamber of Commerce of Montenegro, President of the Union of Employers, President of Montenegro Business Alliance) participate in the work of the Council. The Council for Elimination of Business Barriers manages, controls and ensures implementation of the Programme and Operational Plans for elimination of business barriers and other activities of significance for the development of small and medium-sized enterprises.
- The Protocols on Cooperation have been signed by the Government, Directorate for Development of Small and Medium-Sized Enterprises, Union of Employers, and the Chamber of Commerce of Montenegro. The most important aspect of this cooperation relate to the following: creating of a high quality business environment for the development of market economy and entrepreneurship; increasing competitiveness of companies and stimulating export; promotion of small and medium-sized enterprises; exchange of information; analysis and research; education of entrepreneurs and professional training of the their staff; joint organization and participation at fairs; ensuring conditions for the development of employers and entrepreneurship; stimulating the development of financial institutions, such as guarantee funds and micro-financial institutions; development of regional/local business centres, business incubators, technology parks, and clusters, as instruments of support to the development of small and medium-sized enterprises, etc.
- The Government of Montenegro established the National Partnership for Entrepreneurship Learning. The National Partnership is an expert body responsible to monitore and analyze the situation in the field of entrepreneurship learning, and based on that recommend specific measures and directions of further development.
- The National Partnership for Entrepreneurship Learning includes a Council made up of the following members: Ministry of Labour; Ministry of Education and Science; Directorate for the Development of Small and Medium Sized Enterprises, University of Montenegro, Human Resources Administration, Vocational Education Centre, Education Office, Employment Office, Union of Employers, Chamber of Commerce , Centre for Development of NGOs.
- The members of the National Partnership are involved in the processes of strategic planning for various areas (preparation of a National Plan for Economic Development) related to the life-long entrepreneurship learning.

21 Which are the main tools/instruments, programmes, finance of SME Policy? Please estimate the amount of funding made available for SMEs through the national government and other donors (EU, international/bilateral donors).

The main instruments for financing small and medium-sized enterprises are the following:

1) Financial support to small and medium-sized enterprises through loans, as follows:

a) Loans of commercial banks

In the period 2006 – June 2009, total loans issued by the commercial banks amounted to EUR 4,878,950.00.

Table: Loans issued to private business organizations (in EUR 000, breakdown at the end of the period)

YEAR:	LOANS
2006	443,582.00
2007	1,336,170.00
2008	1,593,928.00
Jun 2009	1,505,270.00
Total	4,878,950.00

Source: CBCG, Monetary statistics, updated on 19 August.2009

b) Loans to small and medium-sized enterprises supported by the Government

In 2006-2008, total loans supported by the Government (Directorate for Development of Small and Medium-Sized Enterprises, Development Fund of Montenegro and the Employment Office) amounted to EUR 61,480,203.85

Table: An overview of the loans issued by the Directorate for Development of Small and Medium-Sized Enterprises, Development Fund and Employment Office for the period of 2006-2008

YEAR:	NUMBER OF LOANS ISSUED	TOTAL AMOUNT OF APPROVED FINANCIAL MEANS	NUMBER OF CREATED JOBS
2006	2,370	27,758,088.00	4,396
2007	640	12,428,400.00	1,475
2008	1,076	21,293,715.85	2,169
Total:	4,086	61,480,203.85	8,040

The Directorate for Development of Small and Medium Sized Enterprises provides credit support through the following programmes: Stimulating Entrepreneurship; Encouraging Competitiveness and Export; Energy Efficiency and Renewable Sources of Energy; Encouraging the Beginners in Business-Start up. The basic goal of this kind of credit support to small and medium-sized enterprises is to ensure favorable credit conditions for small and medium-sized enterprises in comparison to commercial conditions, whereas a final decision on the issuing of loans is made by the banks, in addition to the conducting of the entire procedure for loan administration.

Table: An Overview of Loans Issued by the Directorate for Development of Small and Medium-Sized Enterprises in 2006-2008

YEAR:	NUMBER OF LOANS ISSUED	TOTAL AMOUNT OF APPROVED FINANCIAL MEANS	NUMBER OF CREATED JOBS
2006	160	3,415,380.00	348
2007	57	3,620,500.00	422
2008	79	7,338,111.85	494
Total:	296	14,373,992.00	1.264

The Development Fund, following an annual competition, prepares and presents to the public a Programme of general conditions for the provision of financial support to small and medium-sized enterprises, based on which the SMEs can apply for funding. The Development Fund offers loans under favorable conditions, with lower interest rates, shorter **periods of repayment**, and shorter grace periods than those offered by the commercial banks.

Table: An overview of loans issued by the Development Fund for 2006-2008

YEAR:	NUMBER OF LOANS ISSUED	TOTAL AMOUNT OF APPROVED FINANCIAL MEANS	NUMBER OF CREATED JOBS
2006	167	14,141,108.00	694
2007	55	6,369,000.00	249
2008	61	8,335,904.00	340
Total:	283	28,846,012.00	1.283

The Employment Office implements a Programme for continuous stimulation of employment and entrepreneurship in Montenegro.

The loan support of the Employment Office is allocated on the basis of the **Commission Agreement** with a consortium of commercial banks.

Table: An overview of loans issued by the Employment Office for 2006-2008

YEAR:	NUMBER OF LOANS ISSUED	TOTAL AMOUNT OF APPROVED FINANCIAL MEANS	NUMBER OF CREATED JOBS
2006	2,043	10,201,600.00	3,354
2007	528	2,438,900.00	804
2008	936	5.619,700.00	1,335
TOTAL	3,507	18,260,200.00	5,493

c) Loans issued by microcredit institutions

The loans issued by the microcredit institutions in Montenegro for the period 2006-Jun 2009. amounted to a total of EUR 233,516,000.00.

Table: Microcredit financial institutions (in 000 €, balance at the end of period)

YEAR:	AMOUNT OF ISSUED LOANS
2006	32,473.00
2007	52,901.00
2008	75,822.00
Jun 2009	72,320.00
Total:	233,516.00

Source: CBCG, Monetary statistics, updated on 19 August 2009

2) Financial support to small and medium-sized enterprises through grants

The Directorate for Development of Small and Medium-Sized Enterprises implements a project titled the Grant Scheme for Reimbursement of Expenses. This model of financing anticipates the provision of support to enterprises in market presentation, coverage of the expenses for marketing activities and building of the capacity of enterprises for a more successful management of business operations (by introducing information technologies, etc.).

In the period 2007-2009, 66 applications were approved in the amount of EUR 163,136.40.

22 Has an evaluation of SME Policy taken place – if so provide the main findings. Are evaluations planned?

The Strategy for Development of Small and Medium-Sized Enterprises 2007-2010 contains an evaluation of implementation of the SMEs development policy under the Analysis of the Existing Situation for 2002 -2006, in the following area:

Analysis of the situation in the SMEs sector, primarily from the aspect of the number of enterprises:

The number of registered enterprises, according the Central Register of the Commercial Court, varied from 26,114 in 2004 to 29,000 in 2005 and 33,377 on 2 February 2007, which resulted in a growth of 27.18% in the period 2004 -2006. According to Monstat, in the period 2002 – 2006, the number of companies increased from 13,401 to 20,204 (not including the entrepreneurs that are not recorded), resulting in a growth of 33.67%.

Analysis of the situation in the SMEs sector, from the aspect of the number of employees:

The number of employees in the SMEs for the period 2002 – 2006 went up from 30,861 in 2002 to 54,476 (Health Insurance Fund) on 21 March 2007, constituting a growth of 73.28%.

The share of employees in SMEs in comparison to the total number of employees recorded a growing tendency, so that the percentage participation increased from 27.11% in 2002 to 35.64% in 2006.

The share of small and medium-sized enterprises in GDP

The share of small and medium-sized enterprises in GDP for 2001-2003, according to Monstat's data, went up from 34.6% in 2001 to 46.25% in 2002 and 58.79% in 2003.

The share of SMEs in export activities for the period 2002 – 2005 amounted to 7.31% in the export of goods of small and medium-sized enterprises in 2002, in order to increase to 24.72% in 2004. In 2005, the export generated by small and medium-sized enterprises recorded a slight downfall to 22.23%. (Data source: CBCG – Annual Reports prepared by the Chief Economist 2002 -2005).

Systemic environment

The business environment in Montenegro has been significantly improved over the recent years. More than 90 laws directly or indirectly regulating this area were adopted, and those are mostly harmonized with the EU standards.

In the previous period, Montenegro implemented significant institutional reforms in the key sectors such as the following: fiscal system; financial sectors; capital and labor markets; privatization of companies; etc.

Analysis of business barriers

Although the business environment in Montenegro has been significantly improved over the recent years, the analysis of barriers to the development of small and medium-sized enterprises in Montenegro shows that the entrepreneurs are still confronted with difficulties in the business environment. Accordingly, it is necessary to continue with and carry out the activities aimed to eliminate the business barriers (in the field of licensing, i.e. permits, inspection, construction land and property rights, fiscal burdens, grey economy, labor market, access to financing, etc).

Analysis of institutional support

Institutional support to the development of small and medium-sized enterprises in Montenegro is provided through the activities carried out by the institutions of the public and private sector (Directorate for Development of Small and Medium Sized Enterprises, Development Fund, Chamber of Commerce of Montenegro, Employment Office, Union of Employers of Montenegro, Centre for Entrepreneurship and Economic Development, Montenegro Business Alliance).

Analysis of financial support

The loans approved by the Government of Montenegro (Directorate for Development of Small and Medium-Sized Enterprises, Development Fund, Employment Office in 2002-2006) amounted to more than EUR 78 million, whereby more than 17,000 job positions were created.

In the same period, the loans issued by commercial banks to private business organizations and entrepreneurs amounted to EUR 1,008,806,000, while those issued by the microcredit institutions amounted to EUR 83,699,563.

Business Training

In the period 2002-2006, 972 different programs and training cycles were organized by the public sector, attended by more than 14.000 trainees.

Provision of business/consulting services, promotion and strengthening of competitiveness of small and medium-sized enterprises

Significant activities aimed at promotion of entrepreneurship, domestic products and producers were carried out, and a great number of conferences, roundtable discussions, presentations and fairs organized.

In order to strengthen the competitiveness of small and medium-sized enterprises, a project to Increase the Competitive Capacities of Domestic Enterprises was initiated, which made a significant contribution to a higher competitiveness of domestic products, primarily in the sectors of agriculture (meat industry and new producers of goods), tourism, wood-processing industry, and in particular regarding the introduction of standards, promotion and financial support to enterprises.

Export and Internationalization

A special Division for Stimulation of Competitiveness and Export was established within the Directorate for Development of Small and Medium-Sized Enterprises, to carry out the activities aimed to promote and stimulate the export by Montenegrin companies, in line with the strategic objectives identified under the Montenegrin Strategy of Export Stimulation.

The activities aimed to improve the export by Montenegrin SMEs, by means of ensuring access to the European sources of information, organization of support to business activities and institutions of the Government, internationalization and promotion of Montenegrin SMEs and the economy abroad and organizations of business missions and bilateral business meetings, were carried out by the Euro-Info Corresponding Centre.

Following the European Charter for SMEs, the member states of the EU were committed to create favorable business environment for SMEs. The countries of the Western Balkans adopted the European Charter for Small Enterprises in 2003.

Montenegro adopted the European Charter for Small Enterprises 2003 as well.

The European Commission and the Investment Compact for the South-East Europe of the Organization for Economic Cooperation and Development (OECD), in consultation with the European Bank for Restructuring and Development (EBRD) and the European Training Foundation (ETF), are preparing a Progress Report on the implementation of the Charter for SMEs by the Western Balkans countries.

Table: Comparative results in the evaluation of Montenegro according to the European Charter for Small Enterprises

Chapter		2007	2009
1*	Entrepreneurship education and training	2	2.75
2	More economic and faster start-up	3.25	3.5
3	Better legislation and regulations	2.25	3.25
4*	Availability of skills	1.5	1.75
5	Improvement of on-line access	2.75	2.75
6	Making use of uniform market	3.5	3.25
7*	Taxation and finance	3.5	3.75
8	Strengthening the technological capacities of small enterprises	2.25	2.25
9	Successful models of e-business and top quality business support	3	3
10	Development of stronger and more efficient presentation of small enterprises	3.5	3.5

* - it is not possible to compare the results from 2007 and 2009, since the indicators in the Report for 2009 were significantly changed.

Also, the Progress Report for Montenegro, in relation to sectoral policies (Industry and SMEs), read that the progress in the field of development of SMEs continued.

The achieved results are confirmed by the following data:

According to the data of the Central Registry of the Commercial Court, the number of enterprises went up from **33,377 at the end of 2006 to 40,367** at the end of 2008, i.e by **20.9%**.

According to the data of the Tax Administration, the number of SMEs went up from **11,522** at the end of 2006 to **15,357** at the end of 2008, i.e. by **33.28%**. (The objective was to increase the number of new SMEs and entrepreneurs by 30% until the end of 2110 in comparison to 2006.)

According to data of the Tax Administration, the number of employees in SMEs increased from **85,065** at the end of 2006 to **104,545** at the end of 2008, i.e. by **22.9%**. (The objective was to increase the employment in SMEs by 20% by the end of 2010 in comparison to 2006).

23 Please provide information about what is foreseen for the future regarding SME Policy and what is in the pipeline (plans, blue prints, timetables).

Based on the analysis of the existing situation and of the level of implementation of the goals set by the Strategy for Development of Small and Medium Sized Enterprises 2007 – 2010, as well as based on the European Charter for the Development of Small and Medium Sized Enterprises, a Strategy for the Development of Small and Medium Sized Enterprises 2011-2015 will be prepared.

Also, an Activity Plan will be prepared to implement the tasks established under this Strategy.

Furthermore, a Program for the Elimination of Business Barriers will be prepared, based on the analysis of the activities undertaken until 2010.

Implementation of the activities established under the Strategy for Life-long Entrepreneurship Learning 2008 – 2013 will be continued, as well as implementation of the European Charter for Small Enterprises.

24 Is there a specific legal framework for cooperatives, mutualities and foundations? Please explain.

The legal framework for the performance of business activities by cooperatives in Montenegro is provided by the Law on Cooperatives (Official Gazette of the Federal Republic of Yugoslavia 41/96).

Drafting of a new Law on Cooperatives in the Sector of Agriculture is currently in progress; it is expected to be adopted at the beginning of 2010.

A proposal for the Law on Public-Private Partnership and the Housing Cooperatives is currently being drafted as well.

At the moment, there is no developed legal framework for joint funds and foundations.

Business Environment

Creating an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded:

25 Is entrepreneurship in any way taught as a skill in the formal (primary, secondary, university) education or vocational training system? Where appropriate, please indicate whether these are compulsory or optional subjects in the curriculum.

The Government of Montenegro adopted a concept of life-long learning which was promoted in the Strategy of Adult Education 2005-2015 and the Strategy of Life-long Entrepreneurship Learning 2008-2013, which was aimed to develop an entrepreneurship spirit through faster achievement of progress in the promotion of entrepreneurial way of thinking in the society, in a systematic way and through more efficient work.

Aiming to provide a high-quality support in the process of development and conducting of entrepreneurial learning by decision makers, the Government of Montenegro established the National Partnership for Entrepreneurial Learning in September 2008. The National Partnership is an expert body tasked to monitor and analyze the situation in the field of entrepreneurial learning and, based on that, recommend concrete measures and directions for further development. The members of National Partnership are involved in the processes of strategic planning for various fields of activity relating to life-long entrepreneurial learning. Membership of the National Partnership includes relevant partners involved with entrepreneurial learning.

In order to promote entrepreneurial learning, entrepreneurship was introduced as a new subject in primary schools and secondary vocational schools, while it is taught only at particular institutions of higher education (University of Economics, University of Tourism, Hotel Management and Trade) as a compulsory subject.

In the **primary education**, the subject Entrepreneurship is studied in the eighth grade, as an optional subject, which was introduced by the Council for General Education in June 2007. The purpose of teaching the subject Entrepreneurship in the primary schools is to familiarize the students with the essence of entrepreneurship, entrepreneurial process, business idea and its practical implementation. The introduction of the subject Entrepreneurship in primary schools is the result of a four-year project titled "Entrepreneurial Clubs in Primary Schools", implemented in cooperation with the Directorate for Development of Small and Medium Sized Enterprises in the period of 2003-2007.

The Montenegro Business Alliance (NGO – association of entrepreneurs) and the Center for Entrepreneurship and Economic Development, supported by the US Government, in 2004 and 2007 implemented a project titled **My Business**. The publication **My Business** was intended for the students in the third and the fourth grade of primary schools. The publication was distributed in 43% of primary schools in Montenegro, with a circulation of 20,000 printed copies. The goal of this project was to familiarize the children of this age, as well as their parents, with basic economic terms, and to stimulate their thinking about business ideas, how to earn some money and start a family business.

In **general secondary education** – grammar schools, the subject Entrepreneurship was not introduced, while it was included in the curricula of three and four-year secondary vocational schools as a compulsory or an optional subject, while it was not included in the two-year curricula. The aim of this subject was to help students gain an insight into the idea of a business and business plan, establishing and operation of enterprises, and to train them for team work and application of modern ways of communication.

In the **three-year vocational schools** in Montenegro, students are trained for 28 professions. The subject Entrepreneurship is included in 15 curricula, as a compulsory vocational-theoretical subject, which is 53.5% of the total number of curricula, while this subject is not included in the remaining 13 curricula (around 46.3% of the total number of curricula). This subject includes a total of 72 classes, and in some curricula 36 classes during the school year.

In the **four-year vocational education** students are trained for 53 professions; the subject Entrepreneurship is included as a compulsory vocational-theoretical subject in 18 curricula, which makes up 33.9% of the total number of curricula; in 13 curricula as an optional subject, which makes up 24.5% of the total number of curricula, while it is not included in 22 curricula, i.e. 41.5% of the total number of curricula. The subject Entrepreneurship includes a total of 72 classes during the school year.

Special projects intended for the development of the entrepreneurial knowledge and skills are implemented in the framework of secondary education.

The ECO NET project includes the secondary schools of economics, that is, secondary schools whose curricula include the subjects of economy, law and administration. The subject “Enterprise in Practice” was introduced in the curricula for the vocations of business manager and manager in marketing and trade, which is taught in the third year of including a total of 144 classes. The project has been implemented by KulturKontakt, Australia, in cooperation with the Ministry of Education and Science since 2004. Until the school year of 2008/2009, the subject Enterprise in Practice was implemented as an optional activity, whereas it has been a compulsory since the school year of 2009/2010. During the Project, 40 teachers were trained to teach this subject, 16 of them are currently being trained, while 10 teachers were trained for multipliers.

The project titled **Students’ Enterprise** is implemented in six secondary schools by the Directorate for Development of SMEs in cooperation with the Norwegian non-profit organization „Business Innovation Program (BIP), to enable the students to gain knowledge from the field of business, advance the required skills for running a business (self-confidence, initiative, innovativeness, team work, creativity), improve the educational process and ensure better opportunities for the employment of secondary school students. The Program is designed as an optional activity. In the framework of the Project, 12 teachers were trained for its implementation.

Since 2002, **Junior Achievement Montenegro**, a non-governmental organization, has introduced a practical training and educational program from the field of economy in fifteen secondary schools in Montenegro, for the purpose of helping the students develop business and analytical skills and abilities for making business decisions. The Projects includes three programs: Business Ethics; Company Program and Management Simulation Exercise – MESE.

This is taught in secondary schools and higher education institutions teaching economy subjects, and also academic and applied studies..

At the University of Economics, the Department for Entrepreneurship, Management and Business was introduced in 1995, including various specialized trainings at the final year of the studies, where the program course of Entrepreneurship and entrepreneurial finances has a special place.

Additionally, at Faculty of Management in Podgorica, Entrepreneurship has been a compulsory subject for all students regardless of program course since 2004.

At the University of Tourism, Hotel Management, and Trade, at the course program for tourist and hotel management, the subject Entrepreneurship in tourism and hotel management has been taught since 2004/2005 in the second year of regular studies.

Graduate studies titled Entrepreneurial Economics were introduced in Montenegro in 1992, promoting Entrepreneurship as one of the main subjects and the idea of entrepreneurship as one of the main ideas throughout the studies.

26 Regarding university level education on entrepreneurship in your country: are there any specific academic titles on entrepreneurship, i.e. can an entrepreneurship degree be obtained as the ultimate objective of the course in question?

At the university level education, there are no official academic titles in the field of entrepreneurship, since students acquire this kind of knowledge when studying economics, management and business, maritime management, civil engineering and environmental protection. No degree in Entrepreneurial Studies is awarded as such as the principle goal of a study program, through any of the three higher education academic study programs (undergraduate studies, graduate studies and PhD studies) and two applied academic study programs (undergraduate and graduate studies).

27 Outside of the remit of formal education and training, are there any other initiatives to stimulate entrepreneurship (using media, events, local partners, significant initiatives of companies themselves etc.) including female entrepreneurship, support to immigrants who wish to become entrepreneurs and support for business transfers?

The following three most important documents for the field of adult education in Montenegro:

- 1) **Strategy of Adult Education of Montenegro 2005-2015**
- 2) **Adult Education Plan 2006-2010**
- 3) **In the Strategy for a Life-long Entrepreneurial Learning 2008-2013**, which was prepared in compliance with the new National Strategy of Employment and the Human Resources Development for 2007 – 2011, and the discussion paper “Human Resources Development –Montenegro 2017”, education and training of entrepreneurs holds an important place and is one of the priority objectives.

The Center for Vocational Education prepared a Training Program for the acquisition of entrepreneurial knowledge and skills, which was adopted by the Council for Adult Education.

The basic goal of the Program is to provide the trainees with the basic entrepreneurial knowledge and skills, that is, basic entrepreneurial competencies. The program consists of four modules:

- Module I Start up – Business idea and business plan
- Module II Establishing business organization
- Module III Management of business organization
- Module IV Operation of business organization.

As a part of the project ECO NET, implemented by the Kultur Kontakt, Australia, a training course was organized for adult education trainers in the field of entrepreneurship in 4 Montenegrin municipalities (following the regional principle): Berane, Bijelo Polje, Nikšić and Podgorica. A component of the training included a pilot project where some seminars were organized for an actual target group of entrepreneurs, unemployed persons etc. The seminars were planned in cooperation with the Employment Office and employment branch offices on the local level, aiming to adapt the seminar themes to the real needs of the labor market.

The following 3 three-day modules were carried out:

- Module 1 Business Start up – aimed to transfer some basic information, necessary for a successful independent start up.
- Module 2 Management in small enterprises. The goal of the module is to share the knowledge on various management and marketing techniques for small enterprises
- Module 3 Office work in small enterprises, where random cases are examined with the aim of learning inter-dependence in the course of normal work, that is, making business arrangements (starting from the inquiries and orders to the invoicing and payment). A special emphasis is placed on irregularities and various options for contract signing.

In addition to numerous activities contributing to the rising of awareness regarding the significance and role of entrepreneurship, development of entrepreneurial culture and provision of support for a business start up, there is no continuity in informal education and it is limited mostly to the persons on the records of the Employment Office. In addition to the Employment Office, which allocates the highest level of funding for this purpose in Montenegro, contribution to the development of entrepreneurial learning through informal education is also provided by the partners listed below that organize seminars and workshops in the field of finance, management, marketing, business communication, sales, project management, human resources management and other, in order to increase the productivity, reduce the effect of changes, increase human adaptability of people to changes and include of as many people as possible in the economic and social life:

- Chamber of Commerce of Montenegro;
- Directorate for Development of SMEs;
- Development Fund;
- Office for Gender Equality relating to development of female entrepreneurship,;
- Non-governmental organizations (Union of Employers, Montenegro Business Alliance, Center for Entrepreneurship and Economic Development, Business start up center Bar, Center for the Development of Non-Governmental Organizations)
- Employers.

An organized impact of the Employment Office of Montenegro on the functioning of the labor market is also carried out through the provision of training services to unemployed persons in order to develop their entrepreneurial skills. The Employment Office established three Centers for Adult Education:

- **The Training Center in Berane** was established in order to mitigate a high deficit in the labor market, primarily in the northern region (and subsequently in a larger territory of Montenegro and the region), in the field of wood-processing industry, as well as other fields of activity, as demanded by the employers.
- **The Training Center in Herceg Novi** was established in order to satisfy the demand of employers for professional workforce in the coastal region of Montenegro, primarily during summer season, thus contributing to the reduction of unemployment and a high quality of the available of workforce in this priority branch of economy, in terms of development.
- **The Training Center in Podgorica** was established in order to satisfy the demand of employers for professional workforce in the field of construction industry and trades, as well to provide initial IT training. The Training Center uses the equipped premises of the Vocational Secondary School of Mirko Vešović, Podgorica (for the construction industry and trades), and of the Employment Branch Office of **Podgorica** (for information technologies).

The training of unemployed persons is conducted according to certified training programs, including monitoring and supervision over the entire training course and at the final exam, while the trainers are trained through the assistance of VET Project and GRONE School, Lubeck, Germany.

Assisted by the VET Project, the **Strategy of Labor and Development of Training Centers in Montenegro** was developed, as well as three research projects: “Analysis of training requirements and a professional workforce training in the coastal region of Montenegro in the sectors of tourism and hospitality industry”, and the “Analysis of training requirements and professional workforce training in the northern region, in the sector of wood-processing industry”, and the “Analysis of the

training requirements and professional workforce training in the central region, in the sector of construction industry”.

As a part of the Project of the Government of Montenegro titled “Stimulating Employment in Montenegro – with an Accent on the Northern Region and Endangered Population Groups – a Job for You”, in addition to the funding of projects for small and medium-sized enterprises, various types of training courses for both unemployed persons and young managers were organized.

The aim of this Program was to achieve a faster development of less developed municipalities by stimulating entrepreneurship, in order to become favorable environments for business operations and achieve multiplicative effects in terms of increasing the number of SMEs, reduction of unemployment, increasing the standard of living of their citizens, and thus have an impact on a more balanced regional development of Montenegro.

The Business Advisory Services Program - **BAS Program** supports the development of SMEs, and in parallel with this activity, the BAS Program provides assistance by increasing the level of competencies of domestic consultants and improving the quality of their services offered to the enterprises. For projects, that is, enterprises in the rural, less developed regions and enterprises run by women, the percentage of support by BAS Program amounts to 75% - 90% of the project value. For other private enterprises, BAS program ensures up to EUR 6,400 or at most 70% of the expenses of an individual project, while the remaining expenses are covered by the enterprise. So far it has implemented over 200 different projects and engaged 70 local consulting companies and individuals.

The Union of Employers of Montenegro initiated the establishment of local social councils in all municipalities in Montenegro, in accordance with the Law on Social Council. This resulted in harmonization of constitutional acts with the new Law on Social Council and appointment of representatives of the employers to those bodies, which was aimed to represent and strengthen the development of entrepreneurship and business activity and create a policy of joint action and development tripartite activities in municipalities.

The **Project of First Career Fair “Get Connected 2008”** was organized in order to enable the companies to find the required work force in a simple, fast and efficient way, whereby this event provided direct support to resolve the issue of unemployment and stimulate development and higher competitiveness of Montenegrin economy.

The Union of Employers of Montenegro signed a Memorandum of Cooperation with the Association of Working Women “Woman Today“ in 2008. The aim of this agreement was to achieve an improved and higher-quality of working, legal and social position of working women, through joint activities of the Union of Employers of Montenegro and the Association “Woman Today”, and through social dialog, mutual respect and respect of statutory and program decision. The institutional organization, i.e. establishment of the Association of Business Women of Montenegro (through the financial support of GTZ, and professional support of the Union of Employers of Montenegro) is about to be completed; the Constitutional Assembly was held in 2009, when the President of the Association was elected.)

The Board for Female Entrepreneurship was established within the Chamber of Commerce of Montenegro, aimed to promote and encourage the inclusion of women in entrepreneurial business activities. This Board cooperates with international partners in order to promote and exchange the knowledge and experiences in the field of female entrepreneurship.

Aiming at fostering and promotion of entrepreneurship, the Directorate for Development of SMEs has been organizing the election of the **Best Enterprise of the Year** for four years now. The goal of this project is to stimulate the development of entrepreneurship through media promotion, and promotion of entrepreneurial accomplishments by creating a positive “entrepreneurial environment“ in which success is publicly recognized.

The project **"Made in Montenegro"**, whose implementation started in 2003, is focused on the institutional campaign which generally promotes the potentials of Montenegro, such as domestic products and producers. In the course of implementation of this campaign, which promotes the potentials of Montenegro, domestic products and producers, advancement of the marketing

function, the focus was on the promotion through participation in fairs. The **Fair of SMEs** has been organized 11 times, aiming to promote and develop entrepreneurship.

The manifestation titled the **Festival of Adult Education** (organized since 2001), whose main organizer is the Center for Vocational Education, in cooperation with a social partner, and which is organized each year, promotes the role and significance of education and professional training in the field of entrepreneurship through various activities.

The Business start up center of Bar, in cooperation with local partners, carries out various activities stimulating entrepreneurship:

- 1) Organizing trainings for gaining and enhancement of business skills (informal education);
- 2) Organizing contests for the best business plans where the winners are awarded a free registration, a mentor and 50 hours of consulting services, micro-credits under more favorable rates and business premises in the Business Incubator;
- 3) The transfer of business operations and the provision of support to local companies looking for partners from the EU is promoted through the Enterprise Europe Network – both relating to the transfer of new technologies or business cooperation.

The Partners include: the Municipality of Bar, Faculty of Tourism, Secondary School of Economics, Cultural Center, Association of Entrepreneurs, Montenegro Business Alliance, Employment Office.

According to the applicable regulations of Montenegrin regulating economic activity, domestic and foreign legal persons and entrepreneurs are treated equally. New regulations provided for the transposition of European standards on employment and work of foreign persons, enabling foreign persons to find employment and work in Montenegro provided that the following requirements are satisfied:

- Holder of a work permit
- Holder of permanent or temporary residence
- Signed Employment Agreement, i.e. civil-legal agreement
- Foreign worker registered by the employer according to the law

The Union of Employers of Montenegro (for the work of foreign persons) organized a number of instructive seminars for present economic activities (construction, tourism, agriculture and trade industries) in cooperation with the Ministry of Labor and Social Welfare, Ministry of Internal Affairs and Public Administration and the Employment Office concerning potential unresolved issues and dilemmas stemming from the basis of implementation of the Law on Employment and Work of Foreigners, and the Law on Foreign Persons.

All these activities are well presented in the media, as it has been the case for many years, for example, with the activity organized by the partners from the National Partnership for Entrepreneurial Learning, Directorate for Development of SMEs and the Chamber of Commerce of Montenegro, i.e. the conference “Support to the development of small and medium-sized enterprises” in the framework of initiative of the European Commission, the 1st European SME Week in 2009, in order to promote entrepreneurship in all European countries.

The media regularly follow the activities in this field, while the Chamber of Commerce of Montenegro and the Employment Agency have special TV and Radio programmes dedicated to the promotion of these activities.

28 Please describe your business incubators strategy and progress achieved so far.

According to the established goals under the Strategy for Development of SMEs, one of the instruments designed to strengthen the institutional support to small and medium-sized enterprises also includes the establishment of business incubators, especially having in mind their importance for the stimulation of spirit of entrepreneurship and implementation of advanced business ideas. In this regard, the plan was to establish at least 3 business incubators in Montenegro for the southern, central and northern region. So far the business incubators have been established in the southern and central region, while the activities to establish an incubator in the northern region are

still in progress. The Government of Montenegro, through the Directorate for Development of Small and Medium Sized Enterprises, and together with the Capital City of Podgorica, has established the first business incubator in the field of information technologies (IT) in Montenegro, under the name of “d.o.o.Inventivnost” (LLC Inventiveness). The project is implemented through the support of the European Commission and the Dutch Government, assisted by the organization SPARK, through the program of support to the Balkan region (central region).

The IT incubator aspires to become a pioneer in the development of SMEs, which will contribute to the rising of the entrepreneurial awareness and the creation of an atmosphere for initiation of other similar projects in our country.

Montenegro developed the Strategy of Development of the Information Society, which defines the development of ICT services in different fields, in compliance with the European vision of development.

IT incubators in Podgorica presently have 5 teams of tenants, with 12 employees.

They lease business premises under favorable conditions (up to 5 years), including the equipment, additional trainings and advisory support, which includes professional consulting, research data and all necessary logistics.

The tenants are provided with two types of trainings:

- Elementary Business Training (start up of own business, business plan preparation, company registration, legal regulations, etc);
- Professional Training (developing a software to design web presentations; publishing of Information Technology magazines; provision of outsourcing services; using Cryptography for privacy protection in data).

IT support is provided to young people who will work on the development of business solutions in the field of software engineering and e-business. Additionally, IT incubator contributes to establish the relations between the University and the market, as well as in networking with other incubators in the region and abroad.

The Business incubator of Bar was established by the NGO Spark, Netherlands, through the Business Start up Center and the Municipality of Bar, and nine more partners (southern region). This incubator is of a general character, and has 5 tenants with 21 employees.

In addition to regular spatial and consulting services that are offered by the incubator, this center is distinguished for its services of free-of-charge registration of companies and provision of access to bank loans.

The incubator in Bar and the Business Start up Center continuously conduct the contests for the best business plan, where 30 business plans are awarded free registration and 100 hours of consulting services, while the top 10 are awarded micro-credit support worth EUR 10,000 under favorable conditions, whereas the top five plans are awarded business premises and incubator services.

Due to an increased number of tenants, enlarging of the capacities was foreseen, and the new premises will have the capacity for over 30 companies.

So far the Business Start up Center Bar has generated the following results: In 2007, the program supported 17 entrepreneurs; 12 companies were established with 60 employees; 6 companies in the incubator. In 2008, the program supported 28 companies; 13 companies were established; 5 companies in the incubator. In 2009, 15 companies are participating in the contest for the best business plan.

The activities to establish a business incubator in Berane (northern region) are also in progress, in cooperation with the Municipality of Berane, the organization Caritas – Luxemburg and the Directorate for Development of Small and Medium-Sized Enterprises. The Business Plan was developed, as well as a plan of construction works for the new facility to host the incubator.

This project was also supported by the the IPA 2008 – Project „**Improving Business Environment for Small and Rural Enterprises**“.

Ensuring that honest entrepreneurs who have faced bankruptcy get a second chance:

29 Are there any measures that discriminate against entrepreneurs who have undergone bankruptcy in a previous venture? In which areas (access to public procurement, access to public funds, access to public support programmes)?

The insolvency of entrepreneurs has also been regulated by the Law on Insolvency of Business Organizations, which in Article 3 paragraph 1, item 3 stipulates that this Law also regulates natural persons engaged in a business activity (entrepreneurs).

This Law stipulates no discriminatory measures for the entrepreneurs who have already been through an insolvency procedures.

30 Do prohibitions or limitations apply to bankrupt entrepreneurs after the bankruptcy procedure has been finalised? Which ones and for how long?

The Law on Insolvency of Business Organizations stipulates the measures and restrictions for the duration of insolvency procedure, for the entrepreneurs subject to insolvency procedure, as well as other entities undergoing an insolvency procedure (legal persons and business organizations that have no status of a legal person – General partnership and a Limited partnership), while no restrictions and limitations are stipulated after the conclusion of an insolvency procedure.

31 Are there any policies in place to promote a fresh start for non-fraudulent entrepreneurs who have gone bankrupt?

There are no such policies which promote a fresh start for non-fraudulent entrepreneurs, and who have gone bankrupt.

32 Is there any target time to complete all legal procedures to wind up the business in the case of a non-fraudulent bankruptcy? What is the average time of discharge? Is it a complete or a partial discharge?

The Law on Insolvency of Business Organizations stipulates the urgency of insolvency procedure, and this basic principle refers to all entities undergoing an insolvency procedure, including entrepreneurs.

No deadlines are set for the completion of all proceedings within the insolvency procedure, including the insolvency procedure itself, whereas precise deadlines are set for actions to be taken by competent authorities in insolvency proceedings (courts and the trustee in bankruptcy), and for the trustee in bankruptcy these are preclusive deadlines and their disregard is sanctioned even by the right to claim reimbursement of material damage.

Designing rules according to the think small first principle and simplifying the regulatory environment:

33 Have the effects of your country's legislation on the business environment, in particular for small enterprises, been evaluated? If not, are you considering launching such evaluation? If yes, please provide an overview of the main findings and subsequent action taken by the government.

The Strategy of Administrative Reform of Montenegro 2002 – 2009 anticipates setting up of a system to assess the effects of regulations.

Under the Decision on Establishing the Council for Elimination of Business Barriers, the Council is obliged to assess each new regulation and provide its comments to the proposing party. The opinion of the Council for Elimination of Business Barriers has to be taken into account when preparing a final text, i.e. proposal of the regulation.

Further development in terms of elimination of business barriers should assume systematic reconsideration of all regulations regulating the economy, in order to eliminate superfluous, non-functional and obsolete regulations, set up shorter deadlines in which the administrative authorities act upon the request of parties, thus reducing the costs arising from those grounds that represent a burden to business entities. Reviewing of these regulations would be similar to a guillotine whereby all regulations that hinder economic development would be excluded from the legal system. This concretely means that all administrative bodies have to make a list of and check all procedures within their respective competences that refer to the operation of business organizations. All registered procedures need to be analyzed and categorized, that is, ranked as those that will remain unchanged and those that have to be amended or abolished; and then a unified list of procedures that “passed the test” is established. This list would equal a register that must be publicly available and will enable all interested entities to be easily informed about the following: procedures (related to: licensing, approvals, applications, agreement, etc), that must be followed when conducting their business activities; before which body, in what kind of a procedure, and what are the legal basis (e.g. law, Rulebook) for the given procedure; how much it will cost; what documents have to be submitted; and how long it would take to finalize particular procedures.

With regard to new regulations, future activities will be directed to introduce and fully implement the Regulatory Impact Analysis (RIA) into the legal system of Montenegro. The Government of Montenegro, with regard to introduction of RIA, cooperates with the World Bank –IFC. Namely, the preparation of a project that implies the implementation of all three components – “guillotine” of regulations, indicators from the report on the ease of doing business and the RIA introduction, is currently in progress.

On 5 November 2009, the Government adopted the Report on Implementation of Administrative Reform in 2009. The Ministry of Interior Affairs and Public Administration was tasked to prepare, until the beginning of 2010., an Action Plan to carry on the reform of the state administration for the period 2010 – 2012, including a more detailed development of the foregoing procedures.

34 What procedures are in place to assess the impact of new legislation on business?

Article 39 of the Rules of Procedure on the Work of the Government of Montenegro (Official Gazette of Montenegro 48/09) stipulates that, in the procedure for adoption of all regulations that are submitted to the Government of Montenegro for adoption by the state administration bodies, the Ministry of Finance – Division for Improvement of Business Environment, provides an opinion from the point of view of impact of the concerned regulation on the business environment (this opinion is prepared in accordance with the assessment provided by the Council for Elimination of Business Barriers). This means that no regulation can be discussed by the Government of Montenegro without prior approval of the Ministry of Finance (not only a fiscal impact assessment, but also an assessment of the impact on business environment). This is an attempt to remove

potential business barriers that may be created by the adoption of a new regulation already in the initial phase of adoption.

This practice can be observed as a phase which precedes the Regulatory Impact Analysis (RIA), representing some kind of a preparatory phase both in the area of legislation and administration prior to its final introduction.

35 What measures has your government taken in order to adopt user-friendly administrative documents?

The Government of Montenegro adopted the Program for elimination of business barriers in October 2007. At the same session, a conclusion was adopted defining operative plans for the elimination of business barriers to be adopted at the annual level, and to include concrete activities, carriers and deadlines for implementation of the related activities.

By adopting the Program and the Operative Plan for elimination of barriers to the development of entrepreneurship, the Government set up an institutional framework for its implementation by selecting a concept according to which the strategic management over the Program for elimination of barriers to the development of entrepreneurship was delegated to the Council for elimination of business barriers, presided by Vice President of the Government.

As of the moment of constitution, the Council has continuously worked on the development and adoption of the applicable documents, such as:

- 1) By adopting the Law on Internal Trade (*Official Gazette of Montenegro 49/08*), the procedure for starting up a business in the sector of trade was significantly simplified:
 - Companies which start up carrying out trade activities in stores are not obliged to apply for a work permit to the local administration authorities. A merchant is obliged to report the commencement of business activity to the competent inspection body and the local administration body competent for economic activity for the purpose of keeping records, at least 8 days prior to work initiation. Thus, the previous practice was abolished according to which it was necessary to obtain a work permit for the initiation of a trading activity, issued by the local government body, whereas the merchant still had the obligation of harmonizing his business premises with the required minimum technical specifications;
 - The Law on Internal Trade also abolished the right of the municipal inspection to verify the compliance of trading stores with minimum technical specifications prior to the issuing of permit for the performance of business activity.
- 2) By adopting the Law on Trades (*Official Gazette of Montenegro 54/09*), the procedure for starting up a business in the sector of trades was significantly simplified:
 - Companies which start up carrying out trade activities in stores are not obliged to apply for a work permit to the local administration authorities. A craftsman has an obligation to report the beginning of a business activity to the competent inspection body and the local government authority competent for economic activity for the purpose of keeping records, at least 8 days prior to work initiation. Thus, the previous practice according to which it was necessary to obtain a work permit prior to the initiation of an activity in trades, issued by the local government authorities was abolished, while the obligation of a craftsman to have a business premises meeting minimum technical standards remained;
 - The Law on Trades even abolishes the right of municipal inspection to verify the compliance of trade shops with minimum technical requirements prior to the issuing of a work permit for the performance of business activity.
- 3) The Law on Spatial Planning and Construction of Structures codified this area of activity, since it repealed the **Law on Physical Planning and Spatial Organization, Law on Construction Land**, Law on Construction of Structures and the Law on Town Planning and Construction Inspection. This approach significantly facilitated the understanding and application of regulations by the private sector.

When it comes to the elimination of business barriers, the most important changes in relation to the applicable regulations in this field include simplification and shortening of

administrative procedure related to auditing of technical documentation and obtaining the a building and usage permit. Currently, the investor may personally select an auditor who will audit his or her technical documentation; only one administrative procedure must be completed after which a building permit is issued within 15 days as of the date of submitting the request and only one administrative procedure is required for granting usage permit which is issued within 7 days as of the date of reporting that the facility is ready to be used.

The rights and also the obligations and responsibilities of the local governments have been increased, due to the fact that they are currently responsible for the issuing of permits for the structures that are not larger than 3000m² in area size, instead of 1000m², as before.

In order to achieve a higher transparency, the law stipulates that all data on urban plans and land parcels, in addition to issued building and usage permits, have to be published on the web site of the competent authority within 7 days as of the date of their adoption.

This law abolishes the fee for construction land use (as of January 2009), which relieves the economy by approximately EUR 23 million of duties on these grounds (which was the amount of revenues collected by local governments on these grounds in 2008), that is, approximately 0.75% of GDP.

- 4) Mandatory payment of social contributions relating to severance pay of employees was also abolished. This measure was aimed to support the reorganization of companies, and also in order to ensure potentially higher severance pays.
- 5) For the purpose of continuous collecting of information on business barriers from private sector, Directorate for Development of Small and Medium-Sized Enterprises designed the web site www.biznis-barijere.com which enables the members of the private sector to report barriers they are facing in their business performance, as well as to provide their suggestions with regard to their elimination. Additionally, the web site will include information on the status of all reported barriers, basic business regulations, useful information on business procedures (issuing of work permits, building permits, etc.), as well as a forum (for mutual exchange of information and opinions).
- 6) Fiscal tax on earnings of employees is significantly reduced, so that the projected personal income tax rate as of 2010 is expected to amount to 9% (in 2008, the tax rate was 15%, and in 12% in 2009). Furthermore, **collective contribution rate** for the compulsory social insurance (pension and disability insurance, health insurance against unemployed), as of 2010 is expected to amount to 30% (in 2008 collective contribution rate for the compulsory social insurance amounted to 34%, and 32% in 2009)

The Law Amending the Law on Contributions for Compulsory Social Insurance was harmonized with the new Labor Law, especially in relation to the establishment of employee salaries based on which of the related social contributions are calculated, in addition to keeping the existing solution according to which no contributions for the compulsory social insurance are paid for other personal allowances (meal allowance, holiday allowance, etc.), which are according to the Personal Income Tax Law exempted from taxation.

In order to stimulate investments into voluntary pension funds, as well as savings of citizens, this law abolished the obligation of paying contributions for pension and disability insurance in relation to occasional independent activities (service contract, copyright royalties, etc.), if the person who receives such payment is insured on other grounds.

Implementation of the **Law on Unified Registration and Reporting System on Calculation and Collection of Taxes and Contributions** (*Official Gazette of Montenegro 29/05*) and the implementation of the model for unified collection of taxes and contributions, whose full implementation is expected as of 1 January 2010, are expected to contribute to simplification of registration and collection of taxes and contributions, reduction of administration costs, as well as to enhance the transparency of the tax system. Aiming to implement the foregoing model, the Ministry of Finance adopted two Rulebooks: **Rulebook** on the **form and content of a uniform registration form** for the **entrance** of tax payers, contribution payers and policy holders into the Central Register (*Official Gazette of Montenegro 45/08*) and Rulebook on the form, content and manner of filling in and submission of uniform form relating to calculated personal income tax and contributions for social security insurance (*Official Gazette of Montenegro 45/08*).

36 Are there any rules in place, which allow for SMEs to be exempted from certain regulatory obligations? Is your government considering any measures to allow for such exemption?

The electricity costs are reduced for small and medium-sized enterprises. The Government of Montenegro, in December 2008, decided to have the electricity costs for the SMEs sector reduced by 10%, that is approximately EUR 8 million per year.

Special taxation procedures are stipulated for small businesses, farmers, travel agencies and agents in trading with usable products, art objects, collections and antiques. Small business, whose taxable turnover in the last 12 months was lower than EUR 18,000.00, are not liable to register for VAT according to the Law on Value Added Tax. The farmers (who are not VAT payers) have the right to a flat rate compensation of 5% of the selling price of their products (for this amount the tax credit is recognized to the taxpayer who conducted the supply of agricultural products).

In the first three years of new business activity, newly established legal persons and business units carrying out manufacturing activity in economically underdeveloped municipalities shall be exempted from income tax.

Easements on the basis of hiring of new employees – For taxpayers, who in a business year provide permanent employment or hire new employees for at least two-year period, the tax base is reduced in the amount of gross earnings of these employees, in addition to the contributions for compulsory social insurance paid by the employer. This easement applies for a period of one year as of the date of hiring a new employee.

Tax easements apply for the employment of particular categories of unemployed persons, as follows: disabled persons; persons younger than 50 years of age; persons registered as unemployed persons for a period longer than 5 years; persons engaged in public works; redundant employees in companies undergoing the process of privatization; unemployed persons engaged for seasonal works.

37 How many organisations representing SMEs exist at national level? List the main organisations and provide information on their coverage (specific sectors or types of companies, specific purpose of the organisation) and indicate how representative they are (membership as percentage of total number of companies). Are they established throughout the whole territory?

The most significant organizations representing the interests of SMEs at the national level are the following:

- Chamber of Commerce of Montenegro
- Montenegro Business Alliance
- Union of Employers of Montenegro
- Montenegro Chamber of Skilled Crafts and Entrepreneurship
- Montenegro Tourism Organization

The Chamber of Commerce of Montenegro, Montenegro Business Alliance and the Union of Employers of Montenegro perform their activities in the entire territory of Montenegro, representing the interests of companies from all sectors, while the Montenegro Chamber of Skilled Crafts and Entrepreneurship and Montenegro Tourism Organization represent the interests of craftsmen, i.e. companies in the field of tourism. Within these organizations, as their members, many local and sectoral associations protect their respective interests.

The Chamber of Commerce of Montenegro is an autonomous, business, professional and interest-based organization of business organizations, banks and other financial organizations, insurance companies, entrepreneurs and other organization forms conducting business activity in

the territory of Montenegro, which the members of the Chamber pursuant to the Law on the Chamber of Commerce of Montenegro (*Official Gazette of the Republic of Montenegro 42/98*).

The Chamber of Commerce of Montenegro, as a service of the economy of Montenegro, is a link between the private and public sector and plays a significant role in the process of negotiations. It has approximately 17,000 members (small, medium-sized and large enterprises). The main tasks of the Chamber in the process of integration include a continuous provision of information and training services to its members, in order to enable and prepare them to operate in an open market, by means of continuous updates on the standards and legal regulations of the European Union and the WTO, staff and management training for a faster and more efficient transfer to business operation in compliance with the EU rules and standards.

The Chamber of Commerce of Montenegro is a member of international chamber organizations, and through this network it provides timely information and adequate professional assistance to entrepreneurs.

The skilled crafts and professional associations that are the members of the Chamber of Commerce are also the members of the following international organizations: International Chamber of Commerce – ICC, Association of European Chambers of Commerce and Industry-Eurochambers, International Federation of Freight Forwarders Associations – FIATA, International Road Transport Union – IRU, Central European Chambers of Commerce Initiative – CECCI, Association of Mediterranean Chambers of Commerce and Industry -ASCAME, Association of Balkan Chambers - ABC, Forum of Economic Chambers of Adriatic and Ionian Region.

The Chamber of Commerce of Montenegro covers the territory of Montenegro, and in addition to its head office in Podgorica, it has regional offices in Niksic and Bijelo Polje, and branch offices in Moscow, Belgrade and Zagreb.

Montenegro Business Alliance (MBA) is a business association of entrepreneurs, domestic and foreign investors. Since its foundation, MBA has worked to promote the private sector development and indicate the problems in the existing legislation, aiming to contribute, by offering recommendations, to the elimination of existing business barriers and improvement of overall business environment in Montenegro. More than 500 most successful companies in Montenegro are the members of MBA; those employ more than 20% of total workforce and have a share of more than 40% in GDP of Montenegro.

The mission of the Montenegro Business Alliance is to improve business conditions in Montenegro through specific proposals and to cooperate with the public and private sector, international organizations and individual experts, in order to contribute to the development, growth of investments and the prosperity of Montenegrin economy.

The Union of Employers of Montenegro is an independent, non-governmental, non-political and non-profit organization, based on voluntary membership and established with the support of the International Organization of Employers (IOE) and the International Labor Organization (ILO), in order to represent and advocate the employer's interests in a social dialogue.

The mission of the Union of Employers of Montenegro is to establish and develop social dialogue in compliance with the conventions and recommendations of the International labor Organization, following the principle that an adequate social dialogue based on tripartite negotiations, with an active participation of employers, members of trade unions and the Government, represents the precondition for an intensive economic development, the rule of law and improvement of the society.

The members of the Union of Employers are small and medium-sized enterprises, large economic systems, including local and branch associations, with a share of 85% in the total GDP of Montenegro.

Montenegro Chamber of Skilled Crafts and Entrepreneurship is a roof organization whose members include middle-class businesses and which represents the interests of its associations and their member companies in front of political bodies, the Government and the public. It represents the interests of independent craftsmen and entrepreneurs engaged in trades activities, while its central activity includes the provision of services and support to companies. It was

established in 2007 in Podgorica by 7 national branch associations, 1 local business association and two local clubs.

The Montenegro Chamber of Skilled Crafts and Entrepreneurship was founded by: Building Trades Association of Montenegro; Association of Importers and Distributors of Motor Vehicles; Montenegro Hotel Association; Association of Photographers; Association of Arts and Craftsmen; Pastry Association; Association of Bakers of Montenegro; Ulcinj Business Association; Hairdressers Club of Podgorica and the Unisex Hair Studio Zoran.

Montenegro Tourism Organization is a voluntary, non-governmental, non-political and non-profit association, having the following main goals: protection of the environment as the basis for sustainable tourism development; development of the tourism sector; ensuring strong position of Montenegro in the international competition; active role within the management bodies of LTO and NTO and other institutions of the public sector in order to develop the tourist industry in Montenegro (Public Private Partnership), and ensure a high-quality tourist offer of Montenegro.

38 Is their participation in the policy-making process established? Is it formalised by law or any other means? Please mention a practice in this area (e.g. quote a consultative body/advisory council, etc).

Article 80 of the Law on State Administration (Official Gazette of Montenegro 38/03 and 22/08) stipulates the following:

Ministries and other administrative authorities are obliged to ensure cooperation with non-governmental organizations, which is particularly implemented through:

- 1) consultations with the non-governmental sector about legal and other projects and regulations governing the implementation of rights and freedoms of citizens,
- 2) enabling the participation in the work of working groups for the consideration of issues of common interest, or for the normative regulation of specific issues,
- 3) organization of joint public discussions, round tables, seminars and other forms of joint activities and in other appropriate forms, and
- 4) providing information on the content of the work plan and reporting on the activities of state administration authorities.

Since all employers' associations, except for the Chamber of Commerce of Montenegro, are registered as the NGOs, this also refers to them.

There is a great number of working bodies participated by the members of employers' associations participate. Some of these bodies are long-standing bodies, while others are ad hoc ones (established for the purpose of adopting legal acts).

Some bodies that include the members of employers' associations are the following:

- Council for Business Barrier Elimination
- National Council for Sustainable Development
- Social Council of Montenegro
- State Aid Control Commission
- Commission for Concessions
- Council of the Statistics
- Council of Radio and Television of Montenegro (RTCG)

In addition, the employers' associations are represented in a great number of working groups that were tasked to draft legal regulations relating to business activities. Some of these laws are the following:

- Law on Excise Duties (Official Gazette of Montenegro 50/09)
- Concession Law (Official Gazette of Montenegro 08/09)
- Energy Law (Official Gazette of Montenegro 53/09)

- Law on Corporate Profit Tax (Official Gazette of Montenegro 40/08)
- Law on Value Added Tax (Official Gazette of Montenegro 16/07)
- Law on Communal Fees
- Tourism Law (Official Gazette of Montenegro 13/07)
- Personal Income Tax Law (Official Gazette of Montenegro 04/07)
- Law on Spatial Planning and Construction of Structures (Official Gazette of Montenegro 51/08)
- The Law on Control of State Support and Aid (Official Gazette of Montenegro 26/07)
- Law on Real Estate Tax (Official Gazette of Montenegro 17/07)
- Law on Accounting and Auditing (Official Gazette of Montenegro 80/08)
- Law on Water Management Finance (Official Gazette of Montenegro 65/08)
- Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09)
- Trades Law (Official Gazette of Montenegro 64/09)

By participating in these working groups, the members of employers' associations had an opportunity to negotiate and include the inputs provided by their members into the draft laws. This principle of Public-Private Partnership proved to be an effective mechanism for the participation of economy in the process of adoption of legislation.

Representatives of the business associations are invited, as required, to attend the sittings of the Government's Commission for Economic Policy and Financing, when Programme for Economic Policy is established the or when the economic policy achievements for the preceding year is analyzed.

Making public administrations responsive to SME needs, notably by promoting e-Government and one-stop-shop solutions:

39 Please make your best assessment of the total number of procedures and minimum time and costs (in euro) required to effectively register a new company and fulfil all formal requirements to effectively start a business. Please distinguish between registration in the narrow sense and other formal procedures and licensing/permits. Describe which administrations are responsible for the different steps, both at central and local level.

Registration actually implies registration at the Central Registry of the Commercial Court. In practice, this procedure lasts for only one 1 day. Pursuant to Article 86 of the Law on Business Organizations, a business organization is regarded as registered even if a certificate of registration is not issued within 4 days as of the date of submitting an application to the Central Registry Office.

In a broader sense, registration includes other steps such as: obtaining statistics number, obtaining general tax registration number and authorization, that is, license to conduct the registered business activity. Licenses are issued by local government and state bodies. Local government bodies are responsible for the issuing of licenses in the field of tourism and transport, while other licenses are issued by the competent state bodies (in-line ministries) and regulatory bodies.

The deadline for license issuing is 30 or 60 days, depending on whether a special investigation procedure to confirm actual facts is required for the issuing of an approval for the performance of business activity or not.

In most cases, business organizations are registered in 7 steps, i.e. administrative procedures, which last for no more than 30 to 60 days.

It is very difficult to calculate overall costs of registration because those vary depending on the business activity which the company intends to conduct. It is assumed that these costs can amount to no more than EUR 1,500. The costs of actual registration amount to EUR 25, including a registration fee of EUR 10, and a fee of EUR 10-15 for the publishing of company registration in the Official Gazette of Montenegro.

In addition to the foregoing EUR 25, the concerned party has to pay a foundation deposit at his/her discretion. The law stipulates a minimum foundation deposit of EUR 1.

All procedures, time limits, costs and competent institutions for the majority of business organizations are listed below.

1) Registration at the Central Registry of the Commercial Court

Time frame: 1 day

Cost: 10 EUR for registration + 10 - 15 EUR for the publication fee

Competent body: Central Registry of the Commercial Court

2) Manufacturing of seal and stamp for a company

Time frame: 1 day

Cost: 30 - 40 EUR

Competent body: Private company registered for the manufacture of seals/stamps

Statistical registration of a legal entity

Time frame: 1 day

Cost: 5 EUR

Competent body: Montenegro Statistical Office

3) Open a bank account

Time frame: 1 day

Cost: no charge

Competent body: Commercial banks

4) Work permit issuing

Time frame: 30-60 days

Cost: 50 - 1500 EUR; depending on the business activity

Competent body: local government or state authorities, depending on the business activity

5) General tax registration and register for social contributions

Time frame: 1 day

Cost: no charge

Competent body: Tax Administration

6) Registration of VAT for enterprises, which are VAT tax-payers (VAT number)

Time frame: 1 day

Cost: no charge

Competent body: Tax Administration

40 Can all or part of the process be undertaken through a single one stop shop? Please specify which steps have been unified and can be made through a single one stop shop.

In terms of unification of steps, a unified tax registration is currently possible.

The taxpayers (legal and natural persons), payers of mandatory social insurance contributions and insured persons for mandatory social insurance are registered by the Tax Administration of Montenegro.

The registration of tax payers, in line with the Rulebook on form and content of the unified form for registration of tax payers, contributors and policy holders at the Central Registry it carried out by the submission of a unified registration form (JPR form).

The unified registration form (JPR form) is submitted only at one location - at the Tax Administration Branch Office located at the same place as the head office of the taxpayer, i.e. the place of residence for natural persons.

Therefore, the unique registration form (JPR form) shall be used for:

- registration of legal persons;
- registration of natural persons;
- registration of entrepreneurs;

- registration of premises where a taxpayer conducts his/her business activity;
- registration of insured persons by the Pension and Disability Insurance Fund;
- registration of insured persons by the Health insurance Fund.

This means that the registration by the Tax Administration is organized fully in compliance with the criteria of ONE STOP SHOP/ ONE FORM. Thus, 5 procedures that used to be conducted by four institutions (Tax Administration, Health Insurance Fund of Montenegro, Pension and Disability Insurance Fund of Montenegro (PIO), Employment Office of Montenegro) were unified as 1 step under the competence of a single institution – Tax Administration.

The entire registration procedure, from the point of submitting a JPR form to the point of obtaining a Certificate of Registration, lasts for 24 hours.

The introduction of one stop shop system is envisaged by the Program for Elimination of Business Barriers.

41 Can all or part of the process be undertaken through on-line procedures? Please specify which steps, if any, can be made through direct on-line procedures.

The Parliament of Montenegro adopted the Law on Electronic Signature (Official Gazette of the Republic of Montenegro 31/05) and the Law on Electronic Document (Official Gazette of Montenegro 05/08). However, these two laws have not been implemented yet in the process of registering new business organizations.

In order to achieve full implementation of these laws, it is necessary to establish a special certification body competent for certification of electronic documents. Aiming to accelerate the implementation of this project, as well as other projects related to development of information technologies, a special Ministry of Information Society was established. The Information Society Development Strategy for the period 2009-2013 ([Annex 153](#)) and the Action Plan for the Strategy implementation were adopted as well.

Following the establishment of the Certification Body, on-line company registration, on-line tax administration and on-line tax payments will be enabled. All necessary legal documents which enable these procedures were also adopted.

This task/activity is identified under the Programme for Elimination of Business Barriers

42 Is there obligatory membership of Chambers of Commerce in your country? If yes, what is the membership fee?

There is only one economic chamber in Montenegro - the Chamber of Commerce of Montenegro. The membership is automatically acquired, as soon as a business organization is registered by Central Registry of the Commercial Court; accordingly, all business organizations, banks and other financial organizations, insurance companies and entrepreneurs doing business and having a head office in the territory of Montenegro are the members of the Chamber.

Base rates for membership fees are established by the members of business organizations at the annual meeting of Assembly of the Chamber of Commerce of Montenegro. In 2009, the base rate for the calculation of membership fee amounted to 0.30% of the gross income of employees on the day of payment, which was lower in comparison to 2007, when it had amounted to 0.32%. The activities of the Chamber are funded from membership fees, in addition to the revenues from the provision of services, that made up 20% of the total budget in the previous year, as well as from other sources, pursuant to the Law on the Chamber of Commerce of Montenegro.

43 Are there any policies in place to reduce the obligation of micro-businesses to participate in statistical surveys?

There are no such policies that reduce the obligation of micro-businesses to participate in statistical surveys. MONSTAT conduct no monitoring of businesses according to the number of employees and no classification of businesses into micro, small and medium-sized, thus there are no special policies reducing the obligation of micro businesses to participate in the statistical surveys.

44 Please describe very briefly which (if any) measures your country has introduced to ensure the effective survival of start-ups. Where these have had measurable results, please provide data.

The following measures apply to the beginners in business:

1) Business start-up support

The Government initiated the „**Program of State Support and Assistance to SMEs**” and the **Program** “Job for you”; this program was implemented by the following governmental institutions – Ministry of Agriculture, Forestry and Water Management; Employment Office of Montenegro; Development Fund of Montenegro; and Directorate for Development of Small and Medium Sized Enterprises.

Directorate for Development of Small and Medium Sized Enterprises implemented a credit line titled “Stimulation of business beginners – start up”.

In the framework of this Program, a total number of 151 projects worth EUR 4,199,591.63 were submitted to the commercial banks for the issuing of loans. By August 2009 inclusive, a total number of 29 projects worth EUR 1,019,723.33 was approved. The credit support for business start up amounted to EUR 50,000 with an interest rate of 3%, a grace period of 24 **months** and the period of repayment of 8 years. 70% of the loans was provided by the Directorate for Development of SMEs, and 30% by the commercial banks.

The Employment Office of Montenegro, as a part of the „Innovative Employment Program“ provided for credit support to unemployed persons who wanted to start own businesses in the amount of EUR 5,000 € for each new job, and not to exceed a total of EUR 15,000 for 3 new jobs. The interest rate amounted to 3% - 4%, depending on the level of development of the actual municipality, and on whether the business was initiated by a woman or not. The repayment period was 3 years, with a grace period of 1 year. For the period 2006 – 2008, 3,121 loans were approved to persons who wanted to start a business, which was 88.99% of all approved loans in that period. A total amount of issued loans amounted to EUR 14,711,442.

2) Business incubators

Through business incubators the logistics support is ensured for the beginners in business. Presently, there are two business incubators: d.o.o. “Inventivnost” (Inventiveness), Podgorica and the **Business incubator of Bar**, while the activities to establish a business incubator in Berane are in progress. 11 teams of tenants with 49 employees are operating within these business incubators (a more detailed explanation is provided in the response to Question 28).

3) Free of charge development of business plans and advisory services

On the occasion of starting a new business or to check their business ideas, the beginners in business may use the advisory services free of charge through a network of regional/local business centers which was established in Montenegro. Through the network of 11 regional/local business centers, Directorate for Development of Small and Medium Sized Enterprises developed a system to assist the beginners, and also other enterprises, aiming to provide all necessary information relating to for the establishment of a company, support in access to banks, support in

the development of business plans and feasibility studies, as well as other relevant and practical information and advice.

By establishing the regional/local business centers, the preconditions for the development of entrepreneurship were established, which was mainly organized by the Directorate for Development of SMEs and local governments.

The activities of regional/local business centers include the following: provision of free of charge advisory and consulting services; free of charge information on projects and programs in the field of entrepreneurship; provision of information to local media; assistance in organizing seminars for entrepreneurs; coordination of entrepreneurial activities within the local community, etc. On average, 2,000 entrepreneurs used professional help through regional/local business centers per year.

4) Education

Regarding training, the beginners in entrepreneurship are trained by competent training institutions in Montenegro in cooperation with local partners, the branch offices of the Employment Office, entrepreneurship centers, etc. The Directorate for Development of Small and Medium Sized Enterprises organized 10 training seminars for 214 persons, after which 151 of them started own business over the previous two years. The trainings were conducted by the trainers from the CEFA organization, including the following workshops on: tax and legal regulations; **establishing and running a business**; marketing; financing, etc.

In 2007 the Employment Agency introduced a training program for entrepreneurs as a compulsory precondition for credit support to business ideas of unemployed persons. The possibility to submit an application for loan approval depends on the results achieved at the training course. In 2007 and 2008, the Employment Office carried out 198 training workshops for entrepreneurs, were attended by 2.197 participants.

5) Tax Exemptions

No special tax regime has been identified for small and medium-sized enterprises starting a business, except that the Law on Corporate Profit Tax (Official Gazette of Montenegro 65/01 and 80/04 and the Official Gazette of Montenegro 40/08) stipulates tax exemptions for newly established business organizations whose business activities are carried out in underdeveloped municipalities, provided that they satisfy the condition of conducting a manufacturing activity. Tax exemption applies for a period of three years as of the date of the company establishment.

As for the tax exemptions at the local level, the data on tax exemptions, reimbursements, etc. and newly established companies are provided in the table below, by municipality:

20 Enterprise and industrial policy

LOCAL GOVERNMENT	TYPE OF TAX EXEMPTION	REGULATION
Andrijevica	corporate income tax exemption: for the first business year– newly established companies and entrepreneurs; for the first two business years – for the crafts in short supply	- Article 8 of the Decision on company sign or name tax (Official Gazette of Montenegro - municipal regulations 21/08)
Bar	exemption from the company sign tax for the first business year	
Berane	exemption from the company sign tax for the first business year	- Article 6 of the Decision on company sign or name tax (Official Gazette of Montenegro - municipal regulations 6/08)
Bijelo Polje	exemption from the company sign or name tax for the first business year	- Article 6 of the Decision on company sign or name tax (Official Gazette of Montenegro / municipal regulations 7/08 and 20/08)
Budva	exemption from the company sign or name tax for the first business year	Decision on company sign or name tax
Danilovgrad	exemption from the company sign or name tax for the first business year Surtax exemption for new employees	- Article 6 of the Decision on company sign or name tax (Official Gazette of Montenegro / municipal regulations 08/08 and 12/09) - Decision on personal income surtax (Official Gazette of Montenegro, municipal regulations 02/04), according to the Law on Personal Income Tax
Zabljak	Surtax exemption for new employees	- Article 6 of the Decision on company sign or name tax (Official Gazette of Montenegro, municipality regulations 25/08)
Kolasin	Surtax exemption for new employees	- Article 6 of the Decision on company sign or name tax (Official Gazette of Montenegro, municipal regulations 14/08)
Kotor		
Mojkovac	exemption from the company sign or name tax for the first business year	- Article 6 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 12/08 and 26/08)
Niksic	Exemption from the company sign or name tax for the first business year	- Article 6 of the Decision on company sign or name tax (Official Gazette of Montenegro, municipal regulations 6/08)
Plav	Exemption from the company sign or name tax for the first business year	- Article 9 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 1/04, 10/04, 29/04, 5/05 and 18/08)
Pluzine	Exemption from the company sign or name tax for the first business year	- Article 6 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 12/08)
Pljevlja	Exemption from the company sign or name tax for the first business year	- Article 4 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 6/08)
Podgorica	Exemption from the company sign or name tax for the first business year	- Article 7 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 23/08)
Rozaje	Exemption on the company sign or name tax for the first business year	- Article 6 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 9/08)
Tivat	Exemption on the company sign or name tax for	- Article 3 of the Decision on the company sign or name tax

	the first business year	(Official Gazette of Montenegro, municipal regulations 26/08)
Ulcinj	Exemption on the company sign or name tax for the first business year	- Article 6 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 12/08)
Herceg Novi		
Cetinje	Exemption on the company sign or name tax for the first business year	- Article 6 of the Decision on the company sign or name tax (Official Gazette of Montenegro, municipal regulations 8/08)
Savnik		

Source: Data provided by the Union of Municipalities of Montenegro

Adapting public policy tools to suit SME needs including through facilitating SMEs participation in public procurement and by ensuring that SMEs can make better use of state aids:

45 Are there any initiatives in place to promote the access of SMEs to public procurement procedures?

There are no such initiatives that promote SMEs' access to public procurement procedures.

The Public Procurement Law (Official Gazette of the Republic of Montenegro 46/06) stipulates the principle of equal treatment for all bidders and stipulates the following in Article 8: "The contracting authority must ensure that all bidders are treated equally at all phases of the public procurement procedure".

46 Are there any provisions in the state aid policy targeted at SMEs?

The Law on Control of State Support and Aid to Small and Medium-Sized Enterprises (*Official Gazette of the Republic of Montenegro 26/07*) stipulates general conditions for the award, control of award and utilization, approval and return of state support and aid, with the aim of enforcement of market economy principles, safeguarding competition and fulfilment of internationally assumed obligations.

The Decree on detailed criteria, purpose and conditions for awarding the state support and aid (*Official Gazette of Montenegro 13/08*) includes an entire chapter entitled SMALL AND MEDIUM-SIZED ENTERPRISES, regulating in detail the policy of state aid in this sector (Articles 22, 23, 24 and 25 of the Decree):

Article 22

- (1) State aid to small and medium enterprises is intended for encouragement of initial investments, consulting services and participation at fairs and exhibitions.
- (2) State aid to small and medium enterprises may not be awarded to enterprises operating in shipbuilding, agriculture and fishery industries.
- (3) State aid to small and medium enterprises operating in steel production may only be awarded for consulting services as well as participation at fairs and exhibitions.

Article 23

- (1) State aid for initial investments may be awarded to:
 - Small enterprises in the amount of up to 15% of the eligible costs,
 - Medium-sized enterprises in the amount of up to do 7.5% of the eligible costs.

(2) If investments are made in a region that is entitled to regional state aid, the state aid may be awarded up to the amount of the upper limit determined in the regional state aid map, provided that the beneficiary of the state aid participates with minimum 25% of the investment value from his own resources free of state aid, and that the investments remain in this region for minimum 5 years after finalization of the investment.

(3) The amount of state aid shall be calculated on the basis of the eligible costs of investments or eligible costs of creation of new work posts that are related to the investment.

(4) If the amount of state aid is calculated on the basis of the eligible costs of creation of new work posts, the following conditions shall be taken into account:

- the new job positions must be related to the implementation of an initial investment project and must remain filled for three years after the finalization of the investment,
- the investment project must lead to the net increase of the number of employees in the enterprise compared to the average during the past 12 months,
- the newly created job positions must be kept for a minimum of five years.

(5) Eligible costs intended for small and medium enterprises include:

- initial investment costs: material investment (land, buildings and equipment) and non-material investment costs (acquisition of patents, licenses, special knowledge and skills (know-how) or unpatented technical knowledge);
- costs of creation of new job positions: costs of gross salaries for new job positions that are related to the investment, for a period of two years.

(6) The eligible costs specified in indent 1 paragraph (5) of this Article shall not include expenses related to procurement of transport means and equipment, except for railway carriages.

(7) The eligible costs of initial investments and eligible costs of creation of new job positions may be added, however, together they may not exceed the amount of state aid in accordance with paragraphs (3) and (4) of this Article.

Article 24

(1) State aid for consulting services provided by external consultants, which are not of a permanent or periodic character and are not related to the regular current expenses of the enterprise, may be awarded in the amount of 50% of the eligible costs.

(2) Eligible costs for consulting services shall be the costs for external consultants.

Article 25

(1) State aid for participation at fairs and exhibitions may be awarded for the first attendance at a specific fair or exhibition in the amount of 50% of the eligible costs.

(2) Eligible costs specified in paragraph (1) of this article shall be the costs of rental, setting up and functioning of the display area.

Facilitating SMEs access to finance:

47 How would you assess the situation in your country in relation to SMEs' access to finance through banks and other financial institutions such as venture capital funds?

Currently, there are 11 commercial banks in Montenegro that are primarily oriented towards SMEs and the development of entrepreneurship. The privatization of the banking sector has been completed. In Montenegro there are no bank is owned or controlled by the state, and there is no direct capital of the state in any bank. The share of indirect state ownership in the total capital of banks amounts to 2.68%.

In addition, there are several state-owned institutions among which it is important to mention the Development Fund of Montenegro, Directorate for Development of Small and Medium Sized Enterprises, and the Employment Office due to the fact that they possess significant financial means and offer loans to SMEs under favorable conditions, strictly through commercial banks. All of this confirms that it should be easy for SMEs to have access to the commercial banks in order to ensure the financial means and support their growth.

Starting from the regulatory framework and taking into account the previous banking practices, the banking sector, as a part of the financial sector, is completely open to small and medium-sized enterprises. Banking operations are regulated by the Law on Banks (Official Gazette of Montenegro 17/08) and secondary regulation.

The Law on Banks and secondary regulation which regulate the banking operations in Montenegro pose no restriction whatsoever on the right of access to any legal or natural person in terms of the use of banking services.

In 2009, it is expected that banks will apply stricter criteria for loans approval, as a result of the problems faced in 2008, measures undertaken by the Central Bank of Montenegro and the situation on the European capital market. In addition to detailed analysis of operations of each potential client, the situation in particular branches of the economy will be analyzed, in order to ensure higher protection against potential risks. It is expected that the banks will conduct recapitalisation in compliance with the Law on Banks and relevant secondary regulations and improve risk management, revise their credit policies and limit and reduce general expenditures. Furthermore, having in mind the fact that credits will become more expensive due to lower level of available financial means in the Central and Eastern Europe, it is not realistic to expect a reduction of interest rates.

There are no venture capital funds in Montenegro.

48 Is the financial sector open and responsive to the needs of SMEs in your country? Are banks ready to respond to the needs of small employers without excessive collateral or guarantees? Which kind of collaterals do domestic banks accept to extend a loan to an SME? What is the documentation requested by banks in order to extend a loan to an SME? What are the average costs and how long does it take to prepare the requested documentation?

Taking into consideration regulatory framework and recent banking practice, the banking sector, as a part of the financial sector, is completely open to small and medium-sized enterprises. The Law on Banks (Official Gazette of Montenegro 17/08) and secondary regulation which regulate banking operations in Montenegro do not restrict by any means the right of access of any legal or natural person to banking services.

As for the readiness of the banking sector to approve credits to small employers without excessive collateral or guarantees, the banks are obliged to follow the regulations of the regulatory framework in relation to measuring credit risks. First of all, this refers to the Law on Banks and the Decision on Minimum Standards for Managing Credit Risks of Banks. In this regard, banks independently evaluate the creditworthiness of potential loan holders and establish the credit collateral through security instruments offered by the applicants. It may be assessed that the no "excessive" security instruments are applied and that the primary factor when evaluating the credit worthiness of an applicant relates to the business activity indicators of the loan applicant (profitability and cost effectiveness, liquidity, capitalization and indebtedness, cash flow etc.), while an assessment of the collateral assessment is known as the "secondary factor" when making a decision on credit approval.

The collateral accepted by banks when they grant approval for a credit can be any personal property if the possession and circulation of this property is not prohibited by law. When the banks make a decision to accept collateral, they are obliged to apply the rules stipulated in Article 17 of the Decision on Minimum Standards for Managing Credit Risks of Banks referring to the collateral quality evaluation, but when deciding upon the collateral objects they have a freedom of choice and make this decision in agreement with the loan applicant, so that the loan applicant may also have a major influence on the collateral establishment.

The documents that have to be submitted by SMEs in the procedure of credit approval are conditioned by the credit purpose and evaluation of creditworthiness of the loan applicant. In this regard, the banks require documentation that serve as the basis to evaluate the elements of credit

worthiness of a loan applicant, as stipulated in Article 15 of the Decision on Minimum Standards for Managing Credit Risks of Banks (Official Gazette of Montenegro 41/09). In this regard, the documents based on which an assessment can be made regarding the quality and justifiability of the investment to be funded through a loan (projects, business plans, joint venture agreements, procurement of goods, etc) are required.

In practice, some micro enterprises occasionally object that the collaterals requested by the banks and unreasonably high. This is particularly the case with micro enterprises in the first three or four years of their business activity.

It takes approximately 15 days collect necessary documents for loans, while the expenditures (bank fees) amount on average to no more than 1% of the loan.

49 How easily are small loans (microcredits) available for businesses and people wanting to set up a business?

Small loans (micro-loans) for natural persons and enterprises that intent to initiate a business are made available through the Employment Office and Microcredit Institutions.

The Employment Office issued 3,121 loans worth EUR 14,711,442.00 to individuals who wanted to initiate own business in the period 2006 – 2008, which was 88.99% of all loans issued during that period.

Table: Loans issued to natural persons initiating business by the Employment Office in the period 2006 -2008

No.	Year	No. of credits	New jobs	Loan amount (€)	Share in the total number of issued credits %
1	2006	1,802	2,629	8,004,013	88.20
2	2007*	500	720	2,183,314	94.70
3	2008*	819	1.105	4,524,115	87.50
4	Total	3,121	4,454	14,711,442	88.99

* As of 2007, unemployed persons who were issued loans were trained in entrepreneurship, which was organized by the Employment Office of Montenegro

In Montenegro, 5 micro-credit institutions operate in compliance with the Decision on Microcredit Financial Institutions (*Official Gazette of the Republic of Montenegro 01/03*): Agroinvest, Alter modus, Ozmont and Montenegro Investment Credit, Klikloan.

The loans issued by microcredit financial institutions range from EUR 3,000 for natural persons who are the beneficiaries of such loans for the first time, under the condition that no following loan may exceed the amount of EUR 8,000, while a business organization or entrepreneur that is issued a loan for the first time may not be issued more than EUR 5,000, under the condition that no future loan may exceed EUR 20,000.

In the period from 2006 to 2009, total loans issued by microcredit institutions amounted to EUR 233.516.000.

50 Are there publicly financed loan guarantee programmes? Yes/no. If yes, please mention the most relevant results obtained.

There are no loan guarantee programs which are publicly financed.

51 Is there any plan for the establishment of a credit guarantee fund for SMEs?

The establishing of a Credit Guarantee Fund is explicitly mentioned as a short-term priority in the EU documents, referring to the key policy, as a part of partnership between the EU and Montenegro, and which calls for the Implementation of the National Guarantee Fund.

The relevant legal and regulatory framework has been established: the new Law on Banks (Official Gazette of Montenegro 17/08) allow to the Central Bank of Montenegro to adopt a Decision on Credit Guarantee Services, thus ensuring the legal basis and instructions for the establishment and operation of Credit Guarantee Fund (CGF).

The Decision on Conditions for Performing Credit and Guarantee Operations, which was adopted in August 2008, created the preconditions for the establishment and business activities of legal persons (guarantee fund) authorized to perform the activity of issuing guarantees for orderly repayment of loans by debtors. This Decision was adopted pursuant to Article 164 of the Law on Banks which stipulates that this type of operations may be performed when the requirements for establishment that are regulated by the Central Bank are met.

By creating regulatory preconditions for establishing and performing guarantee operations, the conditions for their constitution are ensured. This primarily depends on recognition of interests for performing this kind of operations by potential founders, and it should be taken into consideration that even bank regulations recognize guarantees issued by these funds as the high quality securities and for those assets banks do not allocate provisions.

As a part of the EU technical support implemented through the Mission of the European Union to Podgorica, with regard to establishing a Credit Guarantee Fund, the business plan and the financial model were developed and revised, and the concept of a credit guarantee fund in the form of private-public partnership was defined.

Furthermore, the following legal documents related to the registration and operation of a Credit Guarantee Fund were prepared:

- Draft Operational and Organizational Plan
- Draft Management Strategy and the Risk Management Strategy
- Draft Statute and the Foundation Act
- Job descriptions for General Manager and Manager for Issuing of Guarantees

In order to establish the Credit Guarantee Fund in Montenegro, it was planned to revise the legal documents related to registration and operation of Credit Guarantee Fund, including initial capitalization by the shareholders, in addition to a support in the start-up phase of its operation.

Therefore, the current priority that cannot be delayed is the adoption of a Decision on mobilization of capitalization funds for the Credit Guarantee Fund by the Government of Montenegro (through a specific budgetary allocation of financial means) and the European Commission (consideration of allocation of partnership funds originating from the previously implemented agriculture project in Montenegro).

Also, in order to accelerate procedures, Directorate for Development of Small and Medium Sized Enterprises needs to be appointed, following the recommendations, as the agency responsible to establish a Credit Guarantee Fund, on behalf of the Government of Montenegro, having in mind that it has successfully implemented the preparatory activities in cooperation with the European Commission until now.

The expert support in establishing the Credit Guarantee Fund was provided in the framework of the IPA program for 2008; the tender was opened by the EU Mission to Podgorica, within the project titled Improving Business Environment for Small and Rural Enterprises.

52 Are other sources of finance (equity investment by venture capital funds or, business angels, etc.) being promoted/introduced/used in your country? Please mention any good practice in this area, including the most relevant results obtained.

There are no venture capital funds and “business angels” in Montenegro

Market access for SMEs:

53 Are there any measures in place to promote SMEs use of and involvement in development of standards?

In Montenegro, the Board for the Quality Management of the Government of Montenegro is responsible incentive measures for SMEs directed towards implementation and certification of systems based on international standards, as well as the use of standards for marking products, accreditation of bodies for conformity assessment and, in general application of standards. The Board conducts several continuous activities, such as QMS counselling concerning implementation of standards in connection with the integrated systems of management and the School for Quality, whose program includes training for the implementation of standards and direct subventions to/for enterprises from a budget amount particularly allocated for this purpose.

In the course of 2007, 2008 and 2009, 42 legal persons from the SMEs group were subsidized and provided with consulting services, certification and accreditation assessment. The subsidies varied between EUR 3.000 and EUR 8.000 each. The total allocated amount for 2007 – 2009 amounted to EUR 200.000.

Approximately 200 participants, mostly the members of SMEs, take part in the counselling which is traditionally organized every year (in 2009 it was organized for the 14th time). This year, the counselling was awarded an international status, so the first part will be held in Paris (Republic of France), co-organized by the University of Paris, while the second session will take place in Tivat (Montenegro), where the Government of Montenegro, co-organized by the Ministry of Economy and the University of Montenegro.

The of School for Quality has been operating for several years now during which period approximately 200 engineers and managers for the quality system and the environmental protection have completed this course.

The membership of the Institute for Standardization of Montenegro, according to general and internal acts regulating its operation, is voluntary and open to all interested parties including SMEs. Members pay annual membership fees (which depends on the number of employees), while the membership of the Institute enables the access of members to the administrative structure of the Institute, benefits (discount) when purchasing standards, obtaining information on standards and the process of standardization, benefits (discount) in organizing trainings by the Institute, etc. On the other hand, involvement in the work of the professional bodies of the Institute (technical committees, working groups, etc), responsible for the activities related to establishing and development of standards is also open for all interested parties, it is voluntary and requires no financial investments (apart from travel expenses for the participation in meetings of the professional bodies). The information related to standards and standardization process is available on the web site of the Institute for Standardization of Montenegro (www.isme.me).

Aimed at raising awareness about standardization and standards, the Institute for Standardization of Montenegro, in cooperation with the Chamber of Commerce of Montenegro and other institutions for the quality infrastructure, organized a number of trainings and seminars on standardization and standards for Montenegrin businessmen in the previous period, which were also attended by members of some SMEs.

In addition, Directorate for Development of Small and Medium Sized Enterprises notify SMEs of necessary standards: ISO, HACCP, etc., and standards for organic products and Eurep GAP,

necessary procedures for certifications, consulting and certifying bodies, etc. In the forthcoming period, Directorate for Development of Small and Medium Sized Enterprises will undertake additional measures to motivate SMEs to become members of the Institute and participate in the work of its professional bodies tasked to identify and develop Montenegrin standards.

In the forthcoming period, through involvement of Directorate for Development of SMEs, more trainings are expected to be organized for the interested SMEs on how to apply the standards and participate in their development.

Directorate for Development Small and Medium Sized Enterprises established cooperation with International Finance Cooperation – IFC (member of the World Bank), which presently works in the Western Balkan region implementing the project *International Standards and Technical Regulations*. By means of this program, technical assistance is provided to enterprises in the countries of the Western Balkan (Bosnia and Herzegovina, Serbia, Albania, Macedonia and Montenegro), aimed to help them face the challenges of fulfilling a large number of international and EU technical requirements which have to be met in order to enable the export of domestic products to international and EU markets. Accordingly, the Directorate recommended actual enterprises in the sector of food and wood processing industries, as potential beneficiaries of this aid.

The food producers and agricultural enterprises that join the registered schemes of quality, funds from the budget of the Ministry of Agriculture, Forestry and Water Management will be allocated for the introduction and certification of HACCP system and HACCP system integrated with the system of quality management.

The support to the introduction and certification of the quality system and food safety relates to the expenses of introduction and certification of the integrated HACCP program and the system of quality management and it amounts to no more than 50% of the total costs of certification introduction, and no more than EUR 8,000 per enterprise for improvement and modernization of production in a traditional way in small-scale facilities.

The support intended for modernization of production in the small-scale facilities, where traditional methods of food production are applied, is provided in a form of co-financing, on the basis of a proposed program of activities, and amounts to at most EUR 5,000 per project. The support also includes assistance to agricultural producers to get involved in the registered quality schemes.

The support to the agricultural producers to get involved into the registered quality schemes refers to the expenses of introduction of quality schemes, certification and participation in the scheme and it is allocated for the first 5 years as of the date of introduction.

This support is in the form of a standardized payment and in 2009 it amounted to not more than EUR 1,200 for organic agriculture and EUR 600 for inclusion into other quality schemes.

The Chamber of Commerce of Montenegro actively participates in the work of the National Body for Standardization.

54 Are there any advisory services to SMEs to support themselves against unfair commercial practices?

Each enterprise that objects against the activities that represent a violation of competition rules may address, directly or using an employers' association as a channel, the Administration for the Protection of Competition, which is competent to act in such cases, and which was established according to the Law on Protection of Competition (Official Gazette of the Republic of Montenegro 69/05), that came into force on 1 January 2006.

Furthermore, all business organizations may consult with the employers' associations regarding further activities which need to be undertaken in the case of violation of competition rules, that is, an unfair commercial practice. In the Chamber of Commerce of Montenegro, the Arbitration Tribunal for out of court resolution of disputes has been operating for a long time now, deciding on disputes of domestic business organizations, in addition to the Court of Honor, which establishes

the liability and proclaims measures against business organizations that violated good business practices and ethics. A Foreign Trade Arbitration was established to address commercial disputes including a foreign element, while the list of arbiters includes foreign and domestic experts.

The Arbitration Committee for Resolution of Consumer Disputes was also established at the Chamber of Commerce of Montenegro, in accordance with the Law on Consumer Protection.

In the area of development of human resources and financial potentials, the Union of Employers of Montenegro provides and develops all types of advisory services through its General Secretariat.

At this moment these services are mostly focused the provision of legal services, as requested by the members of the Union of Employers of Montenegro, while such services are less required in the area of economy or other issued faced by the members of the Union of Employers.

The overall advisory service policy of the Union of Employers is based on compliance with the Code of Ethics of Employers adopted in 2005.

Promotion of upgrading of skills and of innovation:

55 Are there any programmes aiming at the promotion of technology dissemination towards small enterprises? How would you assess the impact of these programmes?

Montenegro is currently implementing several programs aim to promote technology dissemination in small and medium-sized enterprises.

Through the program of State Aid and Support to Small and Medium Sized Enterprises for 2009, including the credit line Encouraging Entrepreneurship developed by Directorate for Development of Small and Medium Sized Enterprises in the framework of this program, support is provided to implementation of production technologies, with the aim to strengthen the innovation capacities of SMEs and their contribution to the development of products based on technological development.

The newly established European Information and Innovation Centre Montenegro – EIICM, as a full member of the network supporting entrepreneurship and innovations, offers a set of services for the development of SMEs, including the services relating to the transfer of innovations, technologies and knowledge . EIICM notifies Montenegrin small and medium-sized enterprises on the EU Framework Programs for the research and technology development, research results from the field of innovations, and provides mediatory services in the fields of transfer of technology, sharing of knowledge and encouraging the SMEs to innovate.

Furthermore, within the Seventh Framework Program for Research and Technology Development (FP7), strengthening the capacities of SMEs is defined by means of creating new values based on market research, transfer of developed technologies and stronger cooperation between the University and SMEs.

Since the implementation of these programs (FP7, EIICM) has just begun, it is not possible to comment on the results of their impacts. The enterprises are notified about the possibility to join these projects by means of newsletters, media and workshops, which are published and organized to promote technology development capacities, however, it has been noticed that the interest of enterprises to join these programs is low.

The participation of Montenegro in international research projects has not reached the satisfactory level. It is necessary to intensify activities on the distribution of information related to international research programs and possibilities which these programs (in a technological sense) offer to enterprises.

56 What initiatives have been taken to promote technology transfer from research institutes to SMEs?

Aiming to promote the technology transfer towards small enterprises and provide support to their cooperation within the relevant fields in Montenegro, it is necessary to:

- 1) Strengthen the competitiveness of the Montenegrin industry through science, technology and innovations;
- 2) Strengthen the scientific and technological sector by means of intensifying cooperation with the industry;
- 3) Ensure favourable conditions with the aim to keep the graduates in science and technology in Montenegro;
- 4) Establish the Centre for Promotion of Dissemination of Technologies in order to enable access of Montenegrin companies to the EU R&D programs and accomplishments, covering two objectives: transfer of foreign technologies and promotion of the EU initiatives in the field of innovations.

The initiative for establishing the University Centre for Development and Project Design was launched by the University of Montenegro. The Centre is established as a permanent professional body of the University in order to provide continuous support to development and project design. It includes the Centres for the Development and Project Design established at the Faculties and institutions dealing with these tasks.

The Centre was established for the following purpose:

- 1) Putting into function the available resources within the University, for the purpose of their active use in creating and servicing tasks from the field of development and project design;
- 2) Promotion of advanced training of staff for development and project design in the economy sector, institutions and on independent basis;
- 3) Preparation, coordination and implementation of services from the field of development and project design, where the tasks particularly relate to the following:
 - a) Development ideas for small and medium-sized enterprises and industrial complexes;
 - b) Transfer of technology solutions;
 - c) Development and harmonization of documents (laws, regulations, standards, etc.);
 - d) Testing of solutions for the development segments that have several options;
- 4) Establishing cooperation among institutions in the country and abroad.

The following activities, along with a technology park, innovation centers and incubators, represent the basic structure for the transfer of technologies, scientific and research results. The objective is to implement the transfer of commercially oriented scientific results and technologies developed within the domestic structures (research teams, laboratories, universities) or within the EU research and development structures, in which process the small and medium-sized enterprises would be the priority users. However, in the forthcoming years more has to be done in this field, and this has already been set forth by the Strategy for Development of Small and Medium Sized Enterprises.

57 How would you assess progress in enhancing inter-firm co-operation and clustering? Which significant initiatives have been or will be introduced in this field?

Presently there is no such form of association in Montenegro. The experiences from the neighboring and other countries are valuable when deciding on the best functioning model of a

cluster. Also, networking and cooperation with the related clusters from the region is very important in order to follow trends, have a better presentation on foreign markets, use experiences of others, etc.

When it comes to joining the clusters, a huge potential has been observed in certain branches of industry (wood processing industry, meat and milk processing industries, wine industry). The Strategy for Development of Small and Medium Sized Enterprises 2007 – 2010 foresees establishing of clusters as instruments of support to SMEs in the fields of milk and meat processing industries and their connection with the tourism. Directorate for Development of Small and Medium Sized Enterprises, supported by GTZ, initiated the activities to establish clusters in the sector of meat processing industry. In the framework of implementation of the project of support to the Association of Producers of Special Products of Njeguši, carried out by Directorate for Development of Small and Medium Sized Enterprises in cooperation with GTZ, 8 producers of this product were supported by means of the credit line Encouraging competitiveness. This Association is presided by the company Niksentrade Čavor Ltd based in Kotor.

Also, the Strategy for Development of Tourism in Montenegro until 2020 foresees creating of tourism clusters which would be established as follows: three for the coastal part, three for the continental and another two which would connect the coastal and mountain region via Niksic and Podgorica. The borders of the clusters are open for neighbouring countries, in order to improve networking and cooperation, by means of which they can ensure better offer, establish a destination, better prices and most often an improved ratio of expenditures and profit.

In the recent years, a great number of workshops and seminars was organized aim to explain the concept of clusters in detail and present advantages and benefits of cluster establishment to enterprises.

58 Please describe measures, if any, to ensure the availability of education/training systems or initiatives to supply skills specifically in demand with SMEs

The overall promotion of the entrepreneurial learning policy is reflected in the National Report for Montenegro, in the framework of the European Charter for Small Enterprises, which shows that a high level of effort was put into this field, especially in terms of easements in the business environment.

In the framework of the National Employment and Human Resources Development Strategy 2007-2011 and the Strategy for Life-Long Entrepreneurship Learning 2008-2013, the measures referring to the labour market demand were defined. The aim was to create the conditions which were stimulating for the economy (companies), in the direction of creating new job vacancies and higher quality job positions, as well as measures related to the following offer:

- Provision of advisory services and guidelines in job search, assistance in the preparation of individual plans of employment,
- Development of professional orientation systems, development of centres for professional information and advisory services in all municipalities of Montenegro,
- Intensifying cooperation with employers in the field of mediating and professional choice services;
- Establishing a system to analyze training requirements, aimed to continuously keep adjusting the offer in entrepreneurial learning to to the requirements of small enterprises, by means of identification of shortages and foreseeing future needs for knowledge and skills in compliance with the set forth job requirements.

The Law on National Vocational Qualifications for 2008 encourages the principle of equal approach to vocational education and training – to obtain equal qualifications in different ways, and have them equally evaluated. Apart from qualifications acquired through the formal education, this law identifies national vocational qualifications, based on occupational standards, as a result of non-formal and informal education.

The availability of education system and/or trainings in the fields of interest for SMEs can be ensured through the vocational education at undergraduate level, at the request of social partners (all, including SMEs). After a formal expression of the requirements through the Commissions and the Curriculum Commissions, and after a final decision of the Vocational Education Council, a special educational program is prepared and introduced into the regular educational system as an education curriculum or a training program.

The system of Higher Education provides for organization of a specialist training programs, that is, an additional training lasting from six months to one year organized by the related faculties of the University, at the request of social partners and the Employment Office. At the end of the training or special training program, the trainees are awarded certificates.

The institutions (governmental, non-governmental, as well as private training organizers) that support small and medium-sized businesses, organize various series of trainings for both the beginners in business and the developing and growing entrepreneurs, and fully finance or co-finance such education and training.

In the beginning of 2007, the Employment Office and the Directorate for Development of Small and Medium Sized Enterprises introduced entrepreneurial trainings as a mandatory precondition for providing support to business ideas of beginners in business. Granting of the submission of loan application depends on the results demonstrated in the training process.

Introduction of education for unemployed persons in the field of entrepreneurship is aligned with Guideline 22 of the EU Integrated Guidelines for Development and Employment, relating to the segment of employment increase in the EU, and stipulating the obligation to enable the training in entrepreneurship. By having unemployed persons trained in entrepreneurship, the Employment Office rounds up the system of incentives for the development of entrepreneurship, for the purpose of more efficient establishment and more successful development of small and medium-sized enterprises and upgrading of the entrepreneurs' business-entrepreneurial capacities, which enable their a more successful participation in the market and day-to-day business activities.

The entrepreneurship education encompasses two units – Encouraging self-employment and Provision of elementary knowledge on entrepreneurship.

The segment **Encouraging self-employment** is a workshop type of education, aimed at selection of persons that have a predisposition to succeed in business activities, including the exchange of experiences and ideas with other participants, motivation of persons who have doubts or hesitate to start doing business, getting acquainted with entrepreneurial way of thinking, familiriazation with the process of initiating own business, etc.

Provision of elementary knowledge on entrepreneurship includes transfer of knowledge through classical methods of teaching in a specific field (The Entrepreneur's Manual – Self-Employment Program, Employment Office of Montenegro 2007, 2008, 2009):

- Rights and responsibilities on the grounds of the Self-Employment Program (conditions for credit approval, amortisation plan, control of use of restricted loans, the entrepreneurs' most common mistakes)
- How to register a business activity (foundation of an independent business unit, agricultural activity, types of business organizations, registration costs, firm – company name, seal and stamp of the company, statistical classification, opening of a bank account, customs register, etc.);
- Basic accounting knowledge (basic terms, taxes, contributions, VAT and etc) ;
- Labour relations ;
- Business agreements;
- Development and evaluation of a business plan as an instrument for testing the validity of a business idea;
- Basic preconditions for a successful start of a small business.

Directorate for Development of Small and Medium Sized Enterprises in cooperation with the Employment Office of Montenegro implemented the project “A Chance for Young Mangers” in four municipalities; the goal of this project was to acquire conceptual, administrative and professional

knowledge and skills that are required by the companies, and which are necessary for young managers for an efficient work in a company. The training covered the following fields: Introduction to Management; Project Management; Marketing, PR and Business Communication. This was the first phase of the training including dynamic and modern methods of interactive teaching. The second phase of the training, which lasted for two months, included practical application of gained knowledge.

Poverty reduction through support to self-employment activities is a program intended for social and economic integration of refugees and displaced persons in Montenegro. Apart from these categories, the program also includes the so-called vulnerable groups - population in rural areas, a long-term unemployed persons and members of national minorities. It has been conducted by the organization Help in cooperation with the Directorate for Development of SMEs, since 2005. The project envisages allocation of grants and mandatory trainings for the business start ups.

59 Are there any initiatives to develop SMEs' competences in research and development such as simplified access to public research infrastructure, use of R&D services, recruitment of skilled employees and training?

Directorate for Development of Small and Medium Sized Enterprises implemented the research project *Information basis of small and medium-sized enterprises in Montenegro* which is the subproject of another project *Small and Medium-Sized Enterprises – Information basis for the identification of the development direction and strengthening the competitive position of SMEs in Montenegro*.

The basic goal of this project is to suggest a methodology which is aligned with the EUROSTAT and OECD standards for simple and fast access to information necessary for monitoring the development/changes in the SMEs sector.

The intention is to develop a reliable database on small and medium-sized enterprises in Montenegro, that is, ensure data and information related to the structure of enterprises (according to number of employees, activities at the level of the state and the local level). These data are the necessary precondition for every serious research, and accordingly for creation and implementation of the policy and the strategies related to the development of entrepreneurship and the economy as whole. The project, inter also, provides an overview and description (based on available data) of trends in small and medium-sized enterprises in Montenegro through the analysis of all available databases on SMEs, and on the grounds of these analyses the data on SMEs are presented, relating to employment, business activity and territorial organization.

The Directorate for Development of Small and Medium Sized Enterprises established a consortium with the Chamber of Commerce of Montenegro, Faculty of Mechanical Engineering, and the Business start-up Centre from Bar at the end of 2007; after it was positively evaluated by the European Commission, the proposed project titled *European Information and Innovation Centre Montenegro – EIICM* started working in November 2008. EIICM is a member of the Enterprise Europe Network.

The target groups for the EIICM services include: small and medium-sized enterprises, research development institutions, innovators, governmental bodies, professional and branch organizations, educational institutions. The Work Plan of the EIICM, inter alia, includes the following support services:

Innovations, knowledge and technology transfer services

Very important contribution to the closing of „innovation gap“, creation of new jobs, growth and sustainable development is expected from: dissemination of information aimed at raising the level of knowledge in the area of innovation policies; legislation and programs of support; distribution and application of research findings; provision of mediation services in the transfer of knowledge

and technology transfer and building partnerships among all involved in the field of innovations; stimulating capacities of enterprises to make innovations.

Services that encourage participation of SMEs in the Framework Programs of the Community for Research and Technology Development include: raising the level of knowledge in the field of SMEs on the Framework Programs of the Community for R&D; supporting small and medium-sized enterprises to identify their needs for R&D and find relevant partners; supporting small and medium-sized enterprises in preparation and coordination of project proposals for the participation in the Framework Programs for the Community for R&D.

In January 2008, Montenegro joined the Seventh Framework Programme for Research and Technological Development, FP7 (2007 – 2013), which is at the same time the main instrument of the European Union for financing the research and development activities in Europe.

The support to this program will be provided through a set of research activities which will be conducted by means of: international cooperation, joint projects and network, and coordination of national research projects. The international cooperation between the EU and third parties constitutes an integral part of this program.

The thematic fields are organized in four sub-programs:

- Collaborative research ,
- Joint technology initiatives,
- Coordination of non-community programs,
- International coordination.

Turning environmental challenges into opportunities:

60 Please describe measures, if any, to provide incentives for eco-efficient business and products for SMEs.

In terms of provision of incentives for the ecologically efficient business operations and products in the SMEs sector, the cooperation with the United Nations Industrial Development Organization (UNIDO) is very important, especially in the context of implementation of the Cleaner Production Program. The Program Implementation Agreement was signed in June 2009, thus creating the conditions for initiating particular activities in continuation of the preparatory phase implemented in the period of 2006 - 2008.

In compliance with the signed project documentation, the Cleaner Production Program will be implemented and coordinated by the Ministry in charge of the environmental protection in Montenegro, while UNIDO will take responsibility to ensure the support to the program implementation and monitor the implementation of the program activities.

In the course of implementation of the preparatory phase of this program, the significance and possibilities that the cleaner production can offer were presented through an integral and preventive approach to the entire production process/processes, especially in terms of: increasing productivity through more efficient use of raw materials, energy and water; promotion of activities with positive effect on the environment, such as reducing quantities of waste and level of emissions at the source of origin, etc.

Taking into consideration the results of the preparatory phase, the two-year Cleaner Production Program will be coordinated by the Chamber of Commerce of Montenegro and it will focus on introduction of cleaner production methodologies in the sectors of tourism and food production, primarily through the analysis of balance of electricity consumption and the material balance. Simultaneously, in the course of the project duration, the specific courses will be conducted for: Ecologically-Responsible Management EMS, estimates of the product life cycle, eco-design and eco-labelling.

Taking the rural development measures (measures directed towards the strengthening of agriculture) and using the funds from the Agrobudget, the Ministry of Agriculture, Forestry and Water Management provides the support to investments into processing of animal products.

The support to an increase of the added value in the animal products processing industry includes the investments into processing and marketing of existing products, as well as the development of new products, processes and technologies. All projects must fully prove that they meet of EU standards in the field of food safety and **environment protection** (which is a condition for any kind of support). The projects offering complete or partial solutions are supported in the fields of processing and marketing. The co-financing includes the procurement of materials, equipment, and mechanisation, the construction works on the adaptation of existing or a construction of new facilities, patents and licenses, technical documentation development, marketing analysis and expenditures aimed at developing of new products.

Maximum budgetary participation amounts to 30% of the investment value, and the maximum amount of the annual support by a project may amount up to EUR 70.000.

The objectives of the measure are directed towards improving competitiveness of animal products processing by means of complete modernisation of production and marketing conditions; increase of the value added production of animal products by increasing the efficiency in the processing and marketing sector, introduction of new technologies and innovations, creating the new market possibilities, meeting EU standards and the targeted quality improvement, environmental protection and food safety, strengthening connections with a primary production.

The measure is implemented on the tender basis.

The selection of projects is made on the basis of impartial criteria which are an integral part of each tender.

The support is ensured on the grounds of evidence on conducted investments and the tender report of the authorised inspection.

Supporting SMEs to access foreign markets:

61 Please describe which measures, if any, are in place or to be introduced, to enhance the access and opportunities of SMEs on foreign markets, particularly the EU Internal Market.

With an active participation and partnership with exporters, representatives of international development organizations and various business associations, **the Government of Montenegro, in December 2005, adopted the Export Promotion Strategy.** ([Annex 154](#))

The Strategy for Export Promotion constitutes the basis for enforcing the policy in the field of economic relations with foreign countries. One of the basic tasks of the Ministry of Economy is to advance economic relations with foreign countries. In accordance with this objective, the Ministry developed the Policy of improvement of bilateral relations with foreign countries, which was adopted by the Government in the beginning of June 2008. .

The following activities were defined as the basic goals for advancement of economic relations with foreign countries:

- Increasing the export of Montenegrin products,
- Foreign Direct Investments Growth
- Harmonization of trade and investment trends of Montenegro with particular groups of countries

The Ministry of Economy coordinates the implementation of measures for export promotion, while Directorate for Development of Small and Medium Sized Enterprises is recognized as the main implementer of measures defined by the Strategy, while the competent Ministries in the

Government of Montenegro, as economic associations, are actively involved in the process of implementation.

With the aim of implementing the tasks defined by the Strategy and creating of conditions for export promotion, a special Export and Competitiveness promotion unit was established within Directorate for Development of Small and Medium Sized Enterprises. This unit initiated its work in April 2006. The Government of the Republic of Montenegro adopted the “Strategic and the Operational Plan – Encouraging competitiveness and exports” in late September 2006. This plan suggests measures and activities aimed at promotion and stimulation of export of the Montenegrin companies, as a detailed operational plan of work tasks and deadlines for their accomplishment.

The basic goals set up in this document are as follows: increase in the number of export enterprises, their production volume, diversity and quality of their export products, as well as institutional support to Montenegrin exporters in identification of appropriate target markets, product placement and positioning on the market.

In order to jointly define the mode and the model of coordination of all actors involved in the implementation of the Export Promotion Strategy, the **Export Dialogue**, which was attended by members of the Government, the state institutions, organizations dealing with development of entrepreneurship, business association, international organizations, as well as export enterprises, was held in October 2007. At this meeting, within the Strategic Export Group, six operational groups were set up: for the reduction of business barriers; for networking of export oriented companies – clustering at the sectoral level; for horizontal connecting; for education of exporters; for financial support; for establishing **regional networks** – associating foreign direct investors with the programs for small and medium-sized enterprises; and for establishing a proactive program of economic diplomacy aimed at export promotion.

Measures which were taken with the purpose to stimulate access to and opportunities for the participation of the sector of small and medium-sized enterprises in foreign markets, especially the internal EU market, are the following:

- Notification of exporters

With regard to notification of the export-oriented small and medium –sized enterprises, the Directorate for Development of Small and Medium Sized Enterprises, with the technical support of the German organization GTZ, joined the process of establishing the **Market Information Service - MIS**. The basic goal of establishing the **Market Information Service** is reflected in the provision of information to companies which are export-oriented or would like to start exporting, with the purpose of providing them with a better understanding of their target markets and help them to develop adequate strategies and plans in accordance with this information.

The **Market Information Service** will work towards creating possibilities of access to relevant databases, publications and other sources of business information, in order to make them available to companies.

Also, the companies are informed about necessary standards: ISO, HACCP, etc., standards for the organic food production and Eurep GAP; necessary procedures for certification; consulting and certifying bodies, etc. The Ministry of Agriculture, Forestry and Water Management has started to implement a measure of co-financing the process of certification of the necessary quality standards for the purpose of conquering new markets. Directorate for Development of Small and Medium Sized Enterprises has established cooperation with the International Finance Cooperation IFC (member of the **World Bank**), which presently works on implementation of the project called “International Standards and Technical Regulations” in the territory of the Western Balkans. This program provides technical support to the companies in the countries of the Western Balkan (Bosnia and Herzegovina, Serbia, Albania, Macedonia and Montenegro) to face the challenges in terms of meeting most of international and technical standards of the EU, which have to be fulfilled in order to enable the export of domestic products to the international and EU markets. In this regard, the Directorate recommended a list of companies from the food and wood processing industry sectors as potential beneficiaries of this support.

In the framework of the Directorate for Development of Small and Medium Sized Enterprises, the European Center for Innovation and Information was established last year in November with a role

to support enterprises in the process of internationalization, inclusion in the Framework Programs of the EU, and the process of transfer of technologies, innovations and knowledge, etc.

- Financial support

In the previous period, the Directorate for Development of SMEs started implementation of the measure of support to financing of the export-oriented small and medium-sized enterprises through the credit line designed for funding export investment projects that relate to the manufacturing of products and semi-finished products from all fields of activities, as well as for the provision of export-oriented services. Within this credit line, **a total number of 9 projects** worth EUR 1,650,000 were approved, allocated for the financing of export activities of Montenegrin companies.

In order to stimulate competitiveness of the Montenegrin companies for the presentation on foreign markets and create conditions for the continuous growth and development of the companies' potentials, the Directorate has successfully implemented the project „Grant scheme for the cost reimbursement“ during the previous three years. The financial support is directed to covering part of expenses of marketing activities for the purpose of participation in foreign markets – developing the market research studies, presentation at international economic fairs, promotional material production, as well as the advancement of business performance of enterprises by introduction of information system aimed at more efficient processing of necessary documents and business activities.

68 applications worth EUR 170,758.46 have been approved so far.

- Advisory services, research, support

In the framework of the Operational Group for the business barrier reduction, the survey was conducted among the export companies with the aim of collecting data on customs/non-customs barriers. The institutions that are members of the Operational group for the business barrier reduction surveyed export/import 100 companies. According to the Operational Plan for the elimination of business barriers for 2008, the Directorate designed a web site for reporting business barriers with the financial support of GTZ, for the companies to report business barriers and submit requests the competent institutions.

Furthermore, the Directorate's team carried out 10 market research studies for the export-oriented companies from the sector of food and wood processing industry. These studies were conducted with the purpose to provide support to the companies and help them have a better understanding of their target markets, and develop adequate strategies and plans in accordance with the new insight. The undertaken researches contained information on economic indicators, trade exchange of group of products, characteristics of the target market, data on channels of distribution, data on necessary export documentation, information on competition, prices, tariffs, customs duties and quotas, necessary standards, fairs, data on distributors, importers and agents.

In order to prepare the Montenegrin companies as much as possible to participate at fairs in the region, the Directorate carried out a field research of prices for different groups of products. The research included information on the economy, markets which were subject to research, information on the prices for special groups of products, as well the information on leading distributors of food products for a specific market.

- Education of exporters

In cooperation with foreign partners' organizations, Directorate for Development of Small and Medium Sized Enterprises, Chamber of Commerce of Montenegro, MBA, Union of Employers, etc. organize various seminars with the theme of export marketing –access to foreign markets, relations with foreign clients, planning projects for EU funding in the field of innovations, research and technological development, participation at fairs, strategic planning, etc.

- Promotional activities

In cooperation with the Chamber of Commerce of Montenegro and the Ministry of Agriculture, Forestry and Water Management, Directorate for Development of Small and Medium Sized

Enterprises co-finance participation and the visit of entrepreneurs to different fairs and presentation in foreign markets by covering the costs of joint presentation and traveling.

Furthermore, with the aim of establishing business contacts with foreign partners, the Directorate for SMEs and the Chamber of Economy of Montenegro organize business meetings for the Montenegrin entrepreneurs from different fields of industry.

Directorate for Development of Small and Medium Sized Enterprises is working on the implementation of the project S.T.A.R.S. in cooperation with the Italian institutions and partners from the region (from the former Yugoslav republics), with the aim of internationalization, as well as delocalization of a part of production of the Italian companies in Montenegro, including the „Balkan project“, initiated by the Veneto Foreign Trade Center from Italy that focuses on promotion of the international cooperation, exchange of information, organization of business meeting, etc.

Also, the activities on establishing the clusters in the wood-processing sector were actively conducted in the previous period.

Measures intended to be introduced in the following period by Directorate for Development of Small and Medium Sized Enterprises in order to encourage the access and possibilities for the SMEs sector to enter foreign markets, especially the internal market of the EU, are as follows:

- Continuation and enlargement of existing advisory services, to provide support to the companies in development and implementation of their export promotion activities;
- Creation of the „**Program of support to new exporters**“ in order to stimulate companies, which are exporting for the first time and the „**Program of export expansion**“ aimed at providing support to the existing exporters to conquer new markets and place themselves better on the existing ones;
- Developing the „**Program for strengthening export capacities of companies**“ through education, trainings, mentoring and internship programs, and
- Creating regional network which would include institutions, agencies and organizations dealing with provision of services/information with the aim of enhancing business cooperation on regional markets, as well as on the markets of EU countries.

Stimulating the access and possibilities of SMEs in foreign markets, especially on the EU Internal Market, was significantly supported through the following signed agreements:

- **Stabilization and Association Agreement with the European Union** was signed on 15 October 2007 in Luxemburg, and it is expected to have positive effects on the improvement of economic cooperation and possibilities of export to the EU-25 market.
- Temporary Trade Agreement between Montenegro and the EU went into effect on 1 January 2008.
- **Central European Free Trade Agreement (CEFTA 2006)**

This year, Montenegro assumed **presidency over CEFTA Agreement**. Its presiding started on 1 January 2009 and it ends on 31 December 2009. The presiding over CEFTA Agreement represents a great challenge for Montenegro. It is, first of all, a great opportunity, and also a possibility for Montenegro to demonstrate its capacities in such a large project. This presiding is an opportunity for our country to assure the CEFTA signatories and the EU through its active involvement that Montenegro possesses capacities and potentials to carry out tasks assigned to it in a best possible way. Wishing to make its presiding even better, the Government of Montenegro established the Working Group on presiding of Montenegro over the CEFTA 2006 Agreement.

Montenegro has pretty high level of liberalization (full liberalization of trade with Bosnia and Herzegovina, Macedonia, Serbia and Kosovo)

As regards the trade activities in the area of agriculture with Albania, Croatia and Moldova, the same quotas are used for specific products or the level of customs rates was defined

Also, in 2008 Montenegro was presiding over the Sub-committee for Agriculture, including the sanitary and phytosanitary issues.

Innovation Policy

62 Has the government prepared specific strategies in the area of innovation, research & development? Please describe the quality of Innovation policy design and the policy delivering, by providing and explaining:

- **Basic policy documents (policy analysis, strategies, action plans, regulations)**
- **Who is involved (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)**
- **Which are the main tools/instruments, programmes, finance**

As regards the **policies in the area of research**, the Government of Montenegro adopted the Strategy for Scientific-Research Activity 2008 – 2016 in 2008, whose author was the Ministry of Education and Science, while the proponent was the Council for Scientific-Research Activities.

Inter alia, the Strategy includes a Framework Plan for attaining the priorities. Implementation of the Strategy is monitored by the Council for Scientific-Research Activities which reports to the Government on an annual level.

The development of the Strategy document involved nine expert members of the Commission who are University professors in Montenegro. The process of development included numerous consultations with the staff of the competent Ministry, use of data in possession of the Ministry and Monstat, as well as use of existing national, regional and international studies, analyses and development documents. In the final phase of the Strategy development, a public hearing was organized on-line and two public sessions were held at the University of Montenegro and the Montenegrin Academy of Science and Arts. The received comments were incorporated into the final version of the Strategy proposal.

Several ministries, national agencies and institutions are tasked to carry out the activities defined by the Strategy. The priority goals are as follows:

- Reform of Institutional Framework for conducting scientific-research activities;
- Stimulating innovations and technological development, which includes the role of the Ministry of Economy and Directorate for Development of SMEs in introducing the incentive measures for investing into research and innovations in the sector of economy, including financing of the scientific and research activities. The additional role of the Ministry of Education and Science is reflected in the marketing support and the provision of consulting services to all factors included in the domain of innovations,
- Encouraging the international cooperation, where the Directorate for Development of SMEs is engaged in terms of participation in the EUREKA Program,
- Implementation of functional priorities in the field of scientific-research activity, where the Ministry of Economy is in charge of introducing financial instruments and regulations aimed at co-financing the technological projects,
- Increasing the level of investment into the scientific-research activity.

Regarding the **Innovation Policies**, the University of Montenegro is presently engaged in the activities of drafting several strategic documents referring to strategic planning in the fields of research and innovations. The University is also involved in activities of technology transfer and establishing centres for support to transfer of research technologies and innovations. These initiatives have been implemented through a number of projects financed by the EC within the Seventh Framework Program and the TEMPUS program.

63 Inform about what is foreseen for the future and what is in the pipeline (plans, blue prints, timetables)

In April 2009, the Government of Montenegro signed a Memorandum for the preparation of a development document “Montenegro in the 21st Century“ with the Montenegrin Academy of Science and Arts. This document is aiming to define key development directions of Montenegro, as the knowledge-based society. The document is expected to be completed in August 2010, and the Ministry of Finance is responsible to coordinate the project implementation.

Based on the analysis of the existing situation and the analysis of the implementation of goals set by the Strategy for the Development of Small and Medium-Sized Enterprises 2007 – 2010, as well as on the basis of the European Charter for the Development of Small and Medium-Sized Enterprises, the Strategy for the Development of Small and Medium sized Enterprises 2011-2015 is going to be prepared. Also, an Action Plan will be developed to implement the tasks identified under this Strategy.

II. ENTERPRISE AND INDUSTRIAL POLICY INSTRUMENTS

Participation in Community programmes

64 Brief description of participation in the and Innovation Programme (CIP) for SME: participants, experiences/results (as applicable).

The Memorandum of Understanding regarding participation of Montenegro in the Community Programme *Entrepreneurship and Innovation specific Programme (EIP)* of the *Competitiveness and Innovation Framework Programme (2007 to 2013)* was signed between the European Community and Montenegro on 4 March 2008.

By signing the Memorandum of Understanding, Montenegro acquired the observer status within the Programme Committee of Entrepreneurship and Innovation specific Programme, and its representatives attend meetings of the Programme Committee on a regular basis.

In September 2008, Montenegro paid its contribution (i.e. entry ticket) for the participation in the programme for the year 2008, in the amount of EUR 29,329.00, and for the year 2009 the contribution was paid in June 2009, in the amount of EUR 36,942.00.

At the end of 2007, the Directorate for the Development of Small and Medium-Sized Enterprises established a consortium together with the Chamber of Economy of Montenegro, the Faculty of Mechanical Engineering and the Business Start-up Centre based in Bar, and in November 2007 applied for the Call for Proposals ENT-CIP-07-0001A *Services in support of business and innovations* within the *Entrepreneurship and Innovation specific Programme (EIP)* of the *Competitiveness and Innovation Framework Programme (2007 to 2013)*. The European Commission gave positive preliminary assessment of the European Information and Innovation Centre Montenegro (EIICM) on 21 January 2008. Montenegro had its representatives at the inauguration ceremony of the Enterprise Europe Network, held in Brussels, on 6 – 7 February 2008. The European Commission officially reaffirmed its positive preliminary evaluation of the project, with small reduction of proposed budget. Finally, on 9 July 2008, the European Commission officially notified the Directorate for the Development of SME about the approval of EIICM project.

The framework partnership agreement between the European Commission and Directorate for the Development of SME, which represented all members of the EIICM consortium, was signed on 24 September 2008. The separate Agreement on subsidiary budget between the European Commission and Directorate for the Development of SME, which represented all members of the EIICM consortium, was signed on 8 November 2008.

The opening ceremony of the EIICM was held on 28 November 2008. Mr. Günter Verheugen, the European Commission Vice President responsible for enterprise and industry, and Mr. Branimir Gvozdenovic, Minister for Economic Development in the Government of Montenegro, launched the centre.

On 8 December 2008, the European Commission paid the amount of EUR 81,000 to the account of Directorate for the Development of SME, which was 45% of the total amount of subsidiary budget envisaged for the activities of the European Information and Innovation Centre.

On 28 July 2009, the EIICM submitted the interim work report for the period ending 30 June 2009 to the Executive Agency for Competitiveness and Innovation. Despite the fact that the Montenegrin Consortium joined the Enterprise Europe Network with delay, which officially began its activities in January 2008, it achieved remarkable results. The Montenegrin Consortium actively participates and contributes to the work of Steering and Advisory Group of the Enterprise Europe Network.

For now, the EIICM Consortium members are the only participants in the Competitiveness and Innovation Framework Programme for SME from Montenegro.

EP and Council Directive 2000/35/EC on combating late payment in commercial transaction

65 Please provide your understanding of requirements under this Directive

The requirements of this Directive have been incorporated into the proposal for the Law on Statutory Interest, adopted by the Government of Montenegro at its session held on 10 September 2009.

See a detailed explanation in the answer to Question 66

66 Provide state of play of possible existing alignment with directive and possible plans for further alignment

The issue of the amount of default interest for late payments in the European legislation has been regulated by Directive 2000/35/EC on combating late payment in commercial transactions.

The provisions of Article 3 paragraph 1 point d of this Directive stipulate the following:

“the level of interest for late payment (the statutory rate), which the debtor is obliged to pay, shall be the sum of the interest rate applied by the European Central Bank to its most recent main refinancing operation carried out before the first calendar day of the half-year in question (the reference rate), plus at least seven percentage points (the margin), unless otherwise specified in the contract. For a Member State which is not participating in the third stage of economic and monetary union, the reference rate referred to above shall be the equivalent rate set by its national central bank. In both cases, the reference rate in force on the first calendar day of the half-year in question shall apply for the following six months.”

Considering the fact that the Central Bank of Montenegro does not set its interest rate, and that the instrument of payment in Montenegro is the Euro, this Law shall entirely implement the solution first stated in the Directive. Thus, the provisions of Article 2 of this Law stipulate that the default interest rate shall be defined on a half-year basis, in the level of reference rate increased by seven percentage points, and the reference rate shall be the interest rate set by the European Central Bank for the main refinancing operation, which becomes effective on the first calendar day of the relevant half-year period.

Simultaneously, pursuant to provisions of Article 10 paragraph 1 of the Law on Contractual Obligations Relations (*Official Gazette of Montenegro 47/08*), which entered into force on 15 August 2008, the parties having contractual obligations are required to fulfil their commitments and are held responsible for their fulfilment. According to this principle of contractual obligation, the creditor is entitled to request the debtor to fulfil the assumed commitment, and the debtor is responsible to act on it in good faith and entirely as stipulated. Thus, the Law defines that the debtors shall be obliged to perform the assumed commitment in the manner and under the conditions set by the Contract. Timely fulfilment of assumed contractual obligations is the rule of conduct in contractual obligations. Acting contrary to that principle shall violate the rights of the other party as defined by the contractual obligations. Therefore, instead of the agreement implementation and realization of expected economic results from such legal activity, the disputable relation arises which establishes the new rights to the benefit of the party adhering to the agreement. One of such rights is the obligation of debtor to pay to the creditor the default interest calculated for the period of delay per rate set by the Law. In that sense, provisions of Article 284 paragraph 2 of the Law on Contractual Obligation stipulates that the debtor, who makes late payment of due amounts, in addition to the principal amount, shall also pay the default interest per rate defined by separate law.

The previous Law regarding the level of default interest rate, which was in force in Montenegro, was the federal Law on Statutory Interest (*Official Gazette of the Federal Republic of Yugoslavia 32/93, 24/94 and 28/96*). According to this Law, the default interest rate, for liabilities expressed in dinars, was composed of:

- 1) Monthly average increase rate of retail prices,
- 2) Fixed rate of 1.20%, which was applied on increase rate of retail prices on monthly level.

The calculation of default interest rate was performed by applying the compound (interest) method.

According to this Law, default interest was paid per rate of 6% per annum for liabilities between national and international natural and legal entities, which were expressed in foreign currency.

The Law on Central Bank of Montenegro (*Official Gazette of the Republic of Montenegro 52/00*), which entered into force on 11 November 2000, introduced DEM as an exclusive instrument of payment, until the introduction of the Euro.

With respect to the above stated, on 9 December 2000 the Supreme Court of the Republic of Montenegro adopted the Legal positions, which, inter alia, define the method of calculation and payment of default interests, in the following manner:

- 1) The creditor, who filed a request for collecting due payments which occurred before 11 November 2000 in dinar counter-value of the foreign currency prevailing on the date of payment, shall be entitled to default interest, calculated annually, in the level of the default interest rate prevailing in the country of currency origin (domicile interest);
- 2) Until the adoption of separate regulation in Montenegro about the level of default interest rate for late payments expressed in DEM, the debtors shall pay default interest per annual rate as defined in the country of DEM origin;
- 3) Default interest per rate of 6% per annum shall be paid for liabilities between domestic and international natural and legal entities, stated in foreign currency.

Thus adopted Legal Positions created different practice in the work of courts, especially after the introduction of the Euro as the instrument of payment. This led to making judicial rulings, which were insufficiently precise and inapplicable (which implied the payment of statutory default interest; payment of default interest in the amount of interest on foreign savings; payment of default interest per domicile rate; payment of default rate per rates set by the European Central Bank, etc.).

For the above-stated reasons, the adoption of a separate law, which would set the level of default interest rate in Montenegro, has been proposed.

III. SECTOR POLICIES (see also Annex 1)

67 Is the government implementing sector specific development support programmes? What types of actions are implemented? How are they financed? Is the form of support implemented by the government compatible with EU state aid rules?

The Strategy for Information Society Development in Montenegro for the period 2009 – 2013, adopted by the Government of Montenegro, has recognized the development of domestic ICT sector as an internationally competitive economic sector. The vision of ICT sector development in Montenegro is to make the ICT sector, as an intellectual potential, the backbone of future development and an important resource of sustainable development of the Montenegrin economy. This Strategy has defined a number of goals until 2013, such as to create strong encouragement for further development of ICT sector through dynamic partnership cooperation between the ICT sector and the government. That will increase the competitiveness of the sector, its strength will rise to the level of an export economic industry, and it will create preconditions for its dynamic sustainable development.

One of tasks recognized in the Strategy for Development of SME, prepared by the Directorate for Development of SME, is the stimulation of development and use of information – communication technologies and on-line access, through:

The implementation of Strategy for Information Society Development – ensure the implementation of defined Strategy for Information Society Development and follow the Action Plan for the realization of defined projects. Take particular care to ensure that domestic ICT SME, qualified for such activities, take active participation in ICT projects of the state administration, local governance and large enterprises, still under the majority ownership of public funds.

The promotion of the use of information technologies and strengthening the information connectivity among administration bodies – National vision of transition to information society would valorise the generic effects of Information and communication technologies (ICT) in order to comply with European standards relating to electronic communication, and would also lead to the increase of type and number of services the government and local governance provide to citizens electronically and the increase of the number of electronic transactions in the field of procurement and payment, as well as, the increase in the number of internet users. The common architecture of State administration information systems should enable a simple and safe access to information.

Encouraging SME to develop and use information systems – Although small and medium enterprises are key players in the new economy, still, majority of them is not yet ready to consider joining the e-Business due to the lack of awareness about e-Business and the lack of knowledge. Because of the generally low level of informatics culture in Montenegrin SMEs, it is necessary to encourage SMEs to develop and use information systems aimed at promoting business and communication through various programmes. It is necessary to encourage the investments in procurement of informational equipment and software activities in enterprises at certain facilitations.

Increasing the electronic communication between administration bodies and SME sector – enhance on-line access – It is necessary to increase the level of electronic communication of the government administration with SME sector enabling the enterprises to obtain advice, fill in the forms, or provide simpler information via on-line search. Also, mutual information communication within the sector should be improved.

E-Business Campaign – Regarding the very good results of e-Business Campaign in the European countries in which it was implemented, it was found necessary to implement the campaign aimed at initiating and raising the awareness of the necessity to develop e-Business with Montenegrin SME. This campaign shall emphasize the need of enterprises to consider e-Business as part of their entire strategy.

Within its activities of providing financial support to small and medium enterprises in Montenegro, and in accordance with the Strategy for SME Development 2007 – 2010, Montenegrin Directorate

for the Development of SME implements two types of support aimed at introducing / enhancing their information technologies.

- 1) Within the project *Government support and assistance to Small and Medium Sized Enterprises – Promotion of Entrepreneurship*, inter alia, the credit support under favourable conditions for the development of information capacities in SME has been envisaged.
- 2) Within the project *Grant Schemes for Expenses Refund* the activity that covers part of expenses for the engagement of IT consultant and acquisition of licensed software solution for enhancement of information system in SME, has been envisaged. The amount of non-refundable funds which may be granted to an enterprise for the realization of this activity is up to EUR 4.000.

Such types of financial support are harmonized with the EU regulations relating to the state aid.

Business Incubator

The Government of Montenegro, through the Directorate for SME Development and the Municipality of Podgorica, established the first Business Incubator in the field of Information Technologies in Montenegro called *Inventivnost d.o.o.* This project has been carried out with the support of European Commission and Dutch Government via SPARK organization's programme for the Balkan support.

The IT incubator in Podgorica currently has 5 teams of tenants, with 12 employees.

They were provided, under favourable conditions, the use of premises (for the period up to 5 years), equipment, additional qualification and training, as well as the consultants' support including professional advice, research data and all necessary logistics.

There are two types of trainings provided to the tenants:

- Basic business education (launching their own business, drafting business plans, enterprise registration, legal regulations, etc.), and
- Professional education (software development for web presentations, publication of informatics magazine, providing outsourcing services, encrypting/protection of data).

The support is provided to young people engaged in the field of information technologies, who will work on development of business solutions in the field of software engineering and e-Business. In addition, IT Incubator also contributes to connecting the University and the market, as well as Networking with incubators in the region and abroad.

Two years ago, the Government of Montenegro made a proposal, adopted by the Parliament, to reduce the tax on computer equipment from 17% to 7%, which represents one of the most stimulating measures used by the ICT enterprises.

In the previous period, the Ministry of Tourism supported the tourism sector through the encouragement programme aimed at creating a whole environment more favourable for fostering tourism development, enhancing the quality of tourism offer, then opening new jobs, prolongation of tourism season and raising the awareness of citizens about the advantages and opportunities of tourism development in Montenegro as a strategic development sector.

The support of tourism sector was provided through the following activities:

- Subsidizing interests on loans granted by commercial banks for investment projects within the tourism sector.
- Drafting and expert evaluation of business plans for SME in the tourism sector,
- Drafting information memoranda and feasibility studies for new investments.
- Promotion activities aimed at attracting investors.
- Introducing stimulating measures in the field of organized tourism operations.
- Support of NGO projects.
- Support of season preparations, organization of tourism, entertainment and cultural events.
- Joint presentation of private accommodation owners.
- Enhancing entrepreneurial spirit and creating new tourist offer, and
- Training and education of personnel.

The above-stated activities are financed from the budgetary funds, in the period before the official beginning of the work of Commission for granting the state aid, and according to the report of Commission for the evaluation of relevant projects.

The legal framework for control of state support and aid in Montenegro was established as follows: the Law on Control of State Support and Aid was adopted as the fundamental document for establishing the systems of state aid (*Official Gazette of the Republic of Montenegro 26/07*), Decree on the Manner and Procedure for Submission and the Contents of Required Documentation for Prior and Subsequent Control of State Support and Aid (*Official Gazette of the Republic of Montenegro 13/08*), Decree on Further Criteria, Purpose and Conditions for Awarding State Aid (*Official Gazette of the Republic of Montenegro 13/08*) and Regulations on the Contents of Annual Report on State Support and Aid (*Official Gazette of the Republic of Montenegro 7/08*).

The Law on Control of State Support and Aid contains material provisions based on the provisions of Articles 86, 87 and 88 of the Treaty establishing the European Community. Decree on Further Criteria, Purpose and Conditions for Awarding State Aid includes the secondary legislation of legal practice in the field of state support and aid. Article 3 paragraph 1 indent 2 of this Decree, in accordance with Article 73 (iii) of Stabilization and Association Agreement, stipulates that it is possible to directly implement legal practice in the field of state aid in the form of evaluation of state aid according to the criteria arising from the implementation of legal practice regulations on state aid.

In accordance with the EU requirements and regulations on the state aid in EU as amended from time to time, the new set of regulations in this field has been drafted with the purpose to achieve the higher level of harmonization with EU regulations. In April 2009, the Government of Montenegro adopted proposal of the Law on Control of State Support and Aid, which was regulated with the assistance from EU, and harmonised with regulations imposed by EC, and submitted it to the Parliament of Montenegro for adoption.

New secondary legislation to the Law on State Support and Aid has been also drafted with the assistance of EU experts. By passing the Decree on acceptable expenses, maximum allowed intensities of state aid and other criteria relevant for the awarding of state aid to specific goals of state aid, the entire legal practice regarding material regulations in the field of state aid will be adopted.

Please, find more details on the implementation of the Law on State Support and Aid Control in Chapter 8 – Competition Policy, in the part on the state aid, questions 31-38.

68 Please provide a description of the quality of sector policy design and the sector policy delivery, by providing and explaining:

- **Basic policy documents (policy analysis, strategies, action plans, regulations)**

- **Who is involved (ministries, agencies, private sector, stakeholders) and how (including what consultation mechanisms)**

- **Which are the main tools/instruments, programmes, finance**

INFORMATION SOCIETY

Montenegro recognized the development of information society in 2002, when the Government of Montenegro, together with other countries of the region signed the Joint Statement of Intent aimed at development of information society. This document, as well as the following document - eSEE Agenda, signed in the same year, resulted in drafting the Strategy for Information Society

Development – a way in society of knowledge, which the Government of Montenegro then adopted for a four year period, until 2007. By recognizing strategic priorities, the development of information society and electronic services for public and private sector began. The Strategy clearly defined objectives and activities, and by deadline approaching, as well as by realizing the importance of constant improvement and development of a society based on knowledge, the need to prepare a new strategy that will trace the development of information society until 2013 was identified. This Strategy was created as a result of the new document signed on the regional level, eSEE Agenda Plus, and in accordance with the European goals and standards included the legislative and institutional framework, eGovernment, eBusiness and eBanking, eEducation, eHealth, registries, data protection, ICT infrastructure, ICT sector development. In accordance with the Strategy, the Government also defined the Action Plan for its implementation. The Action Plan, which includes the development of IT projects in 2009, defined the priority tasks, both in domain of registries creation, information society promotion and raising awareness about the necessity of creating a knowledge-based society.

Today, one of the strategic priorities of Montenegro is the application of information-communication technologies in all of its development strategies, because the ICT offer great opportunities and have general influence on the national economies and global competitiveness. Realizing the importance of using information and communication technologies, the Strategy for Information Society Development in Montenegro from 2009 to 2013, adopted by the Government of Montenegro in February current year, will have the following objectives:

- To improve the current state in domain of ICT;
- To clarify the roles, build a partnership between private and public sector, facilitate the participation of all key participants, including non-government organizations;
- To pass on the existing scarce resources to the use of ICT for national priorities and help determine the dynamics of additional investments;
- To complement the impact of the market, promote social changes, enable local initiatives, ensure collective learning and enable the expansion of successful solutions;
- To point out special needs and power of important parts of the ICT industry for export and competitiveness of economy;
- To redirect the national system of innovations to meet the essential and long-term technological requirements of ICT (as a technology with general purpose);
- To point out to coordination failures, explore the network effects and provide additional investments for the utilization of ICT as an infrastructure that enables and provides the necessary services.

The development of information society and ICT implementation, in order to improve the efficiency of economic and social processes, requires coordinated efforts and activities taken by all government institutions. In this regard and in accordance with the authorities, **the coordination of information society development and implementation of strategies and action plans**, which will be an integral part of the strategy, will be entrusted to the Ministry for Information Society. Also, in the process of implementation of the Strategy, the goals will be achieved only with coordinated activities of all members of the society – both public and commercial entities.

Attached to this reply, please find the Strategy for Information Society Development for the period 2009 – 2013, including the Action Plan for 2009.

TOURISM

1. The strategic goal of tourism development has been defined in the Strategy for Tourism Development in Montenegro to 2020 (adopted in 2001, and the innovated version was adopted in December 2008), and, inter alia, implies the positioning of Montenegro as a high quality tourism destination, along with creating a significant number of new jobs and increasing living standards of Montenegrin citizens.

The Tourism Development Strategy established the operational objectives and measures in order to create a complex, diversified and specific tourism offer, i.e. a unique tourism product composed of Montenegrin coast and hinterland. In addition to that, the Strategy for Tourism Development also defined the Action Plan (activities, competent authorities and deadlines) for its implementation.

2. Considering the fact that tourism is one of the industries that engage a significant percentage of working age population from all social, gender and age groups on a long-term basis, it also appears as a significant element in resolving unemployment issues. In mid-May 2007, the Development Strategy for Human Resources in Tourism Sector, with Action Plan, was adopted. The aim of this Strategy, in particular, is to introduce a higher level of professionalism at work and improve coordination of work of all relevant institutions in the area of human resources development needed to support the tourism development over the coming period.

- Regulations

The main official document on which strategic development of tourism is based, i.e. standards and technical regulations of tourism sector, are the Law on Tourism (Official Gazette of the Republic of Montenegro 21/09) and complementary secondary legislation.

Also, the National Strategy of Sustainable Development of Montenegro represents one of the basic documents for planning and development. Besides, all strategic development plans and decisions are incorporated in the Spatial Plan of Montenegro.

For certain types of accommodation and hospitality facilities, minimum conditions / standards are established and they are categorized according to the following regulations of the Ministry of Tourism:

- Rulebook on classification, minimum conditions and categorization of hospitality facilities (*Official Gazette of the Republic of Montenegro 33/07*),
- Rulebook on minimum-technical conditions, types and manner of providing accommodation and restaurant services in movable objects (*Official Gazette of the Republic of Montenegro 022/03-11*).
- Rulebook on concept, minimum conditions, criteria and manner of categorization of tourism rural households and the concept of mainly individual production (*Official Gazette of the Republic of Montenegro 023/03-2*).
- Rulebook on minimum-technical conditions regarding equipment of business premises of travel agencies (*Official Gazette of the Republic of Montenegro 009/03-24*).
- Rulebook on types of facilities in nautical tourism, minimum technical conditions and their categorization (*Official Gazette of the Republic of Montenegro 9/2003*).
- *Involved bodies and manner :*

With regard to the fact that tourism is an industry with multiple effects on development of other industry activities, such as trade, transport, agriculture, handicraft business, which finally contributes to new job opportunities and increasing living standards of citizens, the strategic development documents also point out the necessity of coordinated cooperation of all stakeholders involved in the creation of tourism product, i.e. all parties who directly or indirectly create the tourism offer, then tourism workers and authorities on local and government level, representatives of private sector and non-government organizations.

In order to provide conditions for more quality functioning of a large number of parties involved in the creation of tourism policy and creation of final tourism product, the Government of Montenegro established a Coordination body for Preparation and Monitoring of Tourism Seasons (the Prime Minister chairs the Commission, and the members are ministers in charge of the activities relevant for tourism, Director of the NTO, mayors, representatives of tourism economy, directors of Montenegro Airlines, Airports of Montenegro, Transport Directorate, PE Coastal Zone Management of Montenegro and JP Elektroprivreda Crne Gore (Electric Power Company of Montenegro (EPCG)).

- Most important resources, instruments, programmes, finances:

The most important resources for the implementation of planned activities within the strategic development plans relate to budget resources and donations of foreign partners.

CONSTRUCTION INDUSTRY

- Draft Strategy for Construction Development in Montenegro to 2020 defines visions and sets long-term guidelines for development of construction industry in Montenegro to 2020, which also includes the Action Plan. Consistent implementation of the Strategy implies long-term

process of implementation monitoring, which will include revision of documents, identified issues, set objectives and proposed measures. Implementation monitoring is planned to be performed for one year period, and comprehensive revision of Strategy implementation is envisaged for five year period. The public discussion on the document is underway.

Draft Strategy for Construction Development defines seven strategic commitments:

Integration of Montenegro into EU and sustainable development, which further implies the development of construction industry as an integral part of the process of EU integrations and sustainable development of Montenegro. This general commitment arises not only from the fact that the strategic orientation of economic policy of Montenegro is joining the European Union system, but also the new economic environment that needs to be established, in which construction industry should operate in both, the closer and the wider region.

Second strategic commitment is the Legal and institutional framework as the backbone of construction development. There is no doubt that this is the starting point for the set of other activities which creates environment and preconditions for all activities in the space, safety of property and possessions, defines procedures and criteria, and conditions through a well dimensioned and enabled institutional framework.

Third strategic commitment is the Technical regulation as the foundation for quality system in construction. The system of creating quality in construction is based on technical regulations and standards, which enable, in an important part, a facilitated and simple flow of services and materials into the world trade. However, the standardization also implies the establishment of basic institutional framework for following and monitoring such process. In this segment, it is required to adopt ten Eurocodes, which will enter into force in the EU from the next year, along with mandatory implementation, and to incorporate into domestic legislation the other European directives related to construction materials, energy efficiency, services, geo-technics, water supply and treatment of waste waters, solid waste, FIDIC conditions of contract and ISO management standards.

Fourth strategic commitment is the Strengthening of competitiveness of construction operations. Globalization has brought new knowledge in all aspects of human activities about the direction of eventual optimal development of domestic economies. Small countries like Montenegro should make maximum use of all human and material resources with consistent following and acceptance of progress achievements of science, practice and technology.

Fifth strategic commitment is the Continuity of Capital Investments.

Specific objectives of macroeconomic policy are oriented to the development of infrastructure projects and attraction of new investors' interest in Montenegro; encouraging entrepreneurship within SME; strengthening competitiveness of economy and creation of more balanced country development.

The realization of specific objectives of macroeconomic policy is closely related to the activities in domain of construction and construction industry. They point out the importance of this activity and industry for the entire development of the country in short term, and in particular in medium and long term. Realization of above-stated specific objectives of macroeconomic policy will have direct and indirect effects, not only on development of construction and construction industry, but also on development of entire economy and employment.

Sixth strategic commitment is the Forming of adequate labour force structure in the field of construction. Every national economy and its long-term development considerably depend on the quality of human resources. The quality of human resources is established through the quality of education system, investments in education and participation in education. Slow development of education system and insufficient investments in human resources development become a limiting factor of the long-term sustainable development of every country. Through creating the concept of education reform system in Montenegro, it has been envisaged that it should be based on finding the original strategy inspired by the positive traditions and heritage, in which the new tendencies of modern society and positive solutions of developed education systems in Europe can be incorporated.

Seventh strategic commitment is the Development of construction material industry based on principles of sustainable development. One of the basic resources in construction are the construction materials, used by all contractors of construction works (construction and non-construction enterprises) for the construction of buildings, maintenance, reconstruction and other construction works. Precondition is to introduce the sustainability treatment and the level of energy consuming and pollution regarding the use of mineral resources and construction products, as soon as possible, in order to efficiently use the resources and introduce the systems of recycling and reuse.

- The Ministries, agencies, private sector and stakeholders, through public discussions about these documents, are involved in drafting the Law on Spatial Planning and Building Construction and the Strategy for Construction Development. In drafting the Strategy for Construction Development in Montenegro to 2020, and secondary legislation, the experiences of domestic and international consultants were used. The UNDP, GTZ and other organizations submitted their suggestions to the Law on Spatial Planning and Building Construction through their consultants.
- The most important resources were obtained from the Budget of Montenegro.

ENERGETICS, see Chapter 15.

TRANSPORT, See Chapter 14.

FOOD PRODUCTION STRATEGY, see Chapter 11.

FISHERIES, see Chapter 13.

69 Inform about what is foreseen for the future and what is in the pipeline (plans, blue prints, timetables) in terms of sector specific development support programmes

For the purposes of ICT development, which will enable less expensive consulting, less expensive and better information and business solutions, reduction of operational and administrative costs by means of using outsourcing service and higher tax revenues due to ICT market growth, the activities shall be directed to encourage and support initiatives for association of local ICT enterprises (cluster initiatives, etc.), which will raise the quality and competitiveness of ICT services. Special attention will also be paid to initiatives that come from an enterprise or association from ICT sector in order to affirm information technology and further development of information society. In the development of ICT sector, it is very important to establish partnership between public and private sector. Significant support for development of ICT sector is also the work on projects for the public sector. Partnership also means that the ICT sector should help the State to achieve defined plans and to promote the information society in Montenegro. The State and the ICT sector will cooperate in removing business barriers that are present at all levels and especially at the level of local governance. The ICT sector requires highly educated personnel of various profiles. Special attention will be paid to the promotion of ICT and information society, as well as to the education of citizens and employees in the economy and state administration for ICT use, in order to significantly increase the number of users and reach the critical mass necessary for cost-effective use of ICT solutions. This will be joint task of the State and the ICT sector. It is extremely important to examine the results of the development of information society and within it, the domestic ICT sector. In that sense, the methodology for measuring achieved information society development shall be adopted, as well as the methodology of readiness for the next stage of development. In addition to previous, methodology for monitoring the size of ICT market on annual basis and according to sections (hardware, software, communications, services, consulting, etc) shall be adopted for IT enterprises, and in particular for telecommunications operators.

The Action Plan for 2009 envisages the formation of eMontenegro Centre through the form of public-private partnership, where the founders shall be the Government, private sector (in the field of IT), University, and others. Through this type of centre, new IT projects will be initiated which will

affect the increase of Internet penetration, involvement of citizens in all forms of electronic communication and interaction, etc.

Support to **tourism** development, that will be realized through budgetary and donation funds, refers to the projects that improve the quality of tourism product and provide conditions for a complete experience of tourists visiting Montenegro – further development of different kinds of tourism: nautical, cultural, sport, rural tourism, then nature oriented activities – hiking & biking, tracking, etc. and improvement of tourism and tourism-related infrastructure.

The Ministry for Spatial Planning and Environmental Protection, through the Sector for Building Constructions, has submitted the Project *Reaching the highest safety and technical quality level of construction in Montenegro* for IPA 2010 (Instrument for Pre-Accession Assistance). This Project includes the Drafting of the Programme for EUROCODES Adoption and as a “pilot” Project Eurocode 8 – National Annex Drafting.

The reasons for acceptance and adoption of EUROCODES in Montenegro are political, economic and technical. They are political, because their adoption means meeting one of the conditions for EU membership. That will create the conditions for free market of products, services and capital. They are economic, because their adoption will provide revenues for designers. Technical reasons result from the need to innovate the outdated technical regulations, which is particularly visible in this period of intensive construction, when many important buildings, also invested by many foreign investors, are constructed.

The following activities will be performed during the implementation of Project for IPA 2010.

Activity 1.1

Passing the Action plan for Eurocodes adoption, including:

- Time needed to prepare national annexes for different parts of Eurocodes, ensuring to first introduce the Eurocodes packages of relevance for the most frequent works in Montenegro;
- Defining methods for evaluation or proposal for the most convenient value of nationally determined parameters for all Eurocodes;
- Defining IT equipment list, (specialized software and computers), which the Ministry for Spatial Planning and Environment needs to acquire in order to elaborate nationally determined parameters for all Eurocodes;
- Concept for establishing regional networking for Eurocodes translation;
- Concept for establishing regional cooperation in designing maps for wind, snow and isotherm;
- Programme for adoption of Montenegrin legislative framework for construction aimed at enabling the use of Eurocodes.

Activity 1.2

- Providing IT equipment (software and computer specification), in accordance with activity 1.1. for elaboration of nationally determined parameters for all Eurocodes.

Activity 2.1

Passing the Action Plan for Eurocodes' implementation, including:

- Defining the list of training materials, required for continued professional education, which needs to be prepared/adopted and providing the examples of good practice including the formative prospects about the implementation of EN Eurocodes, manuals for designers and instructions, guidelines with given examples (for example: the usual types of buildings and bridges), training and software design;
- Defining a concept for University study programme about Eurocodes, and providing examples of good practice for teachers, notes, information booklets about the implementation of EN Eurocodes, guidelines with examples, training software;
- Planning and application with TAIEX for organizing workshops for training Montenegrin teachers about Eurocodes.

Activity 3.1

Pilot Project Eurocode 8 – National Annex for Eurocode 8 part 1 *Design of structures for earthquake resistance – General rules, seismic actions and rules for building* including;

- Defining such nationally determined parameters of Eurocode 8 where specific mandatory values must be introduced for Montenegro and appraisal of such values;
- Incorporating results of NATO project Science for piece and security *Harmonization of seismic hazard maps for the Western Balkan countries*, in order to determine seismic actions (for example: seismic hazard maps and scope of response, etc.);
- Adoption of National Annex.

Results of Project for IPA 2010 are as follows:

- 1) Action Plan for Eurocode adoption;
- 2) Action Plan for Eurocode implementation;
- 3) Drafting National Annexes for Eurocode 8 Part 1.

Indicators of these results are as follows:

Result 1

- i. Programme officially adopted by the Government of Montenegro within 12 months from the beginning of project implementation
- ii. Programme shall be the foundation for preparing further activities and project proposals for Eurocodes' adoption.
- iii. Provided IT equipment for detailed elaboration of nationally determined parameters for all Eurocodes.

Result 2

- i. Programme officially adopted by the Government of Montenegro within 18 months from the beginning of project implementation
- ii. Programme used as the foundation for education and training about Eurocodes.

Result 3

- i. National annex for Eurocode 8 Part 1 prepared and agreed with stakeholders within 18 months from the beginning of project implementation.
- ii. National annex for Eurocode 8 Part 1 used as an example for drafting the national annexes for other parts of Eurocodes.

The Ministry for Spatial Planning and Environmental Protection – Sector for Building Construction shall implement this project together with the following interested parties: Institute for Standardization; Engineering Chamber of Montenegro; Faculty of Civil Engineering and Faculty of Architecture in Podgorica; the Ministry of Interior; Seismological Institute of Montenegro; NGO (Montenegrin Association for Earthquake Engineering and Association of Constructors of Montenegro); Chamber of Economy; Hydro-Meteorological Institute, Geological Institute and Centre for Eco-Toxicology.

ENERGETICS, see Chapter 15.

TRANSPORT, See Chapter 14.

FOOD PRODUCTION STRATEGY, see Chapter 11.

FISHERIES, see Chapter 13.

70 Please describe current policy and implementation as regards the privatisation of large industrial enterprises for the main industrial sectors of your economy. Are there any plans for re-nationalisation of large industrial enterprises? If yes, which ones? What are the government medium term objectives in these cases?

The privatization of large industrial enterprises is carried out according to the set dynamics and in compliance with the Privatization Plan for 2009. This year the main plans for privatization refer to the following industrial sectors – transport, energy and tourism. The Privatization Plan is provided in Annex 13.

There are no plans for nationalization of large industrial enterprises.

71 Has the government prepared sector-specific restructuring packages? If this is the case: Is enterprise viability the guiding principle behind the restructuring programmes or are there other objectives in terms of e.g. employment targets? How are these programmes financed? Is the support from the state compatible with EU state aid rules?

From its beginnings in the 90s, the transition process in Montenegro with emphasis on restructuring of the economy has been aimed to:

- 1) Carry out the complete transformation of economy, of all enterprises in the state and social ownership, in the manner to name the known owners in the first stage in accordance with the current legal regulations (Law on Property Transformation of Social Capital, Law on Property and Management Transformation, Privatization Law, etc.);
- 2) Fully consider the economic aspect of transformed enterprises functioning, i.e. the sustainability of enterprise was the major goal, but on the basis of market criteria;
- 3) To fully consider, at the same time, the social aspects of transformation process and restructuring of economy as a whole and of specific enterprises (the adequacy of privatization process, taking care of employees who might be redundant, the policy of redundancy payments, etc.)
- 4) Other goals, concerning the solution of redundancy problems, have been resolved by simultaneous encouragements related to opening new employment opportunities, which resulted in designing the new strategy for development of SME (Directorate for Development of SME, Development Fund, Employment Fund, etc.).

Therefore, the conclusion is:

- a) that the economy restructuring process in Montenegro was of a multi-track approach character, with the exception relating to large infrastructure enterprises (state owned) where the approach “case by case” was accepted;
- b) that the entire process was carried out under the Government’s supervision, in the capacity of a regulatory body, that the Agency for Economy Restructuring and Foreign Investments was in charge of its operational implementation, and in the mid nineties the Privatization Council took over the regulatory part on behalf of the Government;
- c) during the entire process the Parliament of Montenegro had the controlling function (continued supervision), in the initial stage in the form of occasional, often yearly reports, and later in order to raise the level of transparency of the process, a special Commission for Privatization Monitoring was established, as a permanent Parliament body (composed of members of the ruling party and opposition).
- d) The Government drafted and adopted special long-term development plans (master plans) for certain industries, of priority importance for Montenegrin development, which additionally channelled the entire process of economy restructuring and privatization (for example tourism).
- e) Concerning the social aspect of restructuring, the Government pursued unique policy on the level of Montenegro, through budget planning, and in particular through defining economic policy trends annually.

- f) Regarding large enterprises, with emphasis on social aspect, because of evident market loss (disintegration of former Federal Republic of Yugoslavia, State Union of Serbia and Montenegro), the Government implemented the privatization strategy “case by case”, which means that in accordance with annual privatization plans, a separate agreement on privatization was signed for every enterprise, which in addition to investment plan also contained a separate part named Social Programme (concerning the number of employees, adhering to collective agreement, possible reduction of number of employees, different duties, etc.). The result was that programmes for the care of redundant workers were included in contractual obligations of the buyer, and thus became the subject of continued monitoring of specific purchase contracts regarding the fulfilment of undertaken contractual obligations.
- g) In the period after the year 2000, Economic and Social Council was established, which in cooperation with the Government of Montenegro, Montenegrin Employers Federation and Union of Autonomous Trade Unions of Montenegro, discussed the issues of restructuring and social aspects of transition on the daily agenda, through questions relating to the development strategy, implementation and success of economic policy, etc.

Pursuant to Articles 6 and 7 of the Law on Control of State Support and Aid, the Commission for Control of State Support and Aid shall perform the control of awarding and use, approval and ordering return of state aid.

Commission for Control of State Support and Aid shall be an independent body with public powers, and nominated by the Government of Montenegro. By means of such organization the Commission shall be independent from the state aid donors to the greatest possible extent.

Article 9 of the Law on Control of State Support and Aid defines the obligation of state aid donors to submit the proposal for state aid and support with necessary documentation to the Commission for approval.

72 What progress has been made in implementing the policy? Is policy implementation monitored in an open and transparent manner?

Having regard to such general concept of privatization, the Government, through annual privatization plans prepared by the Privatization Council, defined in details the following issues:

- Dynamics of privatization,
- Principles of privatization,
- Total number of enterprises according to types, which are planned to be privatized (large, small, state-owned, etc.);
- Scope and distribution of privatization revenues,
- Privatization methods according to specific enterprises, etc.

In so doing, the Government, mostly, succeeded:

- 1) to strategically coordinate the entire process, i.e. the policy of privatization,
- 2) to seriously take into consideration the social aspect, but not against the principle to enable the privatized enterprises to profitably conduct their business in the long term,
- 3) except regarding the long-term development commitments of the Republic, not to interfere into issues which are directly in the competence of the owners; this brings to a conclusion that the state support, which might have impaired the market rules, has been avoided, and by doing so put certain enterprises or owners into a more favourable position.

The importance of transparency was recognized from the very beginning, and the Government achieved it through the following:

- In the initial stage by periodic reports, which the Agency for Economic Restructuring and Foreign Investments prepared for the Commission for Economic Policy,
- The Government analyzed the reports, and more significant privatizations were paid particular attention,

- The reports were submitted to examination and approval to the Parliament of Montenegro once a year,
- For each particular case, special tender commission was established, the work of which was entirely open to public, and its members were experts in particular fields, government representatives, enterprises, trade unions, local government, etc.
- The Parliament of Montenegro established a special Commission for monitoring privatization process, composed of representatives of the “government” and “opposition”, whose task is to monitor the process and periodically report to the Parliament;
- Regarding the contracts of particular importance (KAP, Željezara Nikšić, RB Nikšić, etc.), the Government nominated an expert team for supervision and monitoring of privatization contracts implementation, in an open procedure, and the reports prepared on that basis are submitted to the Government, the Council, and published on Privatization Council website;
- Several research works, studying the process of transition, financed by the Government of Montenegro, were published and their results were publicly presented and published on Privatization Council website.
- Studies of renowned experts in this field (domestic and foreign), regarding the privatization process have been published from the beginning of transition process on local and international workshops; several collection of works were published by the Agency for Economic Restructuring and Foreign Investments, many round tables were organized, etc.

Final conclusion regarding the necessary level of openness and transparency of the privatization process might be as follows:

- That pursuing the adequately planned and implemented restructuring policy of overall economy and certain enterprises, the privatization process has been completed, meaning that the level of marketability of Montenegrin economy has been significantly raised, its self-sustainability increased, thus making it comparable to the countries of market economy;
- That the entire process of transition and privatization, as its essential part, also followed by numerous limitations and difficulties unlike other countries in transition (war in the region, sanctions, isolation, recession, high inflation, etc), was carried out with the desirable level of complying to principles of complete openness, transparency and controllability by relevant state bodies, institutions and society as a whole.

INFORMATION SOCIETY

The Government of Montenegro, through the Ministry of Information Society, shall perform the following functions: pursue development policy, regulatory activity, management supervision, establish development strategy, and performs analytical monitoring of condition in the field of information society. According to the Decree on Organization and Manner of Work of Public Administration, the Ministry shall be in charge of the following: drafting and implementation of the national strategy for information society development; improvement, development and functioning of information system of public administration bodies; establishing technological and safety IT infrastructure in the government bodies; rationalization of the use of IT resources in the state administration bodies; linking information systems of the state administration bodies; establishing technical and other regulations of IT equipment use in the state administration bodies. Also, with the purpose of continued monitoring of policy implementation progress, Sector for promotion of information society has been established within the Ministry, which shall be in charge of drafting the strategy for information society development, monitoring the indicators of information society development, cooperation with the ICT sector, participation in drafting national and international plans of the ICT system, preparing analysis, reports and materials used as the basis for improvement of development policy in the field of information society, etc.

Strategy for Information Society Development in Montenegro to 2013 shall define the set of basic principles of the Government of Montenegro for information society development in Montenegro. These principles shall be taken into consideration and transform into adequate activities in the process of updating and progress of organizational, sector and regional development by the government institutions.

The Strategy shall be implemented on the basis of annual action plans for implementation. Coordinator of information society development, in cooperation with the government institutions, shall take into consideration, in the process of defining the budget, the activities and projects planned to be realized in the next year, in accordance with proposed action plans. Every action plan shall be adopted by the Government. Implementation plans shall be realized in the form of project development (every action plan shall contain the list, description, deadlines and financial resources for the project) in accordance with the principles defined in the Strategy for Information Society Development. The projects shall be financed from the budget of Montenegro, and other resources as well. In the process of defining projects and their implementation, the organization structure defined in the Action Plan for Development and Implementation of IT projects in the Government of Montenegro by the end of 2008, adopted in May 2008, shall be used. In order to achieve the strategy objectives, sector expert groups shall be formed in all fields recognized by the Strategy. Their task would be to analyse the current situation, propose new activities, in cooperation with government institutions, and evaluate the level of development and efficiency of information society development in accordance with the set objectives. Based on their analysis, the expert teams shall propose new priorities and activities through annual action plans. To these ends, the results of analysis of the progress of realized activities shall represent excellent inputs about which sector needs additional efforts and which activities need to be undertaken in the following period.

TOURISM

The Strategy for Tourism Development to 2020 has been adopted in 2001, and then innovated in 2008. During the mentioned period of innovation, it has been concluded that the satisfactory level of tourism development policy implementation has been achieved, i.e. the progress within framework of projected results considering the time period and realized activities.

CONSTRUCTION

The Ministry of Spatial Planning and Environmental Protection, inter alia, shall perform the following functions: pursue development and strategic policy in the field of construction, propose measures of current and development policy and analyse their impact on economic state of commercial entities and entrepreneurs under the Ministry's competence. For the purposes of realization of Montenegrin commitment for integrations into EU, it was necessary to create the conditions for implementation of EU regulations and standards. To that end the Law on Spatial Planning and Construction Building was adopted in August 2008.

New legal regulations considerably eliminate the business barriers and raise the level of controls and protection of environment, with normative deregulation and codification of regulations in this field. Decentralization of the activity regarding the issue of building permits has been defined to the benefit of local administrations, which issues such permits for buildings up to 3.000m² (Article 91 of the Law). One of the important novelties in the Law is that the use of facilities is allowed only after the issued exploitation permit for such facilities, and that only the facility with issued exploitation permit may be registered in the real estate cadastre. The activities of issuing licences for natural and legal entities have been recognized by this Law as the government activities and the competence for issuing licences is delegated to a government body.

With regard to market opening, according to defined strategy of Montenegro in the process of association to European Union, one of the fundamental principles, concerning the free flow of service providing, has been adopted with respect to the Law on Spatial Planning and Construction Building. In accordance with provisions of the Law on Business Organization, this Law enables foreign entities to participate on equal conditions as domestic entities in the activities of spatial planning and building construction (Articles 85, 108 of the Law on Spatial Planning and Building Construction).

The activities on drafting the plan documents, drafting and revision of technical documentation of building and professional supervision of construction buildings have been entirely delegated to the market – unlike legal decisions so far implemented the commercial entities have been the exclusive holders of such powers.

The Law on Spatial Planning and Building Construction shall establish the commitment of notification the public and transparency of issuing building and exploitation permits. The issued permit shall be published on the website of the Ministry, i.e. local administration body, within seven days from its issuance.

Annex 1: Detailed questions on industry and main industrial (sub-)sectors

Section I GENERAL QUESTIONS ABOUT INDUSTRY

As and where appropriate, your replies should be in both absolute and relative (percentages) figures.

73 Importance of industry to the economy

Please see answers under 73 a, 73 b and 73 c.

a) Contribution to gross national product (GNP)

Monstat has no available data for gross national product (GNP), so following the request we submit data for gross domestic product (GDP).

The share of total industry in gross domestic product, current prices, in %:

	2000	2001	2002	2003	2004	2005	2006	2007
Total industry	17.3	18.9	18.0	16.4	16.1	14.3	13.1	11.0

Source:MONSTAT

b) Breakdown between manufacturing and services in relation to GNP

The Statistical Office of Montenegro (Monstat) has no available required data for GNP, so following the request we submit data for GDP.

The share of gross value added to all activities in GDP per current prices, in (%)

	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture, hunting, forestry and fishing	11.3	10.8	10.9	9.9	9.2	8.8	8.3	6.9
Industry	17.3	18.9	18.0	16.4	16.1	14.3	13.1	11.0
Construction	3.9	3.5	3.6	2.9	3.0	3.0	3.5	3.4
Services	58.4	57.4	57.3	56.3	56.9	57.7	56.9	59.6

Source:MONSTAT

Note: Taxes less subsidies on products and FISIM are calculated on the level of total economy and are not classified according to activities. Therefore, it can be concluded that the sum of gross value added of all stated activities is not equal 100%, because the taxes reduced for subsidies and FISIM are calculated as separate items for total economy.

The share of gross value added of all activities in GDP, current prices, in (%)

	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture, hunting, forestry and fishing	11.3	10.8	10.9	9.9	9.2	8.8	8.2	6.9
Industry	17.3	18.9	18.0	16.4	16.1	14.3	13.1	11.0
Mining and Quarrying	2.6	1.9	2.2	1.9	1.6	1.4	1.3	1.1
Manufacturing	9.2	11.7	10.4	8.7	8.8	8.2	7.7	6.9
Electricity, gas and water supply	5.5	5.3	5.4	5.8	5.7	4.7	4.1	3.0
Construction	3.9	3.5	3.6	2.9	3.0	3.0	3.5	3.4
Services	58.4	57.4	57.3	56.3	56.9	57.7	56.9	59.6
Wholesale and retail; repair of vehicles, motorcycles and personal and household goods	12.8	11.3	11.8	10.9	10.2	10.5	11.1	12.0
Hotels and restaurants	2.5	2.2	2.3	2.3	3.0	3.0	3.0	3.3
Transport, storage and communications	9.5	12.1	10.7	9.7	9.8	9.4	9.7	10.1
Financial intermediation	3.2	2.3	2.4	2.3	2.3	2.4	3.0	3.8
Real estate, renting and business activities	11.6	11.8	12.0	12.2	12.4	11.6	11.4	12.8
Public administration and defence; mandatory social insurance	8.1	7.0	7.6	7.7	7.8	9.2	8.1	8.8
Education	4.4	4.0	4.1	4.1	4.3	4.2	4.1	3.6
Health and social work	3.8	3.9	3.7	4.2	4.2	4.5	3.9	3.1
Other community, social and personal service activities	2.5	2.8	2.7	2.9	2.9	2.9	2.6	2.1

Source:MONSTAT

Share of gross value added of all activities in GDP, fixed prices, in (%)

	2001	2002	2003	2004	2005	2006	2007
Agriculture, hunting, forestry and fishing	11.5	11.5	10.3	9.8	9.0	8.4	6.6
Industry	16.6	17.9	17.8	17.1	15.1	13.8	11.5
Mining and Quarrying	2.2	2.2	2.2	1.7	1.5	1.4	1.2

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Manufacturing	9.3	10.8	9.5	9.0	8.9	7.9	7.6
Electricity, gas and water supply	5.1	4.9	6.1	6.4	4.7	4.5	2.7
Construction	4.0	3.3	3.0	2.9	3.4	3.5	4.0
Services	56.9	56.5	54.2	54.5	55.7	58.1	59.6
Wholesale and retail; repair of vehicles, motorcycles and personal and household goods	13.1	12.0	11.8	10.4	11.2	11.7	13.7
Hotels and restaurants	2.9	2.0	2.5	2.4	3.2	3.1	3.3
Transport, storage and communications	10.3	11.5	10.4	9.0	9.4	10.1	11.0
Financial intermediation	3.0	2.3	2.0	2.4	2.0	2.3	2.8
Real estate, renting and business activities	9.0	11.9	9.5	11.8	11.8	11.5	12.4
Public administration and defence; mandatory social insurance	8.1	6.9	7.6	7.3	7.7	8.6	7.2
Education	4.3	4.0	3.9	3.9	4.1	3.9	3.6
Health and social work	3.7	3.3	3.7	4.1	3.9	4.2	3.5
Other community, social and personal service activities	2.5	2.6	2.8	3.2	2.4	2.7	2.1

Source:MONSTAT

c) Contribution to GNP, by size of enterprise , and by public and private sector.

For the sake of uniformity, please follow the size criteria used in the EU:

- large enterprises: over 250 employees

- medium-sized enterprises: between 50 and 250 employees

- small enterprises: fewer than 50 employees (if necessary a further category may be distinguished:

micro-enterprises: fewer than 10 employees).

There are no available statistical data about the contribution to GNP by size of enterprise.

74 Number and structures of enterprises

Please see answer to Question 74 a – f.

a) Total number of enterprises in the manufacturing and services sectors

Name	2006	2007	2008
Mining and Quarrying	29	35	39
Manufacturing	1163	1285	1338
Electricity, Gas and Water supply	25	30	32

Source: MONSTAT

Total number of enterprises (commercial entities, including entrepreneurs) in the production and services sectors, considering the registered main activity in that industry in 2009, according to types, is as follows:

Type of enterprise	Production	Services
Joint Stock Company	87	13
Limited Liability Company	2172	1908
Foreign Company Branch	37	38
Investment Funds		
Limited Partnership	8	3
Non-governmental Organizations	17	160
General Partnership	66	17
Entrepreneur	857	1219
Institutions	24	109
Cooperatives	12	33

Source: Central Registry of the Commercial Court

b) Number of enterprises per size category

CLASS/SECTOR	2006	2007	2008
MICRO			
Mining and Quarrying	22	28	32
Manufacturing	937	1 049	1 098
Electricity, Gas and Water Supply	4	8	10
SMALL			
Mining and Quarrying	3	3	3

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Manufacturing	163	171	175
Electricity, Gas and Water Supply	7	8	8
MEDIUM			
Mining and Quarrying	1	1	1
Manufacturing	54	56	56
Electricity, Gas and Water supply	12	12	12
LARGE			
Mining and Quarrying	3	3	3
Manufacturing	9	9	9
Electricity, Gas and Water Supply	2	2	2

Source: MONSTAT

c) Number of enterprises created (if available with a breakdown by size)

Table: Number of created enterprises up to October 2009 (not including entities that were established, and then deleted on any legal basis).

Type of enterprise	Number
Joint Stock Company	376
Limited Liability Company	22 108
Foreign Company Branch	401
Investment Funds	8
Limited Partnership	64
Non-governmental Organizations	283
General Partnership	472
Entrepreneur	16 689
Institutions	988
Cooperatives	104

Source: Central Registry of the Commercial Court

d) Number of enterprises closed down (if available with a breakdown by size)

From 26 June 2002, the date on which the Central Registry of the Commercial Court began its work, until the end of October 2009, the number of dissolved (deleted) enterprises registered by type is as follows:

TYPE OF ENTERPRISE	NUMBER
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TYPE OF ENTERPRISE	NUMBER
JOINT STOCK COMPANY	402
LIMITED LIABILITY COMPANY	7.037
FOREIGN COMPANY BRANCH	206
LIMITED PARTNERSHIP	23
NON-GOVERNMENTAL ORGANIZATION	107
GENERAL PARTNERSHIP	419
ENTREPRENEUR	4 505
INSTITUTION	127
COOPERATIVE	27

Note: This table does not include 6 302 enterprises deleted from the registry pursuant to final decisions after completed liquidation processes of enterprises, which were not compliant with the Law on Business Organization (*Official Gazette of the Republic of Montenegro 6/02, 17/07 and 80/08*).

e) Breakdown between public and private sectors

TYPE OF OWNERSHIP /SECTOR	2006	2007	2008
PUBLIC			
Mining and Quarrying	0	0	0
Manufacturing	3	3	3
Electricity, Gas and Water Supply	0	0	0
PRIVATE			
Mining and Quarrying	28	34	38
Manufacturing	1 141	1 260	1 311
Electricity, Gas and Water Supply	8	13	15
MIXED			
Mining and Quarrying	0	0	0
Manufacturing	3	3	3
Electricity, Gas and Water Supply	0	0	0
TWO OR MORE OWNERSHIP TYPES			
Mining and Quarrying	1	1	1
Manufacturing	4	4	4
Electricity, Gas and Water Supply	0	0	0

STATE			
Mining and Quarrying	0	0	0
Manufacturing	15	15	17
Electricity, Gas and Water Supply	17	17	17

Source: MONSTAT (data from Statistic Business Registry)

f) Number of joint ventures with enterprises from the EU and with the rest of the world

Number of joint ventures with enterprises from the EU and with the rest of the world

This classification is made by countries and types (LLC, foreign company branch and institution), and with regard to joint stock companies, there are 141 registered joint stock companies, in which foreign legal entities are involved, but there are no data about the origin countries.

COUNTRY	Limited Liability Company	Institutions	Foreign Company Branch
SLOVENIA	47	2	8
FRY MACEDONIA	23		7
ISLAND	11		
SERBIA	278	1	279
KOSOVO			8
CZECH REPUBLIC	4		4
LUXEMBURG	5		
ITALY	23		2
UNITED ARAB EMIRATES	3		
LIECHTENSTEIN	8		
BOSNIA AND HERZEGOVINA	25		23
BELGIUM	2		
CROATIA	45		11
HUNGARY	16		4
USA	12		5
GERMANY	13		2
THE NETHERLANDS	29		5
AUSTRALIA	2		
THE BAHAMAS	8		
FRANCE	6		
AUSTRIA	34		7

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ALBANIA	1		2
SWEDEN	5		1
URUGUAY	1		
NORWAY	15		
SWITZERLAND	19	1	3
CYPRUS	85		4
SOUTH AFRICAN REPUBLIC	1		
RUSSIAN FEDERATION	15		2
SAUDI ARABIA	1		
GREAT BRITAIN	33		9
GREECE	4		2
PANAMA	8		
CHINA	1		1
BRITISH VIRGIN ISLANDS	69		1
SEYCHELLES	6		
FINLAND	1		
ST.VINCENT	1		
DENMARK	7		1
IRELAND	2		1
SPAIN	2		1
LITHUANIA	1		
THE REPUBLIC OF LIBERIA	5		
BELIZE	12		2
REPUBLIKA SRPSKA	3		2
BULGARIA	4		1
GIBRALTAR	5		
SLOVAKIA	2		1
BRUNEI DARUSSALAM	1		
TURKEY			2

75 Jobs

Please see answers under 75 a – c.

a) Total number of jobs in industry and the totals for the manufacturing sector and for the service sector

Table: Number of jobs by industry (number of employees in the production sector includes sectors from A to F, and the number of employees in the hospitality service sector is given in sectors G-O).

KD/Nace Rev 1.		2000	2001	2002	2003	2004	2005	2006	2007	2008
A/A	Agriculture, Hunting and Forestry	2 870	2 877	2 857	2 909	2 926	2 786	2 607	2 586	2 651
B/B	Fishing	62	63	62	63	64	98	115	112	129
V/C	Mining and Quarrying	4 492	4 503	4 471	4 553	4 578	4 079	4 159	3 753	3 721
G/D	Manufacturing Industry	25 779	25 843	25 658	26 130	26 286	25 971	26 065	25 697	24 335
D/E	Electricity, Gas and Water Supply	5 388	5 401	5 362	5 461	5 491	5 496	5 627	5 594	6 042
Đ/F	Construction Industry	6 746	6 762	6 714	6 838	6 879	7 563	6 853	6 647	8 831
E/G	Wholesale and retail; repair of vehicles, motorcycles and personal and household goods	23 648	23 707	23 536	23 970	24 101	23 789	29 602	30 750	31 854
Ž/H	Hotels and restaurants	9 381	9 405	9 337	9 509	9 562	11 110	10 928	11 307	14 641
Z/I	Transport, storage and communications	13 878	13 912	13 813	14 067	14 145	13 745	12 133	11 358	12 798
I/J	Financial intermediation	3 264	3 272	3 248	3 308	3 316	3 014	3 114	3 143	3 476
J/K	Real estate, renting and business activities	4 608	4 620	4 568	4 671	4 699	5 067	5 905	5 354	5 631
K/L	Public administration and defence; mandatory social insurance	9 160	9 183	9 117	9 285	9 337	9 524	10 345	17575 ²	18 643
L/M	Education	12 850	12 882	12 789	13 025	13 098	12 974	12 846	12 687	12 892
LJ/N	Health and social work	11 385	11 414	11 332	11 540	11 605	11 200	12 012	12 004	12 356
M/O	Other community, social and service activities	7 253	7 268	7 230	7 350	7 392	7 924	8 489	7 841	8 221
	Total	140 762	141 112	140 100	142 679	143 479	144 340	150 800	156 408	166 221

Source: MONSTAT

² Military and Police forces included

b) Number of jobs by size of enterprise

Number of jobs – enterprises by type of activity (including the number of employees) in 2009.

Type of activity	Number of enterprises by number of employees					Total number of enterprises and employees
	Number of enterprises with one employee	Number of enterprises up to 10 employees	Number of enterprises from 10 to 50 employees	Number of enterprises from 50 to 250 employees	Number of enterprises with more than 250 employees	
PUBLIC ADMINISTRATION AND DEFENCE; MANDATORY SOCIAL INSURANCE	81 (81)	166 (710)	107 (2.623)	53 (6.402)	16 (8.244)	423 (18.060)
EDUCATION	112 (112)	420 (1.505)	144 (3.626)	107 (8.415)	0	783 (13.658)
HEALTH AND SOCIAL WORK			38 (797)	32 (4.456)	8 (5.459)	78 (10.712)
OTHER COMMUNITY, SOCIAL AND PERSONAL SERVICE ACTIVITIES	571 (571)	649 (2.378)	118 (2.601)	31 (2.898)	2 (973)	1.371 (9.421)
PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS	4 (4)	13 (41)	0	0	0	17 (45)
EXTRATERRITORIAL ORGANIZATIONS AND BODIES			2 (56)	0	0	2 (56)
MINING AND QUARRYING	23 (23)	26 (109)				49 (132)
MINING AND QUARRYING OF ENERGY PRODUCING MATERIALS			3 (85)	1 (163)	1 (1.374)	5 (1.622)
MINING AND QUARRYING OF OTHER RAW MATERIALS			4 (67)	1 (92)	1 (1.186)	6 (1.345)
TRANSPORT, STORAGE, COMMUNICATIONS	1.283 (1.283)	572 (2.211)	125 (2.744)	34 (3.471)	7 (3.813)	2.021 (13.522)
HOTELS AND RESTAURANTS	798 (798)	1.147 (4.461)	170 (3.233)	31 (3.804)	4 (1.932)	2.150 (14.228)
ACTIVITY NOT REGISTERED	233 (233)	308 (1.229)	74 (1.581)	18 (1.441)	2 (813)	635 (5.297)
Total	9.394 (9.394)	10.464(39.235)	1.904 (40.661)	511 (51.849)	64 (35.764)	22.337 (176.903)

Source: Health Insurance Fund

c) Number of jobs created in industry and by the manufacturing sector and services sector, by size of enterprise if possible

Advertised jobs new and vacant by grouped activities in 2006, 2007 and 2008 :

No	Activity	Advertised jobs, new and vacant											
		2006				2007				2008			
		New		Vacant		New		Vacant		New		Vacant	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Agriculture and Fishing	277	40.50	407	59.50	308	46,81	350	53,19	398	48,60	421	51,40
2	Industry	2 975	45.30	3 592	54.70	3 381	40,70	4 297	59,30	3 780	46,82	4 293	53,18
3	Construction	1 760	64.75	958	35.25	2 100	55,81	1 663	44,19	2 343	61,40	1 473	38,60
4	Services and other	23 096	54.71	19 116	45.29	30 086	53,69	25 953	46,31	2 604	52,90	24 573	47,10
5	Total:	26 197	53.56	22716	46.44	33412	52,23	30 565	47,77	34 125	52,59	30 760	47,41

	Advertised jobs, new and vacant											
	2006				2007				2008			
	New		Vacant		New		Vacant		New		Vacant	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Industry	2 975	45.30	3 592	54.70	3 381	40,70	4 297	59,30	3 780	46,82	4 293	53,18

SOURCE: Employment Office of Montenegro, 2009

76 Investment, privatisation and research and development (R&D)

a) Total investment, and investment by the manufacturing sector and the services sector

Gross investments in fixed assets

Gross investments in fixed assets since 2000, when they amounted to 179,821 thousand euros, have recorded an outstanding growth trend. In the period from 2001 to 2007, gross investments increased by an average annual rate of 21.0%, so that in 2007 they amounted to 683,573 thousand euros. At the same time, with the growth level of gross investments their share in gross domestic product also grew, which can be seen from the following Table:

Gross investments in fixed assets

	2000	2001	2002	2003	2004	2005	2006	2007

20 Enterprise and industrial policy

- in EUR 000	179, 821	226 ,683	198,916	200, 830	286,072	326 ,329	469,811	683 ,573
- Share in GDP in (%)	16.9	17.5	14.6	13.3	17.1	18.0	21.9	24.3

See more details in: Economic criteria, section V – Economic and structural trends and reforms, the response to the question no. 26.

b) Foreign direct investment, on an annual basis and total. To the extent possible, distinguish between greenfield investment, privatisation-led investment (brown-field), real estate investment and inter-company debt operations.

a) According to the methodology applied by the Central Bank of Montenegro, the inflow of foreign direct investments in the period 2002-2008, cumulatively amounts to EUR 3 049.7 million. The real estate investments dominate the structure of foreign direct investments inflow, within the observed period, whereas the Greenfield investments' share is still insufficient. Sectors that attracted the greatest number of foreign direct investments are: banking, tourism, industry and telecommunications.

Foreign direct investments, annually and in total, in million EUR

	2002	2003	2004	2005	2006	2007	2008	2002-2008
Total inflow of foreign direct investments	76.4	43.8	52.7	392.7	644.3	1 007.7	832.1	3 049.7

Source: the Central Bank of Montenegro

Structure of inflow of foreign direct investments, in million EUR

	2002.	2003.	2004.	2005.	2006.	2007.	2008	2002-2008
Investments in enterprises and banks	76.4	38.5	41.8	322.4	252.1	377.6	259.9	1.368.6
Real estate sale in Montenegro	-	5.3	10.9	70.3	337.9	514.4	318.6	1.257.3
Inter-enterprise debt	-	-	-	-	45.1	115.7	245.9	406.7
Other	-	-	-	-	9.2	-	7.7	17.1
TOTAL	76.4	43.8	52.7	392.7	644.3	1 007.7	832.1	3.049.7

Source: the Central Bank of Montenegro

According to methodology implemented by MIPA³:

³ The largest number of data were obtained directly from foreign investors. The presented data do not include natural persons' money transfers from abroad (mainly used for real estate purchase).

FDI by areas, in million EUR

	2005	2006	2007	2008
North	n/a	8.1%	7.6%	7.2%
Centre	n/a	59.0%	43.6%	43.7%
South	n/a	32.9%	48.8%	49.1%
Total	384	505	678	685

Source: MIPA

FDI by sectors

	2005	2006	2007	2008
Finance	n/a	33%	30%	28%
Tourism	n/a	25%	23%	22%
Construction	n/a	10%	12%	14%
Industry	n/a	10%	12%	10%
Service	n/a	8%	9%	11%
Transport and logistics	n/a	4%	5%	5%
Agriculture	n/a	2%	2%	2%
Other	n/a	8%	7%	8%
Total	384	505	678	685

Source: MIPA

Largest projects regarding FDI in Montenegro by the end of 2008, in million EUR

Enterprise	Sector	Investor	Foreign investor origin country	Type of investment	Purchase price/ Initial investments
TELECOMMUNICATIONS					
<i>Telekom Crne Gore</i>	Telecommunications	Matav RT	Hungary	Privatization	136
<i>Pro Monte</i>	Telecommunications	Telenor ASA	Norway	'Greenfield'	116
PRIMARY/ BASIC INDUSTRY					
<i>Jugopetrol SC</i>	Petroleum, Oil and oil derivatives	Hellenic Petroleum	Greece	Privatization	65
<i>KAP – Kombinat aluminijuma Podgorica (Aluminium Plant) and Rudnici boksita (Bauxite Mines) Podgorica</i>	Aluminium processing	RusAl	Russia	Privatization	57.8
<i>Željezara (Steelworks) Niksic</i>	Steel Mill	MN Specialty/Midland Resources	Great Britain	Privatization	5.2
BANKING/ FINANCIAL SERVICES					
Crnogorska komercijalna banka (CKB)	Financial services	OTP	Hungary	Privatization	105
Hypo Alpe Adria Bank Montenegro	Banking	Hypo Group	Austria	'Greenfield'	48.0
Podgorička banka	Banking	Societe Generale	France	Privatization	14.2
Montenegro banka	Financial services	Nova Ljubljanska Banka	Slovenia	Privatization	11.1
LB Leasing Podgorica	Financial services	LB Leasing Ljubljana	Slovenia	'Greenfield'	8.1
PRODUCTION					
Nikšička pivara (Brewery Trebjesa)	Beer	Interbrew	Belgium	Privatization	20.5

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Daido Metal Kotor	Ball bearings production	Daido Metal	Japan	Privatization	1
"4. novembar" Fabrika metalnih djelova AD Mojkovac (FMD) and "4. Novembar" fabrika namjenskih proizvoda AD Mojkovac	Production of metal parts and parts for military industry	"BT International" Ltd.	Switzerland	Privatization	7.2
TOURISM					
Hotel Maestral Miločer	Tourism and hospitality	HIT Nova Gorica	Slovenia	Privatization	5
HTP Budvanska rivijera, Hotel Avala	Tourism and hospitality	Beppler & Jacobson	Great Britain	Privatization	3.2
Hotel Bianca	Tourism and hospitality	Beppler & Jacobson	Great Britain	Privatization	1.6
Hotel Grand Lido and Apartments Lido, Ulcinj	Tourism and hospitality	Capital estate	Russia – Montenegro	Privatization	10.8
HTP Budvanska rivijera Hotel Montenegro A	Tourism and hospitality	Unis Tours	Bosnia and Herzegovina	Privatization	4.6
HTP Budvanska rivijera Hotel Rivijera	Tourism and hospitality	Pemi Bau	Germany	Privatization	2.7
HTP "Boka" Hotel Topla	Tourism and hospitality	Hunguest Hotels	Hungary	Privatization	4.1
OSTALI					
PE Crnagoraput		Strabag AG	Germany	Privatization	8.4

Source: MIPA, 2009.

MIPA assesses that for years 2006, 2007 and 2008, the share of Greenfield investments in total FDI, for the same period (EUR 1,868 billion), amounts to EUR 557 million or 28.82%.

c) Origin of EU investment and that of principal non-EU countries

Concerning the regional structure of foreign direct investments for the period 2002-2008, there was a high level of diversification, because the foreign investors came from more than one hundred countries. It can be said that such situation was favourable, because the inflow of investments was less dependant on market conditions of single foreign markets. The highest level of investments in the period 2002-2008 came from European Union countries (59.1%), Russian Federation (13.5%) and Switzerland (8.5%).

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Foreign direct investments' origin, in million EUR

	2002	2003	2004	2005	2006	2007	2008	2002-2008
EU countries	73.3	31.9	37.8	318.8	377.1	515.2	447.5	1 801.8
Russian Federation	0.0	0.2	0.7	14.0	82.5	187.4	126.0	410.9
Switzerland	1.2	7.6	6.6	14.6	88.5	75.1	66.0	259.5
Serbia	0.5	0.6	1.8	7.3	31.8	43.0	43.5	128.6
USA	0.6	0.2	1.4	4.6	19.9	42.0	16.8	85.5
Other	0.8	3.2	4.3	33.3	44.5	145.0	132.3	363.4
Total	76.4	43.8	52.7	392.7	644.3	1 007.7	832.1	3 049.7

Source: Central Bank of Montenegro

Investments from EU countries, in million EUR

	2002	2003	2004	2005	2006	2007	2008	2002-2008
Hungary	0.0	0.0	2.4	147.7	118.0	30.0	27.3	325.3
Great Britain	29.0	6.6	0.7	36.1	65.2	70.4	69.3	277.3
Cyprus	0.1	1.8	2.0	3.4	18.6	109.0	128.8	263.8
Austria	1.7	1.9	2.3	73.5	29.8	60.8	47.2	217.1
Italy	20.9	5.5	7.8	5.1	26.9	38.5	21.3	125.9
Germany	3.8	13.2	14.1	22.9	9.9	40.2	12.7	116.7
Slovenia	14.9	0.0	0.2	0.1	0.6	14.8	41.2	71.8
Greece	0.0	0.2	3.7	1.9	23.8	21.7	13.9	65.2
Latvia	0.0	0.0	0.2	3.9	17.0	28.5	8.0	57.5
Ireland	0.0	0.0	0.3	0.4	17.7	17.7	9.6	45.7
Denmark	0.0	1.1	0.0	0.2	4.4	17.3	20.4	43.4
Lithuania	0.0	0.3	1.8	1.7	4.9	18.6	11.4	38.6
The Netherlands	1.9	0.0	0.1	0.8	10.3	9.7	14.1	36.8
Estonia	0.0	0.0	0.2	11.8	6.2	8.7	5.0	31.9
France	0.1	0.1	0.3	6.3	6.2	11.9	2.4	27.2
Luxemburg	0.0	0.7	0.0	1.4	10.6	6.7	3.3	22.7
Belgium	1.0	0.5	0.0	0.0	1.4	1.7	1.6	6.2
Bulgaria	0.0	0.0	1.8	0.7	0.2	0.2	3.0	5.9
Sweden	0.0	0.1	0.0	0.8	1.9	1.6	0.6	5.1
Czech Republic	0.0	0.0	0.0	0.0	1.1	1.2	2.1	4.3
Spain	0.0	0.0	0.0	0.1	0.7	1.7	1.1	3.6
Romania	0.0	0.0	0.0	0.0	0.6	0.0	2.4	3.0

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Malta	0.0	0.0	0.0	0.0	0.1	2.6	0.2	3.0
Slovakia	0.0	0.0	0.0	0.0	0.3	0.6	0.4	1.3
Finland	0.0	0.0	0.1	0.0	0.6	0.4	0.1	1.1
Poland	0.0	0.0	0.0	0.0	0.1	0.7	0.3	1.1
Portugal	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
TOTAL:	73.3	31.9	37.8	318.8	377.1	515.2	447.5	1 801.8

Source: Central Bank of Montenegro

Please also see answer to Question 7 in Chapter IV Free Movement of Capital.

d) Market shares in relation to size of enterprises

There are no available statistical data about the market share in relation to size of enterprise.

e) Shares of total exports relative to size of enterprises

There are no available statistical data relative to size of enterprise.

Distribution of export/import by ownership type in 2007

	Total	Private	State-owned or major part state-owned	Local governance or major part local governance
Export				
Number of enterprises	129	122	7	0
Amount, EUR million	631.04	603.7	27.4	0
Share in total export (%)	100	95.66	4.34	-
Import				
Number of enterprises	5 192	5 043	132	17
Amount, EUR million	1 983.86	1 756.1	145.3	82.5
Share in total import (%)	100	88.5	7.3	4.2

Source: Statistical Office of Montenegro - MONSTAT, 2008

f) Industrial R&D expenditure broken down into government financed expenditure (not including military programmes), industry financed and financed from abroad

There are no precise data on the level of total industry, but we will state data for the three largest institutions in the area of ferrous metallurgy and food industry.

Due to specific characteristics of grape and wine production every investment in this production is at the same time aimed at further development and progress of the enterprise itself. Namely, all

research and development activities of the sector for development within *13 jul Plantaze* have been realized within divisions (Division for Viticulture and Fruit Growing Production and Division for Processing, Retail and Catering). Some of them are as follows:

- **Growing vineyards in order to improve the variety and quality of grapes:** (production of better grafted rootlings, adequate grape rootstock, clone selection of autochthonous varieties, introduction-import of adequate grape varieties, achieving a certain quality of grape as basis for new product development; recognizing the clones of autochthonous varieties; development and production of new wine; development and production of table grape to be consummated in fresh condition).
- **Modernization and improvement of equipment for wine production aimed at developing better and standardized wine production:** enlargement of storage area, acquisition of adequate vinificators, procurement of equipment for production of new types of wine (sparkling wines), building new unit for micro-vinification as a foundation for research, creation and development of new wines.
- **Activities on spreading the wine culture:** investments in retail and catering contribute to development of all aspects of wine culture, improvement of the market research aimed at better realization of our product portfolio, as well as creation of new products by consumers' taste.
- **Human Resources development:** managing the work and development of human resources is closely related with the enterprise development. With regard to the fact that professionals in this field (wine growers, oenologists, analysts) have been educated for years (preferably educated abroad) and not neglecting the age structure of current employees in the company, all necessary activities have been undertaken to recruit a number of trainees, by choosing quality people with predispositions for further education and training (permanent admission of trainees with required profiles – 11 persons perform trainee service, and 10 trainees who completed their service are recruited on fixed time periods).

The investments (production, research and development) of the enterprise *13 jul Plantaze* for the period 2007-2009, were as follows:

Table 1. INVESTMENTS, RESEARCH AND DEVELOPMENT

Year	Viticulture and fruit growing production	Processing	Retail and catering	TOTAL (EUR)
2007	3 913 250.00	2 477 678.80	145 294.37	6 536 223.17
2008	3 080 620.58	2 864 632.45	84 547.75	6 029 800.81
2009.	3 099 965.42	2 834 261.20	44 248.65	5 978 475.27
TOTAL 2007-2009 EUR:				18 544 499.25

Expenses of the Institute of Ferrous Metallurgy JSC Niksic based on research and development, and investments arising there from.

	2006 and 2007	2008	Estimates for years 2009 and 2010
Research and development expenses (EUR)	69 099.00	59 169.00	100 000.00
Investments (EUR)	373 268.00	126 732.00	374 000.00

Expenses for research and development in the Biotechnical Institute:

RTD Budget (in thousand EUR)

	2004	2005	2006	2007	2008
Total amount (public funds + tuition fees + third-party funds + other sources)	1476	1448	1621	2119	2763
Total amount for research	1283	549	37	148	219
Ministry of Education and Science	128	549	37	148	219
University funds	-	574	797	984	1123
Ministry of Agriculture	523	449	517	797	965
International projects	-	103	-	-	11
-FP programmes	-	-	-	-	-
-Other international programmes or funds, quote the name	-	-	-	-	-
- bilateral cooperation	-	-	-	-	-
Contracted research with business sector and expertise in the country (worth more than 20 000.00 EUR)	-	-	-	-	-
Contracted research with business sector and expertise abroad (worth more than 20000.00 EUR)	-	-	-	-	-
Maintenance costs of research infrastructure	7	7	13	17	20
Investment in libraries	2	3	2	2	21
Salaries and honoraria for research not covered by institution's budget	-	-	-	-	-
Other (please indicate)	-	-	-	-	-

77 Chief manufacturing sectors

Please find answer to this question under 77 a).

a) Give a brief description of the chief sectors in terms of their contribution to GNP, employment, investment, the domestic market and exports. If possible, provide a breakdown by size of enterprise in each of the sectors considered.

Sector V (C) – Mining and quarrying includes: mining and quarrying of energy producing materials (coal, oil, etc.), mining and quarrying other energy raw materials (iron ores, non-ferrous metals, non-metallic minerals, salt, stone, gravel and sand). The contribution of this sector to the structure of industry production is 5.3 %, and its contribution to the GDP structure for the entire economy is 1.1% according to data for 2007.

This sector employs 10.7% of total employees in the industry. The realized investments in 2007 amount to 16.4% of total realized investments in the entire industry, i.e. 2.0% of the total economy.

Sector D (E) – Electricity, gas and water supply includes the following: production and distribution of electricity, gas, steam and hot water, as well as collecting, treatment and distribution of water. The contribution of this sector to industry production is 11.4 % and to the total economy GDP and 3.0% according to data for 2007.

This sector employs 15.9% of total industry workers. The realized investments in 2007 amount to 29.1% in relation to total industry or 3.6% in relation to total economy.

Sector G (D) – Manufacturing industry includes 14 sub-sectors, and its contribution to industry structure is 83.3%, and to total economy GDP 6.9% according to data for 2007.

Manufacturing industry employs 73.4% of total industry workers. The realized investments in 2007 for this sector amount 54.5% in relation to total industry or 6.7% in relation to total economy.

Section II INDUSTRIAL SECTORS AND SUB-SECTORS

Raw materials, non-ferrous metals, ferro-alloys, cement, glass, ceramics, paper and wood, publishing industry

78 Iron and steel:

See answers to sub-questions from A to I.

A. Production and Consumption

a) basic iron and steel effective production and potential production

Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Title	Installed production capacity tonnes/year	2006	2007	2008
27.1 Manufacture of basic iron and steel	363 375	82.8	85.9	99.2

Source: MONSTAT

b) processed products, of which tubes

Present production (in tonnes)

Title	2006	2007	2008
Steel ingots	19 978	38 217	52 887
Continuous casting of steel	143 187	135 632	148 736
Heavy, light steel and light steel bars	136 921	137 906	157 990
Surface treated steel bars	893	413	779

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Steel ingots	-	-	-
Continuous casting of steel	-	-	-
Heavy, light steel and light steel bars	51 787	55 863	63 999
Surface treated steel bars	486	511	964

Source: MONSTAT

Domestic demand, present and forecast (for the next three years)

We have no possession of the requested data.

National self-supply ratio

$(\text{Production} - \text{Export}) / (\text{Production} + \text{Import} - \text{Export})$

TITLE	Unit of measure	2006	2007	2008
Production	kilograms	300 979 000	312 168 000	360 392 000
Import	kilograms	113 414 930	198 388 176	248 899 056
Export	kilograms	117 533 170	96 937 628	102 229 351
National self-supply	%	61.8	52.0	50.9

Source: MONSTAT

c) iron ore

There are no iron ore mines in Montenegro.

d) ferro-alloys

We have no possession of the requested data.

B. Trade**a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin**

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	13 527 582	13 178 872	16 983 864

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	9 015	9 013	8 935

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilos)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	99 887 348	185 209 304	231 915 192

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	34 009	55 561	83 229

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
27.1 Manufacture of basic iron, steel, and ferro-alloys	Bosnia and Herzegovina, Serbia, Switzerland

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilos)**

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	9 706 520	1 841 914	1 022 719

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	2 443	1 628	971

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilos)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	107 826 650	95 095 714	101 206 632

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	44 250	40 026	52 951

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
27.1 Manufacture of basic iron, steel, and ferro-alloys	Bosnia and Herzegovina, Serbia, Albania

Source: MONSTAT

c) Exports/production and imports/production ratios**Exports/Production (in %)**

Title	2006	2007	2008
Manufacture of basic iron, steel, and ferro-alloys	39.1	31.1	28.4

Source: MONSTAT

Imports/Production (in %)

Title	2006	2007	2008
Manufacture of basic iron, steel, and ferro-alloys	37.7	63.6	69.1

Source: MONSTAT

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office has no possession of the data. The data is available only at the sector level. See question 73.

b) Number of enterprises

Number of enterprises

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	3	3	3

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

The data about the number of jobs is only covered at the level of manufacture of basic metals and fabricated metal products.

Number of employees

Title	2006	2007	2008
Manufacture of basic metals and fabricated metal products	6 335	5 475	5 481

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	1	1	1
Small	0	0	0
Medium-sized	1	1	1
Large	1	1	1

Source: MONSTAT

e) Foreign capital and technology

Foreign capital (in thousands of euro)

Title	2006	2007	2008
27.1 Manufacture of basic iron, steel, and ferro-alloys	1 081	3 145	790

Source: Steelworks Nikšić ad, Technosteel ad

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

The largest company in this field is Steelworks Nikšić (Željezara Nikšić) that has 1 600 employees. Over the past three years (2006, 2007 and 2008) Steelworks Nikšić has produced 536 934 tonnes of basic iron. As of January 2007, Steelworks Nikšić is privately owned.

g) Production and marketing monopolies

Steelworks Nikšić is the only manufacturer of iron and steel (small quantities of special steel are produced by the Institute for Black Metallurgy (Institut za crnu metalurgiju), so, in that sense, it holds monopoly of iron and steel production.

There is no marketing monopoly.

h) Productivity per employee and per hour worked

We have no possession of the requested data.

i) Wage and salary costs and costs of materials in the industry

The data about wage and salary costs is only covered at the level of manufacture of basic metals and fabricated metal products.

Costs of materials in the industry are not monitored by the Statistical Office.

Wages in euro

Title	2006	2007	2008
Manufacture of basic metals and fabricated metal products	649	787	968

Source: MONSTAT

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of iron and steel a total of 81 European standards have been adopted at the national level, consisting of:

- a) 9 standards – basic iron and steel effective production and potential production;
- b) 72 standards – processed products, 27 standards of which tubes;
- c) 0 standards – iron ore;
- d) 0 standards – ferro-alloys.

In accordance with 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 80 European standards in this field.

- 1) Rulebook on technical standards for diesel engine machines used for underground mining in non-methane mines (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/78)
- 2) Rulebook on technical standards for mining in the exploration and exploitation of rock-salt deposits (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/79)
- 3) Rulebook on technical standards for preparation of mineral resources - non-ferrous metal ores (Official Gazette of the Socialist Federal Republic of Yugoslavia 36/79)

- 4) Order on compulsory attest of steel wire ropes for export plants in the field of mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/80, 67/80)
- 5) Rulebook on technical standards in the exploration and exploitation of oil, natural gases, and brine (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/79, 41/81 and 15/82)
- 6) Rulebook on technical standards for surface exploitation of architectural construction stone (ornamental stone), technical stone, gravel and sand, and for the processing of architectural construction stone (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/86)
- 7) Rulebook on technical standards for plastic processing of non-ferrous metals (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/86)
- 8) Rulebook on technical standards for the surface exploitation of deposits of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/86, 62/87)
- 9) Rulebook on technical standards for construction of underground storages of explosives in mines with the underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 12/88)
- 10) Rulebook on technical standards for transporting people through horizontal and sloping rooms in mines with underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/89)
- 11) Rulebook on technical standards for underground coal exploitation (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/89, 45/89, 3/90, 54/90)
- 12) Rulebook on technical standards for underground exploitation of metallic and non-metallic mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/91)
- 13) Rulebook on technical standards for electric plants and facilities in mines with surface exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/87, 16/92)
- 14) Rulebook on technical standards for transporting people and material through shafts (Official Gazette of the Federal Republic of Yugoslavia 18/92).

E. Incentives

There are no special incentives in this field.

See answer 116 E (a, b and c)

F. Rules on foreign investment

There are no special rules governing foreign investment in this field.

See answer 116 F (a and b)

G. Trading system

There are no non-tariff/non-customs measures affecting imports and exports, such as licences and quotas.

See answer 116 G (a)

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

An investment programme for revitalization of the existing 60-tonne electric heating stove, installation of dedusting system (smoke treatment plant), revitalization of the current continuous casting machines, and for construction of the water treatment plant is currently being implemented in Steelworks Nikšić.

The total value of envisaged investments amounts to €30 359 000, and the amount of €7 380 000 has already been spent.

The investor is a Dutch based company, MNSS BV, the majority stakeholder of Steelworks Nikšić.

b) Present or envisaged restructuring or modernisation plans

A restructuring plan for Steelworks Nikšić is currently in process, and it envisages a decrease in the number of employees by 20% which will result in a decrease in the cost price and increase in productivity, and along with implementation of planned investments in production machinery, the product quality will be raised and greater use of high quality steel in the production structure will be enabled.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

Activities for analysing the existing national legislation and regulations for transposition of harmonized EU legislation in this field are currently in progress. Until the plan envisaged by the National Program for Integration of Montenegro is fulfilled, the measures provided for by the Law on General Safety of Products with regard to inspection control and placing on the market of products will be used.

b) Timetable

In accordance with the previous answer, there is no timetable.

79 Non-ferrous metals

See answers to sub-questions from A to I.

A. Production and Consumption**a) non-ferrous metals effective production and potential production****Installed production capacity and its utilisation rate**

Capacity utilisation (in %)

Title	Installed production capacity tonnes/year	2006	2007	2008
27.4 Manufacture of basic, precious and non-ferrous metals	145 560	86.8	96.1	79.2

Source: MONSTAT

Present production (in tonnes)

Title	2006	2007	2008
Aluminium oxide for production of aluminium	236 740	240 186	220 426
Aluminium in ingots	118 403	124 060	107 457
Aluminium in blocks	3 359	11 091	4 056
Aluminium castings	4 544	4 795	3 708

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Aluminium oxide for production of aluminium	-	-	-
Aluminium in ingots	246 519	345 954	299 655
Aluminium in blocks	7 446	23 180	8 477
Aluminium castings	4 320	5 230	4 044

Source: MONSTAT

Domestic demand, present and forecast (for the next three years)

We have no possession of the requested data.

National self-supply ratio

$(\text{Production} - \text{Export}) / (\text{Production} + \text{Import} - \text{Export})$

TITLE	Unit of measure	2006	2007	2008
Production	kilograms	126 306 000	139 946 000	115 221 000
Import	kilograms	15 324 477	8 801 124	7 913 570
Export	kilograms	123 328 716	125 873 471	97 482 305
National self-supply	%	16.3	61.5	69.2

Source: MONSTAT

B. Trade**a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin****Overview of Montenegro's import from the EU (in kilograms)**

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	12 415 001	5 874 451	4 312 313

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	10 018	8 999	7 780

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	2 909 476	2 926 673	3 601 257

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	6 361	12 001	14 880

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
27.4 Manufacture of precious and non-ferrous metals	Greece, Serbia, Bosnia and Herzegovina

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilograms)**

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	121 845 246	125 574 407	96 955 325

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	336 658	260 878	184 993

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	1 483 470	299 064	526 980

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	4 055	763	1 198

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
27.4 Manufacture of precious and non-ferrous metals	Greece, Hungary, Italy

Source: MONSTAT

c) Exports/production and imports/production ratios**Export/Production (in %)**

Title	2006	2007	2008
Manufacture of precious and non-ferrous metals	97.6	89.9	84.6

Source: MONSTAT

Import/Production (in %)

Title	2006	2007	2008
Manufacture of precious and non-ferrous metals	12.1	6.3	6.9

Source: MONSTAT

C. Structural features**a) Turnover and gross value added (GVA), percentage of industry total**

Statistical Office has no possession of the data at this level. The data is available only at the sector level. See question 73.

b) Number of enterprises**Number of enterprises**

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	10	13	13

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

The data about the number of jobs is only covered at the level of manufacture of basic metals and fabricated metal products.

Number of employees

Title	2006	2007	2008
Manufacture of basic metals and fabricated metal products	6 335	5 475	5 481

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use**Number of enterprises by classes**

Class/year	2006	2007	2008
Micro	7	10	10
Small	1	1	1
Medium-sized	0	0	0
Large	2	1	1

Source: MONSTAT

e) Foreign capital and technology

Foreign capital (in thousands of euro)

Title	2006	2007	2008
27.4 Manufacture of precious and non-ferrous metals	5 458	6 266	18 090

Source: KAP

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

The only company in this field is Podgorica Aluminium Plant (Aluminijski Kombinat Podgorica - KAP) having 2 100 employees.

Over the past three years (2006, 2007 and 2008) Aluminium Plant Podgorica has produced 325 706 tonnes of cast aluminium.

As of December 2005 Aluminium Plant Podgorica is privately owned.

g) Production and marketing monopolies

Aluminium Plant Podgorica is the only manufacturer of aluminium, so it holds a monopoly on aluminium production.

There are no marketing monopolies.

h) Productivity per employee and per hour worked

We have no possession of the requested data.

i) Wage and salary costs and costs of materials in the industry

The data about wage and salary costs is only covered at the level of manufacture of basic metals and fabricated metal products.

Net wages in euro per employee

Title	2006	2007	2008
Manufacture of precious and non-ferrous metals	649	787	968

Source: MONSTAT

Gross wage costs (including taxes and contributions) for Aluminium Plant Podgorica amount to:

Gross wages in thousand euros for employees

Title	2006	2007	2008
Aluminium manufacture	30 694	31 712	32 104

Source: Aluminium Plant (KAP)

Costs of materials in the industry are not monitored by the Statistical Office.

Costs of materials used in production in Aluminium Plant Podgorica amount to:

Costs of materials in thousands of euro

Title	2006	2007	2008
Aluminium manufacture	135 115	184 832	185 876

Source: Aluminium Plant (KAP)

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of non-ferrous metals a total of 33 European standards have been adopted at the national level. In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 120 European standards in this field.

- 1) Rulebook on technical standards for diesel engine machines used for underground mining in non-methane mines (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/78)
- 2) Rulebook on technical standards for mining in the exploration and exploitation of rock-salt deposits (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/79)
- 3) Rulebook on technical standards for preparation of mineral resources - non-ferrous metal ores (Official Gazette of the Socialist Federal Republic of Yugoslavia 36/79)
- 4) Order on compulsory attest of steel wire ropes for export plants in the field of mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/80, 67/80)
- 5) Rulebook on technical standards in the exploration and exploitation of oil, natural gases, and brine (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/79, 41/81 and 15/82)
- 6) Rulebook on technical standards for surface exploitation of architectural construction stone (ornamental stone), technical stone, gravel and sand, and for the processing of architectural construction stone (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/86)
- 7) Rulebook on technical standards for plastic processing of non-ferrous metals (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/86)
- 8) Rulebook on technical standards for the surface exploitation of deposits of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/86, 62/87)
- 9) Rulebook on technical standards for construction of underground storages of explosives in mines with the underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 12/88)
- 10) Rulebook on technical standards for transporting people through horizontal and sloping rooms in mines with underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/89)
- 11) Rulebook on technical standards for underground coal exploitation (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/89, 45/89, 3/90, 54/90)
- 12) Rulebook on technical standards for underground exploitation of metallic and non-metallic mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/91)
- 13) Rulebook on technical standards for electric plants and facilities in mines with surface exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/87, 16/92)
- 14) Rulebook on technical standards for transporting people and material through shafts (Official Gazette of the Federal Republic of Yugoslavia 18/92).

E. Incentives

There are no special incentives in this field.

See answer 116 E (a, b and c)

F. Rules on foreign investment

There are no special rules governing foreign investment in this field.

See answer 116 F (a and b)

G. Trading system

There are no non-tariff/non-customs measures affecting imports and exports, such as licences and quotas

See answer 116 G (a)

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

Investment envisaged in thousands of euro

Title	2010	2011	2012
Aluminium manufacture	12 700	12 200	12 200

Source: Aluminium Plant Podgorica

The investor is CEAC Holdings Ltd., the majority stakeholder of Aluminium Plant Podgorica.

a) Present or envisaged restructuring or modernisation plans

A restructuring plan for Aluminium Plant Podgorica has been prepared, and is aimed to enable sustainable operations of Aluminium Plant Podgorica, taking into account the global economic crisis, and the conditions manufacturing takes place in. It envisaged achieving this by a decrease in the number of employees, redefining sales agreement, and principally by electricity price adjustment, and continuation of investment in production plants and equipment for environmental protection and improvement. In order to implement this plan, it is necessary to obtain a loan that the Government of Montenegro will provide the guarantee for, which is the subject of ongoing intensive negotiations.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

Activities for analysing the existing national legislation and regulations for transposition of harmonised EU legislation in this field are currently in progress. Until the plan envisaged by the National Program for Integration is fulfilled, the measures provided for by the Law on General Safety of Products referring to inspection control and placing products on the market will be used.

b) Timetable

In accordance with the previous answer, there is no timetable.

80 Non-energy extractive industries (metallic and non-metallic, minerals broken down by mineral type)

The answer is given in A-I.

A. Production and Consumption

Statistical Office of Montenegro has no possession of the requested data for sub- question A.

B. Trade

Statistical Office of Montenegro has no possession of the requested data for sub- question B.

C. Structural features

Statistical Office of Montenegro has no possession of the requested data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

There are no standards adopted at the national level in the field of non-energy extractive industries (metallic and non-metallic, minerals broken down by mineral type)

Rulebooks and regulations:

- a. Rulebook on technical standards for diesel engine machines used for underground mining in non-methane mines (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/78)
- b. Rulebook on technical standards for mining in the exploration and exploitation of rock-salt deposits (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/79)
- c. Rulebook on technical standards for preparation of mineral resources - non-ferrous metal ores (Official Gazette of the Socialist Federal Republic of Yugoslavia 36/79)
- d. Order on compulsory attest of steel wire ropes for export plants in the field of mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/80, 67/80)
- e. Rulebook on technical standards in the exploration and exploitation of oil, natural gases, and brine (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/79, 41/81 and 15/82)
- f. Rulebook on technical standards for surface exploitation of architectural construction stone (ornamental stone), technical stone, gravel and sand, and for the processing of architectural construction stone (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/86)
- g. Rulebook on technical standards for plastic processing of non-ferrous metals (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/86)
- h. Rulebook on technical standards for the surface exploitation of deposits of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/86, 62/87)
- i. Rulebook on technical standards for construction of underground storages of explosives in mines with the underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 12/88)
- j. Rulebook on technical standards for transporting people through horizontal and sloping rooms in mines with underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/89)
- k. Rulebook on technical standards for underground coal exploitation (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/89, 45/89, 3/90, 54/90)
- l. Rulebook on technical standards for underground exploitation of metallic and non-metallic mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/91)
- m. Rulebook on technical standards for electric plants and facilities in mines with surface exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/87, 16/92)
- n. Rulebook on technical standards for transporting people and material through shafts (Official Gazette of the Federal Republic of Yugoslavia 18/92).

A part of answers related to environmental protection requirements in connection with sector specificity is included in answer 116D.

E. Incentives

There are no incentives pertaining to iron ore.

F. Rules on foreign investment

There are no restrictions on foreign investments, special tax benefits and guarantees pertaining to iron ore.

G. Trading system

There are no non-customs measures pertaining to iron ore.

H. Likely developments, and time-scale

There are no data on envisaged investments, and there are no notices of interest in investing in this field as well, nor envisaged restructuring or modernisation plans.

I. Approximation of national legislation to Community legislation

Law on Concessions (Official Gazette of Montenegro 08/09)

- Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134/04)
- Partly approximated (The Directive deals mainly with issues related to public procurement, and a minor part of it (Title III) deals with issues related to concessions)

Directive 2005/51/EC of 7 September 2005 amending Annex XX to Directive 2004/17/EC and Annex VIII to Directive 2004/18/EC of the European Parliament and the Council on public procurement (OJ L 257/05) – not approximated because the Directive amends the provisions of the previous Directive on imposing an obligation on Member States to submit notice of intent to award a concession to the Commission to be published in the Official Journal of the Commission.

Commission Regulation (EC) 2083/2005 of 19 December 2005 amending Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council in respect of their applicable thresholds for the procedures for the award of contracts (OJ L 333/05)

- Fully approximated;

Geological Explorations Law (Official Gazette of the Republic of Montenegro 28/93, 27/94, 42/94, 26/07)

Mining Law (Official Gazette of Montenegro 65/08) is fully approximated to EU directives:

- European Union Directive 92/104/EEC of 3 December 1992 on the requirements for improving safety and health protection of workers in surface and underground mineral extracting industries
- Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC

Law on Property of the Republic of Montenegro (Official Gazette of the Republic of Montenegro 44/99),

Construction Law (Official Gazette of the Republic of Montenegro 53/03)

2009 Work Programme envisages examination of all necessary secondary legislation in the field of geological explorations and mining that will be approximated to EU Directives.

81 Ceramics

The answer is given in A-I.

A. Production and Consumption

Statistical Office of Montenegro has no possession of the requested data.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	2 535 441	3 618 198	5 090 197

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	4 077	4 796	6 043

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	6 448 318	9 015 045	10 489 745

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	4 043	5 250	6 423

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
26.2 Manufacture of non-refractory ceramic goods	Serbia, Republic of Macedonia, Italy

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilograms)**

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	0	148	3 554

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	0	1	5

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	165 080	80 766	105 632

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
26.2 Manufacture of non-refractory ceramic goods	164	62	103

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
26.2 Manufacture of non-refractory ceramic goods	Serbia, Albania, Bosnia and Herzegovina

Source: MONSTAT

C. Structural features

- a) Turnover and gross value added (GVA), percentage of industry total
- b) Number of enterprises

The old plant was demolished in 2008, and the preparation of the plan for construction of a new one is in progress.

- c) Number of jobs, percentage of total of jobs in industry

The social programme for current and former employees in Ciglana Rudeš Berane (Brickyard Rudeš Berane), guarantees permanent employment for 54 employees, and temporary employment for certain number of employees in accordance with the needs of program implementation.

Year	Average number of employees in Ciglana Rudeš
2005 (September-December)	67
2006	76
2007	85
2008	55

- d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

No data available.

- e) Foreign capital and technology
- f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

We have no possession of the data.

- g) Production and marketing monopolies

We have no possession of the data.

- h) Productivity per employee and per hour worked

We have no possession of the data.

- i) Wage and salary costs and costs of materials in the industry

We have no possession of the data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of ceramics, a total of 1 European standard has been adopted at the national level.

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 55 European standards in this field.

- 1) Rulebook on technical standards for diesel engine machines used for underground mining in non-methane mines (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/78)
- 2) Rulebook on technical standards for mining in the exploration and exploitation of rock-salt deposits (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/79)
- 3) Rulebook on technical standards for preparation of mineral resources - non-ferrous metal ores (Official Gazette of the Socialist Federal Republic of Yugoslavia 36/79)
- 4) Order on compulsory attest of steel wire ropes for export plants in the field of mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/80, 67/80)
- 5) Rulebook on technical standards in the exploration and exploitation of oil, natural gases, and brine (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/79, 41/81 and 15/82)
- 6) Rulebook on technical standards for surface exploitation of architectural construction stone (ornamental stone), technical stone, gravel and sand, and for the processing of architectural construction stone (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/86)
- 7) Rulebook on technical standards for plastic processing of non-ferrous metals (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/86)
- 8) Rulebook on technical standards for the surface exploitation of deposits of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/86, 62/87)
- 9) Rulebook on technical standards for construction of underground storages of explosives in mines with the underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 12/88)
- 10) Rulebook on technical standards for transporting people through horizontal and sloping rooms in mines with underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/89)
- 11) Rulebook on technical standards for underground coal exploitation (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/89, 45/89, 3/90, 54/90)

- 12) Rulebook on technical standards for underground exploitation of metallic and non-metallic mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/91)
- 13) Rulebook on technical standards for electric plants and facilities in mines with surface exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/87, 16/92)
- 14) Rulebook on technical standards for transporting people and material through shafts (Official Gazette of the Federal Republic of Yugoslavia 18/92).

A part of answers related to environmental protection requirements in connection with sector specificity is included in answer 116D.

E. Incentives

There are no incentives pertaining to ceramics.

F. Rules on foreign investment

There are no restrictions on foreign investments, special tax benefits and guarantees pertaining to ceramics.

G. Trading system

There are no non-customs measures pertaining to ceramics.

H. Likely developments, and time-scale

- a) Investment envisaged (public sector, private sector, foreign)
- b) Present or envisaged restructuring or modernisation plans

By signing the investment contract for the new Ciglana Rudeš a.d. Berane (Brickyard Rudeš JSC Berane), business organisation-business system Katel d.o.o. Podgorica became the owner of the insolvent company Ciglana Rudeš in May 2005. The Buyer was obliged to invest EUR 715 000 in reconstruction, modernisation and procurement of new assets of Ciglana Rudeš Berane. In the period from 2005 to 2008 a total of EUR 833 249 have been invested in procurement of new assets and in maintenance and upgrading of the production and operation process. With the aim to construct a new brickyard, the buyer demolished the old one in 2008, and dismantled the equipment.

The estimated value of investments in the new brickyard amounts to EUR 24 730 224, and a total of EUR 15 332 928 of this amount refers to investment into equipment.

I. Approximation of national legislation to Community legislation

- a) List of measures, planned or already adopted:

Law on Concessions (Official Gazette of Montenegro 08/09)

- Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134/04)
- Partly approximated (The Directive deals mainly with issues related to public procurement, and a minor part of it (Title III) deals with issues related to concessions)
- Commission Directive 2005/51/EC of 7 September 2005 amending Annex XX to Directive 2004/17/EC and Annex VIII to Directive 2004/18/EC of the European Parliament and the Council on public procurement (OJ L 257/05) – not approximated because the Directive amends the provisions of the previous Directive imposing an obligation on Member States to submit notice of intent to award a concession to the Commission to be published in the Official Journal of the Commission.
- Commission Regulation (EC) No 2083/2005 of 19 December 2005 amending Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council in respect of applicable thresholds for the procedures for awarding contracts (OJ L 333/05)
 - Fully approximated;

Geological Explorations Law (Official Gazette of the Republic of Montenegro 28/93, 27/94, 42/94, 26/07)

Mining Law (Official Gazette of Montenegro 65/08) is fully approximated to EU directives, namely:

- Council Directive 92/104/EEC of 3 December 1992 on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral extracting industries
- Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC

Law on Property of the Republic of Montenegro (Official Gazette of the Republic of Montenegro 44/99),

Construction Law (Official Gazette of the Republic of Montenegro 53/03)

2009 Work Programme envisages examination of all necessary secondary legislation in the field of geological explorations and mining that will be approximated to EU Directives.

82 Forest-based industries:

The answer is given in A-I.

A. Production and Consumption

1) manufacture of wood products except furniture, of which: sawmilling, manufacture of veneer sheets, manufactures of builders' carpentry and joinery, others

a) Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Title	Installed production capacity m ³ / year	2006	2007	2008
20.1 Manufacture of wood and wood products	1 601 50	47.9	51.7	38.8

Source: MONSTAT

b) Present production (by volume and by value)

Present production - volume

Title	Unit of measure	2006	2007	2008
Spruce and fir lumber	m ³	70 130	74 463	56 588
Beech lumber	m ³	6 642	8 386	5616
Balcony doors and other doors	piece	4 690	1 830	1998
Windows (with or without wings)	piece	2 850	-	-

Source MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Spruce and fir lumber	8 157	9 057	6 883
Beech lumber	1 020	1389	930
Balcony doors and other doors	1 037	517	564
Windows (with or without wings)	218	-	-

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

We have no possession of the data.

d) National self-supply ratio

(production – export) (production + import – export)

Title	2006	2007	2008
20.1 Manufacture of wood and wood products	6,19	-1,4	0,37

Source: MONSTAT, Processing ME

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

2) manufacture of pulp

Monstat has no possession of the data.

3) manufacture of paper and paper board

4) manufacture of paper and paper board products

The data for c) and d) is integrated, in accordance with statistical monitoring at the level of manufacture of paper and paper board/paper and paper board products.

a) Installed production capacity and its utilisation rate

Title	Installed production capacity tons/year	2006	2007	2008
21.2 manufacture of paper and paper board products	6 600	21.5	23.2	24.7

Source: MONSTAT

b) Present production (by volume and by value)

Present production (in tons)

Title	2006	2007	2008
Rag paper for printing	162	-	-
Corrugated cardboard containers	1 257	1 530	1 631
Other writing paper	-	-	-

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Rag paper for printing	218	5	-
Corrugated cardboard containers	1268	1352	1 441
Other writing paper	-	-	-

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

Monstat has no possession of the data.

d) National self-supply ratio

(production – export) (production + import – export)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	-221.7%	-92.3%	-116.8%

Source: MONSTAT, Processing ME

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

5) printing

a) Installed production capacity and its utilisation rate

Title	Installed production capacity tonnes/year	2006	2007	2008
22.2 printing	2 535	61.8	70.4	74.0

Source: MONSTAT

b) Present production (by volume and by value)

Present production (in tons)

Title	2006	2007	2008
Newspapers and magazines	1 165	1 315	1 382
Books and brochures	392	458	307
Mono-colour forms	11	11	174
Multi-colour forms	-	1	14

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Newspapers and magazines	2 002	2 250	2 365
Books and brochures	603	684	458
Mono-colour forms	273	309	4 888
Multi-colour forms	10	15	210

Source :MONSTAT

c) Domestic demand, present and forecast (for the next three years)

Monstat has no possession of the data.

d) National self-supply ratio

(production – exports) / (production + imports – exports)

Title	2006	2007	2008
22.1 Publishing	32.3	26.2	26.9

Source: MONSTAT, Processing ME

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

B. Trade

1) manufacture of wood products except furniture, of which: sawmilling, manufacture of veneer sheets, manufactures of builders' carpentry and joinery, others

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	385 019	943 622	5 534 296

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	284	973	3 130

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	10 381 170	14 418 502	13 157 416

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	3 438	6 590	7 559

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
20 manufacture of wood and wood products	Slovenia, Italy, Czech Republic, Hungary, Bosnia and Herzegovina, Croatia, Serbia, China

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilograms)**

Title	2006	2007	2008
20.1 manufacture of wood and wood products	12 418 059	16 234 710	12 185 657

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	2 417	3 594	2 966

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	79 877 667	64 963 915	42 440 656

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	12 454	11 765	8 305

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
20 manufacture of wood and wood products	Italy, Slovenia, Greece, Serbia, Kosovo,

Source: MONSTAT

c) Exports/production and imports/production ratios**Export/Production (in %)**

Title	2006	2007	2008
20.1 manufacture of wood and wood products	1,43	1,40	1,35

Source: MONSTAT, Processing: ME

Import/Production (in %)

Title	2006	2007	2008
20.1 manufacture of wood and wood products	0,36	0,69	1,28

Source: MONSTAT, Processing ME

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

2) manufacture of pulp

Monstat has no possession of the data.

3) manufacture of paper and paper board**4) manufacture of paper and paper board products**

The data for 3) and 4) is integrated, in accordance with statistical monitoring at the level of manufacture of paper and paper board/ paper and paper board products

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	4 170 779	6 268 034	6 855 516

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	3 849	4 989	5 382

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	2 143 249	4 411 038	4 156 991

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	1 647	3 331	4 120

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
21.12 manufacture of paper and paper board	Serbia, Austria, Slovenia

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination

Overview of Montenegro's export to the EU (in kilograms)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	1 006 413	1 824 431	2 496 900

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	67	138	220

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	4 763 735	4 831 829	5 067 521

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	365	609	679

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
21.12 manufacture of paper and paper board	Bosnia and Herzegovina, Serbia, Slovenia

Source: MONSTAT

c) Exports/production and imports/production ratios

Export/Production (in %)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	406.6	435.0	463.8

Source: MONSTAT, Processing ME

Import/Production (in %)

Title	2006	2007	2008
21.12 manufacture of paper and paper board	445.0	698.0	675.2

Source: MONSTAT, Processing ME

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

5) **printing**

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
22.1 Publishing	358 877	306 892	124 011

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
22.1 Publishing	1 633	1 580	958

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
22.1 Publishing	2 675 115	4 276 187	4 623 617

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
22.1 Publishing	10 546	15 295	16 738

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
22.1 Publishing	Serbia, Croatia ,Spain

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilograms)**

Title	2006	2007	2008
22.1 Publishing	820	275	2 642

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
22.1 Publishing	1	1	45

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
22.1 Publishing	122 745	154 618	123 401

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
22.1 Publishing	719	512	834

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
22.1 Publishing	Albania, Serbia, USA

Source: MONSTAT

c) Exports/production and imports/production ratios

Export/Production (in %)

Title	2006	2007	2008
22.1 Publishing	7.8	8.7	6.7

Source: MONSTAT, Processing ME

Import/Production (in %)

Title	2006	2007	2008
22.1 Publishing	193.5	256.8	252.9

Source: MONSTAT, Processing ME

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

C. Structural features

- 1) manufacture of wood products except furniture, of which: sawmilling, manufacture of veneer sheets, manufactures of builders' carpentry and joinery, others

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 73.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
20.1 production of sawn wood	166	179	183

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
20.1 Manufacture and products of wood and cork	2 139	2 440	2 330

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	137	148	152
Small	20	21	21
Medium-sized	6	7	7
Large	3	3	3

Source: MONSTAT

e) Foreign capital and technology

We have no possession of the data.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Title of company	Number of employees
Vektra Jakić d.o.o. Pljevlja	320
Javorak d.o.o. Nikšić	191
Polimlje d.o.o. Berane	102
Donja Brezna d.o.o. Plužine	81
Lim d.o.o. Bijelo Polje	66
Savatrans d.o.o. Cetinje	48

All abovementioned companies are privately owned

g) Production and marketing monopolies

There are no production and marketing monopolies in Montenegro.

h) Productivity per employee and per hour worked

Statistical Office does not have the data at its disposal.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

	2006	2007	2008
20.1 Manufacture and products of wood and cork	263	273	299

Source: MONSTAT

1) manufacture of pulp

Statistical office does not have the data at its disposal.

2) manufacture of paper and paper board3) manufacture of paper and paper board products

The data for 3) and 4) are integrated, in accordance with statistical monitoring at the level of manufacture of paper and paper board i.e. paper and paper board products.

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office has no possession of the data. The data is available only at the sector level. See question 73.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
21.12 manufacture of paper and paper board	33	35	37

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
21.12 manufacture of paper and paper board	376	572	656

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	23	25	27
Small	8	8	8
Medium-sized	2	2	2
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Title	Company	Number of employees	Ownership
Manufacture of paper	Nova Beranka d.o.o. Berane	105	private
Manufacture of paper products	Kartonaža a.d. Cetinje	51	private

g) Production and marketing monopolies

There are no production and marketing monopolies in Montenegro.

h) Productivity per employee and per hour worked

Statistical Office does not have the data at its disposal.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

	2006	2007	2008
21.12 Manufacture of paper and paper board	210	208	233

5) printing

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office has no possession of the data. The data is available only at the sector level. See question 73.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
22.1 Publishing	84	90	94

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
Publishing, printing and reproduction	1678	1762	1778

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	72	77	81
Small	10	11	11
Medium-sized	2	2	2
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Company	Number of employees	Ownership
Pobjeda a.d. Podgorica	400	majority state ownership
Štamarija Obod a.d. Cetinje	70	private

g) Production and marketing monopolies

There are no production and marketing monopolies in Montenegro.

h) Productivity per employee and per hour worked

Statistical Office does not have the data at its disposal.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

	2006	2007	2008
Publishing, printing and reproduction	414	493	556

Source: MONSTAT

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of forest-based industries a total of 38 European standards have been adopted at the national level, consisting of:

- 1) manufacture of wood products except furniture, of which: sawmilling, manufacture of veneer sheets, manufactures of builders' carpentry and joinery, others - 0 standards

Montenegro has adopted no standards in this field. Provisions listed in standards valid in former Yugoslavia (JUS standards) are in use.

- 2) manufacture of pulp - 0 standards
- 3) manufacture of paper and paper board - 0 standards
- 4) manufacture of paper and paper board products - 0 standards
- 5) printing - 38 standards

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 155 European standards in the field of forest-based industries.

A part of answers related to environmental protection requirements in connection with sector specificity is included in answer 116 D.

E. Incentives

See 116 E.

F. Rules on foreign investment

See 116 F.

G. Trading system

See 116 G.

H. Likely developments, and time-scale

As a result of implementation of the Governmental programme of recovery and revitalization of forestry and wood industry, the forestry and wood processing companies have been privatized. The results of this Governmental programme are remarkable. All companies, except for Gornji Ibar Rožaje, from the former social sector, have been privatized. Now they are privately owned. New owners are fulfilling their obligations under their Sales Agreement. They have developed their business plans, and are now aiming to put them into action. Vektra – Jakić d.o.o. Pljevlja is one of the best examples of a successful privatisation in Montenegro. Under the Sales Agreement, this company was obliged to invest EUR 6 000 000.00, and three years after being privatised, Vektra – Jakić d.o.o. launched an investment cycle worth over EUR 50 000 000.00.

There are no data on envisaged investments, and there are no notices of interest in investing in this field, and, currently, there are no envisaged restructuring or modernisation plans except for some smaller scale investments at the level of certain companies.

I. Approximation of national legislation to Community legislation

Activities for analysing the existing national law and regulations to transpose approximated national legislation to EU legislation in this field are currently in progress. Until the plan envisaged by the National Program for Integration is fulfilled, the measures provided for by the Law on General Safety of Products will be used with regard to inspection control and placing on the market of products.

83 Glass and glassware

The answer is given in A-I.

A. Production and Consumption

a) Installed production capacity and its utilisation rate

There are no statistical data.

b) Present production (by volume and by value)

There are no statistical data.

c) Domestic demand, present and forecast (for the next three years)

There are no statistical data.

d) National self-supply ratio

(production – export)

(production + import – export)

It is not possible to present these data because there is no manufacture of glass in Montenegro.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
Manufacture of glass and glass products	11 537 688	13 664 864	15 038 440

Source: Monstat

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
Manufacture of glass and glass products	7 923	7 967	9 708

Source: Monstat

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
Manufacture of glass and glass products	6 615 805	10 192 902	10 569 143

Source: Monstat

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
Manufacture of glass and glass products	3 049	6 934	8 944

Source: Monstat

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
Manufacture of glass and glass products	Croatia, Italy, Serbia

Source: Monstat

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilograms)**

Title	2006	2007	2008
Manufacture of glass and glass products	0	3 198	1 142

Source: Monstat

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
Manufacture of glass and glass products	2	32	3

Source: Monstat

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
Manufacture of glass and glass products	1 639 407	94 074	120 963

Source: Monstat

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
Manufacture of glass and glass products	99	44	91

Source: Monstat

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
Manufacture of glass and glass products	Serbia, Albania, Bosnia and Herzegovina

Source: Monstat

c) Exports/production and imports/production ratios

Since there are no production data, it is not possible to present the abovementioned ratios.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office does not have the data at this level at its disposal. Data are available only at the sector level. See question 73.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
26.1 Manufacture of glass and glass products	14	17	17

Source: MONSTAT

Note: The data is related to entrepreneurs-craftsmen dealing with service provision in the field of glass manufacture.

c) Number of jobs, percentage of total of jobs in industry

Statistical Office does not have the data at the requested level at its disposal. The data on employees and wages is published at the level of a sector, sub-sector and the field of activity classification, but not at the level of activity classification sub-groups.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	13	16	16
Small	1	1	1
Medium-sized	0	0	0
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

Data is not available.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

It has already been stated that there is no glass manufacture and the data is related to service activities in the field of glass processing by a smaller number of craftsmen.

g) Production and marketing monopolies

There are no production and marketing monopolies in Montenegro.

h) Productivity per employee and per hour worked

Statistical Office does not have requested data at its disposal.

i) Number of jobs, percentage of total of jobs in industry

Statistical Office does not have the data at the requested level at its disposal. The data on employees and wages is published at sector and sub-sector level and divisions of classification of economic activities, and not at the level of sub-groups in the classification of activities.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of **glass and glass products** a total of **23** European standards have been adopted at the national level.

In accordance with 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt **50** European standards in this field.

With regard to product group glass belongs to, currently there are no valid technical regulations particularly related to glass. A rational approach is to regulate all measures proposed by EU legislation through the other tangential fields (e.g. connection with the other products such as articles with glass framework, installed building products, etc).

There are no domestic manufacturers in this field in Montenegro, and there are no notices of interest in investing in this field. There is no body responsible for assessment of approximation to EU legislation authorised to carry out evaluation in this field. When carrying out market supervision there was no empiric approach in connection with identification of unsafe products in this field. Market supervision is carried out in accordance with measures provided by the Law on General Safety of Products (Official Gazette of Montenegro 48/08), and particularly in terms of assessment of unsafe products.

Notwithstanding the abovementioned facts, the competent Ministry of Economy conducts analysis of legislation requirements in this field, and if the analysis shows that barriers in turnover of this type of goods may occur by the end of second quarter of 2010 (as envisaged in the NPI), the ministry will adopt necessary regulations in this field.

A part of answers related to environmental protection requirements in connection with sector specificity is included in the answers 116 D.

E. Incentives

The answer is included in the answer 116 E (a, b, c)

F. Rules on foreign investment

The answer is included in 116 F (a i b)

G. Trading system

The answer is included in 116 G.

H. Likely developments, and time-scale

There are no data on envisaged investments, and there are no notices of interest in investing in this field, and, currently, there are no envisaged restructuring or modernisation plans in this field.

I. Approximation of national legislation to Community legislation

The answer is provided within answer 83 D.

84 Cement

The answer is given in A-I.

A. Production and Consumption

Statistical Office of Montenegro has no possession of the requested data.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
26.51 Manufacture of cement	139 355 380	205 739 425	176 537 419

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
26.51 Manufacture of cement	6 425	10 233	9 431

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
26.51 Manufacture of cement	204 471 914	358 201 706	555 546 864

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
26.51 Manufacture of cement	9 437	24 587	41 935

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
26.51 Manufacture of cement	Croatia, Italy, Serbia

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegro's export to the EU (in kilograms)**

Title	2006	2007	2008
26.51 Manufacture of cement	0	0	0

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
26.51 Manufacture of cement	0	0	0

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
26.51 Manufacture of cement	0	0	0

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
26.51 Manufacture of cement	0	0	0

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
26.51 Manufacture of cement	

Source: MONSTAT

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

b) Number of enterprises

It is envisaged to construct one plant.

c) Number of jobs, percentage of total of jobs in industry

In accordance with terms and conditions of the concession it is envisaged to employ 9 loading workers.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Data are not available.

e) Foreign capital and technology

Data are not available.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Data are not available.

g) Production and marketing monopolies

Data are not available.

h) Productivity per employee and per hour worked

Data are not available.

i) Wage and salary costs and costs of materials in the industry

Data are not available.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of cement and other construction materials, a total of 35 European standards have been adopted at the national level.

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 20 European standards in this field.

- 1) Rulebook on technical standards for diesel engine machines used for underground mining in non-methane mines (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/78)
- 2) Rulebook on technical standards for mining in the exploration and exploitation of rock-salt deposits (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/79)
- 3) Rulebook on technical standards for preparation of mineral resources - non-ferrous metal ores (Official Gazette of the Socialist Federal Republic of Yugoslavia 36/79)
- 4) Order on compulsory attest of steel wire ropes for export plants in the field of mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/80, 67/80)
- 5) Rulebook on technical standards in the exploration and exploitation of oil, natural gases, and brine (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/79, 41/81 and 15/82)
- 6) Rulebook on technical standards for surface exploitation of architectural construction stone (ornamental stone), technical stone, gravel and sand, and for the processing of architectural construction stone (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/86)
- 7) Rulebook on technical standards for plastic processing of non-ferrous metals (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/86)
- 8) Rulebook on technical standards for the surface exploitation of deposits of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/86, 62/87)
- 9) Rulebook on technical standards for construction of underground storages of explosives in mines with the underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 12/88)
- 10) Rulebook on technical standards for transporting people through horizontal and sloping rooms in mines with underground exploitation of mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/89)
- 11) Rulebook on technical standards for underground coal exploitation (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/89, 45/89, 3/90, 54/90)
- 12) Rulebook on technical standards for underground exploitation of metallic and non-metallic mineral resources (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/91)

- 13) Rulebook on technical standards for electric plants and facilities in mines with surface exploitation of mineral resources (Official Gazette of the Federal Republic of Yugoslavia 66/87, 16/92)
- 14) Rulebook on technical standards for transporting people and material through shafts (Official Gazette of the Federal Republic of Yugoslavia 18/92).

A part of answers related to environmental protection requirements in connection with sector specificity is included in the answers 116D.

E. Incentives

- a) For investment
- b) For exports
- c) Other

There are no incentives pertaining to cement.

F. Rules on foreign investment

There are no restrictions on foreign investments, special tax benefits and guarantees pertaining to cement.

G. Trading system

There are no non-customs measures pertaining to cement.

H. Likely developments, and time-scale

- a) Investment envisaged (public sector, private sector, foreign)

The selected investor (concessionaire) would be bound to, by way of concession fee for detailed geological explorations, pay to the grantor the amount of EUR 6 120. Fixed part of the concession fee would amount to EUR 1 004 400 for the period of 30 years. Variable part of the concession fee is calculated at the end of each year, and is applied to the amount which is higher than the fixed part of minimal amount of yearly concession fee.

It is planned to invest a total of EUR 875 000 for preparation of design documentation and procurement of mechanisation for excavation and loading operations.

- b) Present or envisaged restructuring or modernisation plans

An international announcement of pre-qualification for concession award for detailed geological explorations and exploitation of cement rock mineral resources on technogenic deposit Jagnjilo close to Pljevlja was published on 24 December 2008 in national daily newspapers, an international magazine, and posted on Internet websites of the Ministry of Economic Development and MIPA (Montenegrin Investment Promotion Agency).

It is specified in the public announcement that concession envisages priority exploitation of cement rock mineral resources in the cement factory constructed in Montenegro that meets most modern ecological standards. The deadline for submitting applications was 22 April 2009 at 12 a.m., local time. Tender documents were taken by three following interested investors: German CEMAG

Anlagenbau GmbH, Split based company Dalmacija cement, and one natural person. There was no application received within the set deadline.

It is considered to renew the bidding process to award concessions for detailed geological explorations and exploitation of cement rock mineral resources on technogenic deposit Jagnjilo, because of interest from potential investors.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted:

Law on Concessions (Official Gazette of Montenegro 08/09)

- Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134/04)
- Partly approximated (Directive deals mainly with issues related to public procurement, and a minor part of it (Title III) deals with issues related to concessions.)
- Directive 2005/51/EC of 7 September 2005 amending Annex XX to Directive 2004/17/EC and Annex VIII to Directive 2004/18/EC of the European Parliament and the Council on public procurement (OJ L 257/05) – not approximated because the Directive amends the provisions of the previous Directive imposing an obligation on Member States to submit notice of intent to award a concession to the Commission to be published in the Official Journal of the Commission.
- Commission Regulation (EC) 2083/2005 of 19 December 2005 amending Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council in respect of their application thresholds for the procedures for the award of contracts (OJ L 333/05)
- Fully approximated;
- Geological Explorations Law (Official Gazette of the Republic of Montenegro 28/93, 27/94, 42/94, 26/07)

Mining Law (Official Gazette of Montenegro 65/08) is fully approximated to EU directives, namely:

- European Union Directive 92/104/EEC of 3 December 1992 on the minimum requirements for improving safety and health protection of workers in surface and underground mineral extracting industries
- Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC
- Law on Property of the Republic of Montenegro (Official Gazette of the Republic of Montenegro 44/99),
- Construction Law (Official Gazette of the Republic of Montenegro 53/03)

2009 Work Programme envisages examination of all necessary secondary legislation in the field of geological explorations and mining that will be approximated to EU Directives.

Chemicals and rubber

85 Chemicals:

The data in introduction is presented at sub-sector manufacture of chemicals and chemical products level, while the data in the other parts is presented depending on the available level of data aggregation in accordance with classification of activity.

1) Production and Consumption

a) Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Title	Installed production capacity tons/year	2006	2007	2008
24. Manufacture of chemicals and chemical products	14 195	91.7	90.8	90.9

Source: MONSTAT

2) Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	41 942 320	49 169 426	56 940 495

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
Manufacture of chemicals and chemical products	54 476	49 096	63 590

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	51 481 957	82 104 716	111 780 556

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	56 840	83 245	99 671

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
24 Manufacture of chemicals and chemical products	Austria, Czech Republic, Germany, Hungary, Romania, Italy, Croatia, Serbia, Bosnia and Herzegovina

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination

Overview of Montenegro's export to the EU (in kilograms)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	113 589	105 916	270 816

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	1 213	2 443	4 143

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	2 374 522	1 596 003	1 688 186

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
24 Manufacture of chemicals and chemical products	12 134	10 263	10 819

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
24 Manufacture of chemicals and chemical products	Germany, Italy, Bosnia and Herzegovina , Serbia

Source: MONSTAT

3) Structural features**a) Turnover and gross value added (GVA), percentage of industry total**

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 73.

b) Number of enterprises**Number of enterprises**

	2006	2007	2008
24 Manufacture of chemicals and chemical products	28	29	29

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry**Number of employees**

	2006	2007	2008
Manufacture of chemicals and chemical products	597	576	637

i) Wage and salary costs and costs of materials in the industry**Wages in euro**

	2006	2007	2008
Manufacture of chemicals and chemical products	538	575	597

Source: MONSTAT

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a) inorganic chemicals

A. Production and consumption

The data on installed production capacity is presented in introduction, at the level of entire chemicals sector, according to available level of data aggregation in conformity with classification of activities.

Present production (in tons)

Title	2006	2007	2008
Oxygen, Nitrogen, Acetylene	13 029	12 895	12 902

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Oxygen, Nitrogen, Acetylene	1 558	1495	1496

Source: MONSTAT

B. Trade

The data on import and export of inorganic chemicals is included in the introductory part of answer 85 within the field of chemicals and chemical products.

Pursuant to Articles 52 and 53 of the Law on the Transport of Dangerous Goods (Official Gazette of Montenegro 5/2008), the Ministry of Health issues approval, with the assent of the Ministry of Interior and Public Administration, for the transfer of toxins across the state border or within the territory of Montenegro (import, export and transit).

The Ministry of Health approved import of the inorganic chemicals classified as toxins for the period of **1 January 2008 – 31 December 2008** and those are the following:

a) Imports by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Inorganic chemicals	Imported volume	Importing country	Country of origin
Calcium chloride	34.000 kilograms	Republic of Serbia, Bulgaria	The Netherlands, Czech Republic
Calcium carbide	345.000 kilograms	Bulgaria	Bulgaria
Hydrazine hydrate	5.100 kilograms	Republic of Serbia	Germany, Republic of Serbia
Mercury(II) chloride	10 kilograms	Republic of Serbia	Germany, Republic of Serbia
Potassium cyanide	0.250 kilograms	Republic of Serbia	Germany
Mercury(II) iodide	1 kilograms	Republic of Serbia	Czech Republic
Sodium fluoride	1 kilograms	Republic of Serbia	Germany
Ammonium chloride	500 kilograms	Republic of Serbia	Germany
Potassium permanganate	20 kilograms	Republic of Serbia	The Netherlands
Potassium dichromate	0.500 kilograms	Republic of Serbia	The Netherlands
Potassium chromate	0.500 kilograms	Republic of Serbia	The Netherlands
Potassium bromate	3 kilograms	Republic of Serbia	Germany
Copper(II) sulphate	2 kilograms	Republic of Serbia	The Netherlands

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Copper(II) chloride	2.5 kilograms	Republic of Serbia	The Netherlands
Sodium sulphide	5 kilograms	Republic of Serbia	Germany
Zinc chloride	4.6 kilograms	Republic of Serbia	Republic of Serbia, Czech Republic
Magnesium chloride	1 kilograms	Republic of Serbia	Belgium
Sodium nitrite	300 kilograms	Republic of Serbia	Germany
Sodium hypochlorite	86.582 kilograms	Republic of Serbia, Germany	Republic of Serbia, Germany, Hungary, Bulgaria
Hydrogen peroxide (30%)	85 kilograms	Republic of Serbia	The Netherlands
Sulphur dioxide	900 kilograms	Republic of Serbia	Germany
Ammonia	10.200 kilograms	Republic of Serbia	Republic of Serbia
Sulphur praecipitaium	6.000 kilograms	Republic of Serbia, Bulgaria	Poland
Ammonium hydroxide	600 kilograms	Republic of Serbia	Republic of Serbia
Potassium hydroxide	100 kilograms	Republic of Serbia	Republic of Serbia
Sodium hydroxide (solution)	71.821 kilograms	Republic of Serbia, Austria	Republic of Serbia, Romania, Austria
Sodium hydroxide (caustic soda)	41.070 kilograms	Republic of Serbia	Russia, Romania
Chlorine (Liquid)	88.960 kilograms	Republic of Serbia, Bosnia and Herzegovina	Bulgaria, Republic of Serbia, Hungary
Phosphoric acid	62.5 kilograms	Republic of Serbia	Germany
Sulfamic acid	2 kilograms	Republic of Serbia	The Netherlands, Germany
Perchloric acid	54 kilograms	Republic of Serbia	Italy, Germany
Boric acid	826 kilograms	Republic of Serbia	Germany, Republic of Serbia
Sulphuric acid	152.032 kilograms	Republic of Serbia	Republic of Serbia, Germany
Hydrochloric acid	389.235 kilograms	Republic of Serbia	Republic of Serbia, Romania, Hungary
Nitric acid	26.835 kilograms	Republic of Serbia	Slovakia, Republic of Serbia

The Ministry of Health approved import of the inorganic chemicals classified as toxins for the period of **1 January 2009 - 31 August 2009** and those are the following:

Trade**a) Imports by volume and by value from the rest of the world and from the EU, stating the main countries of origin**

Inorganic chemicals	Imported volume	Importing country	Country of origin
Calcium chloride	18.350 kilograms	Republic of Serbia	The Netherlands, Belgium, Czech Republic, Germany, and Italy
Copper sulphate (pentahydrate)	22.600 kilograms	Republic of Serbia and Romania	Republic of Serbia and Romania
Ferrous sulphate	8.000 kilograms	Republic of Serbia	Italy
Ammonium bifluoride	25 kilograms	Austria	Austria
Hydrazine hydrate	720 kilograms	Republic of Serbia	Republic of Serbia
Potassium hydroxide	100 kilograms	Republic of Serbia	Germany
Sulphur dioxide	1.000 kilograms	Republic of Serbia	Germany
Sodium fluoride	8 kilograms	Republic of Serbia	Republic of Serbia
Perchloric acid	38 kilograms	Republic of Serbia	The Netherlands, Germany
Phosphoric acid	107.5 kilograms	Austria and Republic of Serbia	Austria and Republic of Serbia
Sulfamic acid	25 kilograms	Austria	Austria
Boric acid	510 kilograms	Republic of Serbia	Germany and Republic of Serbia
Nitric acid	26.336 kilograms	Republic of Serbia	Slovakia
Sulphuric acid (96–98 %) and 38%	53.782 kilograms	Republic of Serbia	Republic of Serbia and Bulgaria
Hydrochloric acid	189.125 kilograms	Republic of Serbia	Republic of Serbia, Bulgaria, Romania and Hungary
Sodium hydroxide (caustic soda)	35.250 kilograms	Republic of Serbia	Russia and Romania
Sodium hydroxide (solution)	42.503 kilograms	Republic of Serbia	Republic of Serbia, Hungary and Romania
Chlorine (Liquid)	67.865 kilograms	Republic of Serbia and Bosnia and Herzegovina	Bulgaria, Republic of Serbia, Slovenia and Romania
Sodium hypochlorite	141.410 kilograms	Republic of Serbia, Croatia, Germany and Croatia	Republic of Serbia, Croatia, Germany, Austria, Hungary and Italy
Ammonia	6.601 kilograms	Republic of Serbia	Republic of Serbia
Hydrogen peroxide (30%)	30 kilograms	Republic of Serbia	Germany and USA
Ammonium chloride	3.000 kilograms	Republic of Serbia	China
Calcium carbide	184.000 kilograms	Bulgaria and Slovakia	Bulgaria and Slovakia
Mercury (II) chloride	0.5 kilograms	Republic of Serbia	Germany

b) Exports (by volume and by value) to the EU and other countries of destination

Inorganic chemicals	Exported volume	Importing country	Country of origin
Sodium hydroxide (solution 40%)	6.250 kilograms	Republic of Serbia	Republic of Serbia
Copper oxide	10 kilograms	Republic of Serbia	Montenegro
Potassium perchlorate	100 kilograms	Republic of Serbia	Montenegro

The volume of sodium hydroxide (6 250 kilograms) previously imported into Montenegro from the Republic of Serbia, has been returned back for being unsafe.

c) Exports/production and imports/production ratios

Statistical Office does not have the requested data at its disposal.

C. Structural features**a) Turnover and gross value added (GVA), percentage of industry total****b) Number of enterprises****Number of enterprises**

	2006	2007	2008
24 Manufacture of chemicals and chemical products	5	6	6

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry**Number of employees**

	2006	2007	2008
Manufacture of chemicals and chemical products	597	576	637

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	4	5	5
Small	1	1	1
Medium-sized	0	0	0
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Statistical Office of Montenegro does not have the requested data at its disposal.

g) Production and marketing monopolies

Statistical Office of Montenegro does not have the requested data at its disposal.

h) Productivity per employee and per hour worked

Statistical Office of Montenegro does not have the requested data at its disposal.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

	2006	2007	2008
Manufacture of chemicals and chemical products	538	575	597

Source: MONSTAT

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of **chemicals** a total of **7** European standards have been adopted at the national level.

There are no adopted standards in the field of inorganic chemicals.

In accordance with 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt **110** European standards in the field of chemistry and chemical technology.

E. Incentives

a) For investment

There are no incentives for investments.

b) For exports

There are no incentives for exports.

c) Other

There are no incentives.

See answer to question 116 E.

F. Rules on foreign investment

a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

There are no special rules governing foreign investment in this field.

b) Guarantees

See answer to question 116 F.

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

Pursuant to Articles 52 and 53 of the Law on the Transport of Dangerous Goods (Official Gazette of Montenegro 5/2008), the Ministry of Health issues approval for the transfer of toxins across the state border or within the territory of Montenegro (import, export and transit). Thus, our answer is included in the sub-question B. Trade (a and b)

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

There are no envisaged investments.

b) Present or envisaged restructuring or modernisation plans

There are no restructuring or modernisation plans.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

There are no measures.

b) Timetable

There is no timetable.

b) petrochemicals and other organic chemicals

The data for this field (**A, B, C**) are included in the introduction part pertaining to overall chemicals, depending on the available level of data aggregation in accordance with classification of activity.

D. Sector-specific standards and technical regulations, including sector-related requirements for environmental protection

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 110 European standards in the field of chemistry and chemical technology.

A part of answers related to environmental protection requirements in connection with sector specificity is included in the answers 116 D.

E. Incentives

The answer is included in 116 E.

F. Rules on foreign investment

The answer is included in 116 F.

G. Trading system

The answer is included in 116 G.

H. Likely developments, and time-scale

There is no data on envisaged investments, and there are no notices of interest in investing in this field as well.

I. Approximation of national legislation to Community legislation

Approximation of national legislation and analysis of regulations for transposing approximated legislation into EU legislation is being continuously carried out.

c) fertilisers

A. Production and Consumption

a) effective production and potential production

Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Present production (in hl)

Realization value (in thousands of euro)

Currently, there are no registered fertilizer manufacturers at the territory of Montenegro.

B. Trade

Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. **See question 104-a.**

b) Exports (by volume and by value) to the EU and other countries of destination

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 104-a.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office does not have the data at this level at its disposal.

b) Number of enterprises

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 104-a.

c) Number of jobs, percentage of total of jobs in industry

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 104-a.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 104-a.

e) Foreign capital and technology

Statistical Office does not have the requested data at its disposal.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Statistical Office does not have the requested data at its disposal.

g) Production and marketing monopolies

There are no monopolies in Montenegro, both in terms of product production and turnover of these products.

h) Productivity per employee and per hour worked

i) Wage and salary costs and costs of materials in the industry

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See question 104-a.

d) soap and detergents

1) Production and consumption

a) Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Title	Installed production capacity tons/year	2006	2007	2008
24.5. Manufacture of soap and detergents	200	30.0	32.0	39.0

Source: MONSTAT

b) Present production (by volume and by value)

Present production - volume

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Title	2006	2007	2008
Detergents for washing machine	60	64	78
Toilet soap	-	-	-

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Detergents for washing machine	36	41	50
Toilet soap	-	-	-

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

Data are not available.

d) National self-supply ratio

(production – exports) / (production + imports - exports)

Title	2006	2007	2008
Manufacture of soap and detergents	-1.81	-0.67	-1.04

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

2) Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	4 140 217	8 849 009	9 232 805

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	15 696	19 145	21 372

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	4 440 051	7 801 309	8 931 854

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	7 714	14 079	18 990

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination

Overview of Montenegro's export to the EU (in kilograms)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	107 338	81 945	127 662

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	999	2 172	3 947

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	105 935	92 877	138 935

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	600	1 109	508

Source: MONSTAT

c) Exports/production and imports/production ratios**Export/Production (in %)**

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	355.4	273.1	341.7

Processing: ME, Source: MONSTAT

Import/Production (in %)

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	14 300.4	26 016.1	23288.0

Processing: ME, Source: MONSTAT

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

3) Structural features**a) Turnover and gross value added (GVA), percentage of industry total**

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 73.

b) Number of enterprises**Number of enterprises**

Title	2006	2007	2008
24.5 Manufacture of soap and detergents	8	8	8

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Statistical Office does not have the data at the requested level at its disposal. The data on employees and wages is published at the level of sector, sub-sector and activity classification, and not at the level of activity classification sub-groups.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	7	7	7
Small	1	1	1
Medium-sized	0	0	0
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

The requested Data are not available.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

There is no company to be particularly emphasised in terms of required indicators, i.e. there are no significant differences in terms of employment, physical output between these companies, and the issue is mainly about privately owned micro and small enterprises.

g) Production and marketing monopolies

There are no production and marketing monopolies in the field of manufacture and trade of soap and detergents.

h) Productivity per employee and per hour worked

Statistical Office does not have requested data at its disposal.

i) Wage and salary costs and costs of materials in the industry

Statistical office does not have the data at the requested level at its disposal. The data on employees and wages is published at the level of sector, sub-sector and activity classification, and not at the level of activity classification sub-groups.

4) Sector-specific standards and technical regulations, including sector-related requirements for environmental protection

The Ministry of Health – Health and Sanitary Inspection Service supervises production, import and turnover of soap and detergents applying following legal regulations: Law on Sanitary Safety of Food and Objects of General Use (Official Gazette of the Federal Republic of Yugoslavia 37/02) and secondary legislation:

- Rulebook on conditions in view of sanitary safety of objects of general use that can be put on the market (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91);
- Rulebook on conditions in view of professional staff, premises and equipment health and other organization must fulfil to do analyses and super analyses of food and general purpose objects (Official Gazette of the Federal Republic of Yugoslavia 60/02);
- Instructions on sampling method for carrying out analyses and super analyses of food and objects of general use (Official Gazette of the Socialist Federal Republic of Yugoslavia 60/1978);
- Rulebook on methods used for determining pH-values and volume of toxic metals and non-metals in the personal hygiene products, face and body care products, and beauty products, and for assessment of microbiological safety (Official Gazette of the Socialist

- Federal Republic of Yugoslavia 46/1983);
- Law on sanitary surveillance of food and objects of general use (Official Gazette of the Socialist Republic of Montenegro 4/88) and secondary legislation adopted based on the law;
 - Rulebook on conditions and inspection methods in ensuring food and general purpose objects safety during their production and on the method of keeping records on inspections (Official Gazette of the Socialist Republic of Montenegro 8/75);
 - Rulebook on special clothing and footwear for persons employed in industrial production and turnover coming into direct contact with food, and persons employed in industrial production and turnover of personal hygiene products, face and body care products, and beauty products (Official Gazette of the Socialist Republic of Montenegro 16/80);
 - Order on compulsory issuing of producer specifications for machine and hand washing detergents for textile products (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/83);
 - Order on packaging and labelling of washing detergent powder for textile products (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/83);
 - Order on compulsory issuing of producer specifications for liquid detergent for hand washing dishes (Official Gazette of the Socialist Federal Republic of Yugoslavia 67/85);
 - Order on packaging and labelling of liquid detergent for hand washing dishes (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/90).

There are two laboratories in Montenegro dealing with laboratory quality control and health safety of soaps and detergents:

- Public Health Institute of Montenegro in Podgorica (microbiological examinations and physical and chemical analyses),
 - Ecotoxicological Examination Centre of Montenegro (physical and chemical analyses),
- There are no standards in this field.

A part of answers related to environmental protection requirements in connection with sector specificity is included in the answers 116D.

5) Incentives

- a) For investment
- b) For exports
- c) Other

The answer is included in 116 E (a, b, c).

6) Rules on foreign investment

a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

b) Guarantees

The answer is included in 116 F (a and b).

7) Trading system

Non-tariff measures affecting imports and exports, such as licences and quotas

There are no non-tariff measures pertaining to this.

The answer is included in 116 G.

8) Likely developments, and time-scale

- a) Investment envisaged (public sector, private sector, foreign)
- b) Present or envisaged restructuring or modernisation plans

There is no data on envisaged investments, and there are no notices of interest in investing in this field as well, and, currently, there are no envisaged restructuring or modernisation plans in this field.

9) Approximation of national legislation to Community legislation

- a) List of measures, either planned or already adopted
b) Timetable

Present legislation in this field is not approximated to that of the Community.

- The National Program for Integration of Montenegro into the EU (NPI) envisages to create a Rulebook on detergents approximated to Regulation EC/684/2004 on detergents, and a Rulebook on cosmetic products approximated to Directive 76/768/EC and 907/2006, concerning cosmetic products;
- It is planned to create these rulebooks by the end of 2011.

e) cosmetics, perfume or scent and toilet waters

In accordance with the statistics, the data are included in the answer to previous question d) soaps and detergents, depending on the available level of data aggregation in accordance with classification of activity.

f) plastics

1) Production and Consumption

- a) Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Title	Installed production capacity tonnes/year	2006	2007	2008
252. Manufacture of plastic products	713	51.5	50.6	91.0

Source: MONSTAT

- b) Present production (by volume and by value)

Present production (in tonnes s)

Title	2006	2007	2008
Plastic doors and windows	364	359	648
Other plastic products	3	2	1

Source: MONSTAT

Realization value (in thousands of euro)

Title	2006	2007	2008
Plastic doors and windows	1 208	1 191	2 151
Other plastic products	18	19	10

Source: MONSTAT

- c) Domestic demand, present and forecast (for the next three years)

The Data are not available.

d) National self-supply ratio

(production – exports) / (production + imports - exports)

Title	2006	2007	2008
25.2 Manufacture of plastic products	2.56	0.54	1.34

Processing ME, Source: MONSTAT

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

2) Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import to the EU (in kilograms)

Title	2006	2007	2008
25.2 Manufacture of plastic products	2 118 423	4 821 632	6 406 164

Source: MONSTAT

Overview of Montenegro's import to the EU (in thousands of euro)

Title	2006	2007	2008
25.2 Manufacture of plastic products	11 039	17 208	20 959

Source: MONSTAT

Overview of Montenegro's import to the rest of the world (in kilograms)

Title	2006	2007	2008
25.2 Manufacture of plastic products	6 159 717	13 718 744	16 663 984

Source: MONSTAT

Overview of Montenegro's import to the rest of the world (in thousands of euro)

Title	2006	2007	2008
25.2 Manufacture of plastic products	15 297	33 020	44 942

Source: MONSTAT

Overview of the realized import by country in the period from 2006 to 2008

Title	Country
25.2 Manufacture of plastic products	Germany, Italy, Austria, Slovenia

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination

Overview of Montenegro's export to the EU (in kilograms)

Title	2006	2007	2008
25.2 Manufacture of plastic products	563	14 746	45 248

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
25.2 Manufacture of plastic products	4	23	108

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
25.2 Manufacture of plastic products	148 852	244 800	288 634

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
25.2 Manufacture of plastic products	306	287	431

Source: MONSTAT

Overview of the realized export by country in the period from 2006 to 2008

Title	Country
25.2 Manufacture of plastic products	Austria, Germany, Italy, Slovenia

Source: MONSTAT

c) Exports/production and imports/production ratios**Export/production, %**

Title	2006	2007	2008
25.2 Manufacture of plastic products	40.7	71.9	51.4

Processing ME, Source: MONSTAT

Import/production, %

Title	2006	2007	2008
25.2 Manufacture of plastic products	2 255.6	5 135.8	3 554.7

Processing ME, Source: MONSTAT

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and the overall import/export.

3) Structural features**a) Turnover and gross value added (GVA), percentage of industry total**

Statistical Office does not have the data at this level at its disposal. The data is available only at the sector level. See answer to question 73.

b) Number of enterprises**Number of enterprises**

	2006	2007	2008
25.2. Manufacture of plastic products	41	44	47

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
Manufacture of plastic products	348	194	219

Source: MONSTAT

Note: The data is given at the level of production of rubber and plastics in accordance with statistical monitoring based on which the data is published at sector and sub-sector level and divisions of classification of economic activities, and not at the level of sub-groups in the classification of activities.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by classes

Class/year	2006	2007	2008
Micro	36	38	41
Small	3	4	4
Medium-sized	2	2	2
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

The requested data are not available.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

There is no company to be particularly emphasised in terms of required indicators, i.e. there are no significant differences in terms of employment, physical output between these companies, and the issue is mainly about privately owned micro and small enterprises.

g) Production and marketing monopolies

There are no production and marketing monopolies in the field of production and trade of plastic.

h) Productivity per employee and per hour worked

Statistical Office of Montenegro does not have the requested data at its disposal.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

	2006	2007	2008
Manufacture of rubber and plastic products	147	165	201

Source: MONSTAT

Note: The data is given at the level of production of rubber and plastics in accordance with statistical monitoring based on which the data is published at sector and sub-sector level and divisions of classification of economic activities, and not at the level of sub-groups in the classification of activities.

4) Sector-specific standards and technical regulations, including sector-related requirements for environmental protection

There are no standards in this field.

The Law on Sanitary Safety of Food and Objects of General Use (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/91) regulating conditions in view of sanitary safety that materials, packages and items coming into direct contact with artificial food must fulfil, and their sanitary surveillance is currently in effect in Montenegro. In addition, this law regulates measures inspectors may take if they find out that they are unsafe while conducting inspection.

Rulebook on conditions in view of sanitary safety of objects of general use that can be put on the market (Official Gazette of the Socialist Federal Republic of Yugoslavia 26/83, 61/84, 56/68, 50/89, 18/91) more closely regulates general and special conditions that materials, packages and items coming into direct contact with artificial food must fulfil.

Health and Sanitary Inspection Service at the Ministry of Health conducts inspection in this field through sanitary inspectors.

Laboratory analyses for safety of materials, packages and items coming into direct contact with artificial food are done by the following authorized laboratories: Public Health Institute of Montenegro and Ecotoxicological Examination Centre of Montenegro in Podgorica.

Food Safety Law (Official Gazette of Montenegro 14/07) is a legal basis for adoption of new regulations for materials, packages and items coming into direct contact with artificial food that will be approximated to the EU requirements.

A part of answers related to environmental protection requirements in connection with sector specificity is included in the answers 116D.

5) Incentives

- a) For investment
- b) For exports
- c) Other

The answer is included in 116 E (a, b, c).

6) Rules on foreign investment

- a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation
- b) Guarantees

The answer is included in 116 F (a and b).

7) Trading system

- a) Non-tariff measures affecting imports and exports, such as licences and quotas

The answer is included in 116 G.

8) Likely developments, and time-scale

- a) Investment envisaged (public sector, private sector, foreign)
- b) Present or envisaged restructuring or modernisation plans

There is no data on envisaged investments, and there are no notices of interest in investing in this field as well, and, currently, there are no envisaged restructuring or modernisation plans in this field.

9) Approximation of national legislation to Community legislation

- a) List of measures, either planned or already adopted
- b) Timescale

Activities for analysing the existing national law and regulations for transposing approximated national legislation to EU legislation in this field are currently in progress. Until the plan envisaged by the National Program for Integration is fulfilled, the measures provided for by the Law on

General Safety of Products with regard to inspection control and placing on the market of products will be used.

Rulebook on conditions in view of sanitary safety that objects of general use must fulfil defines the scope of **materials, packages and items coming into direct contact with artificial food**. Pursuant to Food Safety Law (Official Gazette of Montenegro 14/07) the Ministry of Health in accordance with the opinion of the Ministry of Agriculture, Forestry and Water Management plans to adopt a new regulation in 2010, for the purpose of approximation to EU requirements. Ministry of Health is the competent authority for carrying out supervision in this field.

g) pesticides and biocides

A. Production and Consumption

a) effective production and potential production

Installed production capacity and its utilisation rate

Currently there are no registered manufacturers of pesticides and biocides at the territory of Montenegro.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 104-a.

b) Exports (by volume and by value) to the EU and other countries of destination

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 104-a.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office does not have the data at this level at its disposal.

b) Number of enterprises

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 104-a.

c) Number of jobs, percentage of total of jobs in industry

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 104-a.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 104-a.

e) Foreign capital and technology

Statistical Office does not have the requested data at its disposal.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Statistical Office does not have the requested data at its disposal.

g) Production and marketing monopolies

There are no monopolies in Montenegro, both in terms of production and turnover of these products.

h) Productivity per employee and per hour worked

i) Wage and salary costs and costs of materials in the industry

Statistical Office does not have the data at this level at its disposal. The data are available only at the sector level. See question 104-a.

The **Law on Plant Protection Products** published in the Official Gazette of Montenegro 51/2008 is in effect in this field. This law regulates the method of classification, registration, trade and use of plant protection products, and active substances, maximum allowed residue level for plant protection products, and active substances, method of keeping files and records, data sharing, and other issues significant for plant protection products.

The following secondary legislation is in effect:

- Rulebook on pesticide testing methods (Official Gazette of the Federal Republic of Yugoslavia 11/99);
- Rulebook on conditions for production line, turnover, import and sampling of pesticides and fertilizers (Official Gazette of the Federal Republic of Yugoslavia 12/99);
- Rulebook on types of packaging for pesticides and fertilizers, and destruction of pesticides and fertilizers (Official Gazette of the Federal Republic of Yugoslavia 35/99);
- List of organisations authorized to test plant protection products (pesticides) and products for feeding plants (fertilizers) (Official Gazette of the Federal Republic of Yugoslavia 4/2000)

Drawing up of secondary legislation is in progress. Activities being carried out in this field encompass the following: assessment of present situation and drawing up the plans for reorganisation of services, operations and activities of existing institutions included in this field with regard to activities to be completed within the shortest possible time.

State administration bodies involved in activities related to pesticides (plant protection products) are following: [Ministry of Agriculture, Forestry and Water Management](#), Ministry of Health, Ministry of Spatial Planning and Environmental Protection, and Phytosanitary Administration (policy creation, administrative and inspection affairs).

Furthermore, professional and technical support to the state administration bodies in this field is provided by:

- Ecotoxicological Examination Centre of Montenegro, Podgorica (physical and chemical analyses of pesticides);
- Public Health Institute of Montenegro - (laboratory analyses for residues of plant protection products in food);
- Institute of Biotechnology, Centre for Plant Protection - Podgorica (testing biological effectiveness of pesticides);
- Institute of Biotechnology, Centre for Subtropical Cultures – Bar (physical and chemical analyses of pesticides).

Priority activities are related to approximation of national legislation to the EU legislation, and to further institutional strengthening.

Preparation of the Annual Residue Monitoring Programme is to begin in 2009. The Phytosanitary Administration has a Section for Plant Protection consisting of 4 advisory jobs and phytosanitary inspection that controls import, trade, use of pesticides and control of pesticides in and on plants and in products originating from plants (MRL - maximum residue level).

Registration of plant protection products is managed by the Phytosanitary Administration.

For further information see Chapter 12: Food Safety, Veterinary and Phytosanitary policy

h) paints and varnishes**1) Production and Consumption**

There are no installed production capacities for paints and varnishes in Montenegro.

2) Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegro's import from the EU (in kilograms)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	34 385 060	35 117 159	41 413 362

Source: MONSTAT

Overview of Montenegro's import from the EU (in thousands of euro)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	15 578	10 500	16 167

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in kilograms)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	25 400 916	23 682 379	21 424 983

Source: MONSTAT

Overview of Montenegro's import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	8 939	10 575	12 484

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination

Overview of Montenegro's export to the EU (in kilograms)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	0	15 496	18 070

Source: MONSTAT

Overview of Montenegro's export to the EU (in thousands of euro)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	0	18	17

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in kilograms)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	701 727	120 450	88 022

Source: MONSTAT

Overview of Montenegro's export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
24.1 Manufacture of dyes and pigments	248	107	151

Source: MONSTAT

c) Exports/production and imports/production ratios

Statistical Office does not have the requested data at its disposal.

3) Structural features

a) Turnover and gross value added (GVA), percentage of industry total

b) Number of enterprises

There are no installed production capacities in Montenegro.

Note: See answer to question 85 a).

c) Number of jobs, percentage of total of jobs in industry

There are no installed production capacities in Montenegro

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

There are no installed production capacities in Montenegro.

Note: See answer to question 85 a).

e) Foreign capital and technology

There are no installed production capacities in Montenegro.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

There are no installed production capacities in Montenegro.

g) Production and marketing monopolies

There are no production and marketing monopolies in the field of production and trade of paints and varnishes in Montenegro.

h) Productivity per employee and per hour worked

There are no installed production capacities in Montenegro.

i) Wage and salary costs and costs of materials in the industry

There are no installed production capacities in Montenegro.

4) Sector-specific standards and technical regulations, including sector-related requirements for environmental protection

Rulebook on technical standards for coating apparatus for depositing and drying coating materials (Official Gazette of the Socialist Federal Republic of Yugoslavia 57/85)

In addition, there are 7 standards in the field of paints and varnishes.

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 110 European standards in the field of chemistry and chemical technology.

5) Incentives

See 116 E.

6) Rules on foreign investment

See 116 F.

7) Trading system

See 116 G.

8) Likely developments, and time-scale

There are no data with regard to likely developments and time-scale.

9) Approximation of national legislation to Community legislation

There are no data.

86 Rubber: tyres and general rubber goods

Answer given in the continuation (A-I)

A. Production and Consumption**Production and consumption**

a) Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Title	Instal.cap.tonnes/year	2006	2007	2008
Production of rubber products	160	23.8	24.4	3.8

Source: MONSTAT

b) Present production (by volume and by value)

Present production (in tonnes)

Title	2006	2007	2008
Rubber technical goods	38	39	6

Source: MONSTAT

Value of realization in thousands of euro

Title	2006	2007	2008
Rubber technical goods	228	257	43

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

We have no possession of the required data

d) National self-supply ratio

(production - exports) (production + imports - exports)

Title	2006	2007	2008
Production of rubber products	0.06	-0.47	-0.20

Source: MONSTAT

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and overall import or export.

B. Trade

1) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of the Montenegrin import from the European Union, given in kilograms

Title	2006	2007	2008
Production of rubber products	995 977	1 832 005	2 324 840

Source: MONSTAT

Overview of the Montenegrin import from the European Union, given in thousands of euro

Title	2006	2007	2008
Production of rubber products	5 509	8 112	10 413

Source: MONSTAT

Overview of the Montenegrin import from the rest of the world, given in kilograms

Title	2006	2007	2008
Production of rubber products	613 230	1 829 046	2 441 692

Source: MONSTAT

Overview of the Montenegrin import from the rest of the world, given in thousands of euro

Title	2006	2007	2008
Production of rubber products	2 659	5 763	7 238

Overview of the realized import by countries in the period from 2006 till 2008

Title	Country
25.1 Production of rubber products	Germany, Italy, Poland, Slovenia, Hungary, Romania

Source: MONSTAT

2) Exports (by volume and value) to the EU and other countries of destinations

Overview of the Montenegrin export to the European Union, given in kilograms

Title	2006	2007	2008
Production of rubber products	3 316	16 871	854

Source: MONSTAT

Overview of the Montenegrin export to the European Union, given in thousands of euro

Title	2006	2007	2008
Production of rubber products	25	53	7

Review of the Montenegrin export to the rest of the world, given in kilograms

Title	2006	2007	2008
Production of rubber products	33 644	39 264	14 937

Source: MONSTAT

Overview of the Montenegrin export to the rest of the world, given in thousands of euro

Title	2006	2007	2008
Production of rubber products	184	164	89

Source: MONSTAT

Overview of the realized export per countries in the period from 2006 till 2008

Title	Country
25.1 Production of rubber products	Slovenia, Italy, Austria, Check Republic, Netherlands

Source: MONSTAT

3) Exports/production and imports/production ratios**Export/production, (%)**

Title	2006	2007	2008
Production of rubber products	97.2	143.9	263.1

Import/ production, (%)

Title	2006	2007	2008
Production of rubber products	4 234.7	9 387.3	79 442.1

Note: The ratio is calculated based on the relation between production at the level of a group of selected products and total import and export.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

Statistical Office is not in possession of the required data at the requested level. Data are available only at the sectoral level. See answer to the question 73.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
Production of rubber products	9	9	9

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
Production of rubber and plastic products	348	194	219

Source: MONSTAT

Note: These data are given as cumulative at the level of the rubber and plastic production, pursuant to statistical monitoring which includes publishing of these data at the level of a sector and sub-sector and in the field of activities classification, but not at the level of the activities classification sub-groups.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises per classes

Class/Year	2006	2007	2008
Micro	7	7	7
Small	1	1	1
Medium	1	1	1
Big	0	0	0

Source: MONSTAT

e) Foreign capital and technology

We are not in possession of the required data

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

There is no company that could be particularly distinguished as regards to the requested indicators, i.e. there are no significant differences in employment, in values of physical output with such companies and they are primarily privately owned micro and small companies.

g) Production and marketing monopolies

There are no production and market monopolies in the rubber field.

h) Productivity per employee and per hour worked

Statistical Office of Montenegro has no possession of the requested data.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

	2006	2007	2008
Production of rubber and plastic products	147	165	201

Source: MONSTAT

Note: The amount of wages is given as cumulative at the level of the rubber and plastic production, pursuant to statistical monitoring which includes publishing of these data at the level of a sector, sub-sector and in the field of activity classification, but not at the level of the activity classification sub-groups.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In respect of the group of products that rubber products belong to, currently there are no valid technical regulations specifically referring to this area in Montenegro.

No body for conformity assessment is authorized to perform an assessment of compliance in this area. During the course of exercising market supervision there was no practical experience in

relation to detecting unsafe products in this area. Market surveillance is performed pursuant to the measures prescribed by the Law on General Product Safety (Official Gazette of Montenegro 48/08), especially in regard to estimates of unsafe products.

Despite the abovestated facts, the competent ministry, Ministry of Economy, is analyzing legislation requirements in this area and if analysis shows that some barriers may appear in trade of these products, necessary regulations will be adopted in the area.

In the **rubber area: tiers and general rubber products**, **9** european standards have been adopted at the national level.

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro is planning to adopt **20** European standards in the field of rubber.

Part of the answer that applies to environmental requirements in relation to the peculiarities of the sector, is contained within answer 116 D.

E. Incentives

The answer is provided by 116 E (a, b, c)

F. Rules on foreign investment

The answer is provided by 116 F (a, b,)

G. Trading system

The answer is provided by 116 G.

H. Likely developments, and time-scale

There are neither data on envisaged investments nor announcements of interest in investing in this area; also, currently, there are no anticipated plans for restructuring and modernization in this area.

I. Approximation of national legislation to Community legislation

There are ongoing activities on the analysis of the existing national legislation and the analysis of regulations for transposition of harmonized EU legislation in this area. In the meantime, until the fulfilment of the plan provided by National Program for Integration, the measures proscribed by the Law on General Safety of Products in terms of inspecting and placing products in use will be used.

Mechanical and electrical engineering and consumer electronics**87 Electrical and electronic equipment**

See answers to sub-questions from A to I.

A. Production and Consumption

Statistical Office of Montenegro has no possession of the requested data.

B. Trade

Imports (including temporary imports) by volume and value, from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin import from the European Union (in kilograms)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	55 386	232 379	285 769
31 Manufacture of the electrical machines and apparatus, other	2 213 229	3 670 351	5 170 253
32 Manufacture of the radio, TV and comp. equipment	28 555	1 184 922	906 323
33 Manufacture of medical and precision and optical instruments	236 263	406 156	379 494

Source: MONSTAT

Overview of Montenegrin import from the European Union (in thousands of euro)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	3 213	12 290	11 864
31 Manufacture of electrical machines and apparatus, other	19 112	26 377	40 792
32 Manufacture of radio, TV and comp. equipment	1 165	59 708	33 187
33 Manufacture of medical and precision and optical instruments	11 778	12 592	13 044

Source: MONSTAT

Overview of Montenegrin import from the rest of the world (in kilograms)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	31 209	390 716	487 580
31 Manufacture of electrical machines and apparatus, other	1 912 680	6 230 256	10 476 008
32 Manufacture of radio, TV and comp. equipment	57 410	1 078 643	1 290 935
33 Manufacture of medical and precision and optical instruments	197 697	598 840	612 958

Source: MONSTAT

Overview of Montenegrin import from the rest of the world (in thousands of euro)

20 Enterprise and industrial policy

Title	2006	2007	2008
30 Manufacture of office and calculating machines	5 074	17 925	21 653
31 Manufacture of electrical machines and apparatus, other	10 977	36 736	63 642
32 Manufacture of radio, TV and comp. equipment	3 942	23 425	26 855
33 Manufacture of medical and precision and optical instruments	9 953	16 455	16 381

Source: MONSTAT

Overview of realized imports by countries in the period from 2006 to 2008

Title	Name of the country
30 Manufacture of office and calculating machines	Netherlands, Germany, Austria, Slovenia, Serbia, Croatia
31 Manufacture of the electrical machines and apparatus, other	Austria, France, Germany, Italy, Slovenia, Serbia, Croatia, Bosnia and Herzegovina
32 Manufacture of the radio, tv and comp. equipment	Hungary, Germany, Slovenia, Croatia, Serbia, Switzerland
33 Manufacture of medical and precision and optical instruments	Italy, Slovenia, Germany, Greece, Croatia, Serbia , Israel

Source: MONSTAT

b) Export (by volume and value) to the EU and other countries of destination

Overview of Montenegrin export to the European Union (in kilograms)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	5	6 204	2 635
31 Manufacture of electrical machines and apparatus, other	333 818	72 629	2 020 173
32 Manufacture of radio, TV and comp. equipment	68	2 502	15 076
33 Manufacture of medical and precision and optical instruments	7 034	1 500	941

Source: MONSTAT

Overview of Montenegrin export to the European Union (in thousands of euro)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	2	204	222
31 Manufacture of electrical machines and apparatus, other	148	72	1 250
32 Manufacture of the radio, TV and comp. equipment	17	97	662
33 Manufacture of medical and precision and optical instruments	249	331	252

Source: MONSTAT

Overview of Montenegrin export to the rest of the world (in kilograms)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	797	12 612	22 443
31 Manufacture of electrical machines and apparatus, other	1 527 104	768 673	452 957
32 Manufacture of radio, TV and comp. equipment	795	38 969	23 164

20 Enterprise and industrial policy

33 Manufacture of medical and precision and optical instruments	5 830	25 192	44 778
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Source: MONSTAT

Overview of Montenegrin export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
30 Manufacture of office and calculating machines	13	207	578
31 Manufacture of electrical machines and apparatus, other	867	718	2 029
32 Manufacture of radio, TV and comp. equipment	36	779	958
33 Manufacture of medical and precision and optical instruments	138	310	460

Source: MONSTAT

Overview of realized imports by countries in the period from 2006 to 2008

Title	Name of the country
30 Manufacture of office and calculating machines	Netherlands , Austria, Germany, Great Britain, Serbia
31 Manufacture of electrical machines and apparatus, other	Slovenia, Netherlands, Germany, Serbia , Bosnia and Herzegovina
32 Manufacture of the radio, TV and comp. equipment	-
33 Manufacture of medical and precision and optical instruments	Germany, Netherlands, Slovenia, Serbia, Croatia

Source: MONSTAT

c) Exports/production and imports/production ratios

It is not possible to calculate the ratio as there are no data on possible production.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

We do not have the required data, nor are they monitored at the Statistical Office.

b) Number of enterprises

We do not have the required data

c) Number of jobs, percentage of total of jobs in industry

We do not have the required data

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

We do not have the required data

e) Foreign capital and technology

We do not have the required data.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

We do not have the required data

g) Production and marketing monopolies

There are no production or marketing monopolies

h) Productivity per employee and per hour worked

We do not have the required data

i) Wage and salary costs and costs of materials in the industry

We do not have the required data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In total 40 European standards have been adopted at the national level in the field of electrical and electronic equipment.

In accordance with the 2010 Work Programme the Institute for Standardization of Montenegro is planning to adopt 123 standards in the field.

- Rulebook on technical measures for the construction and maintenance of electrical generators and synchronous compensators cooled with hydrogen (Official Gazette of the Socialist Federal Republic of Yugoslavia 13/69)
- Rulebook on technical norms for protection from static electricity (Official Gazette of the Socialist Federal Republic of Yugoslavia 62/73).
- Rulebook on technical norms for protection of power plants from over-voltage (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/71 and 44/76)
- Rulebook on technical standards for electric power plants rated voltage of 10 kV for the voltage 20 kV (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/79)
- Order on defining electrical household appliances that can be put into circulation only if they are provided with warranty and technical instruction and the lowest duration of warranty period and service provided for these devices (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/81)
- Order on mandatory certification of electronic appliances for household and similar use (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/87)
- Order on mandatory certification of electrical household appliances (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
- Order on compulsory certification of separating transformers and safety transformers for separation (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
- Order on mandatory inspection of power insulated wire and cable (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
- Rulebook on the mandatory certification of products that cause radio frequency interference and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 30/91)
- Rulebook on technical standards for electrical plants, equipment and installations in mines with underground mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 21/88, 90/91)
- Rulebook on technical norms for construction of low-voltage overhead lines (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/92)
- Rulebook on technical norms for construction of overhead power cables rated voltages from 1 kV to 400 kV (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/88 and Official Gazette of the Federal Republic of Yugoslavia 18/92)
- Rulebook on technical norms for construction of overhead lines of medium self-supporting cable bundles (Official Gazette of the Federal Republic of Yugoslavia 20/92)
- Rulebook on technical standards for operation and maintenance of electric-power plants and lines (Official Gazette of the Federal Republic of Yugoslavia 41/93).

- Rulebook on technical standards for electrical installations, low voltage (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/88, 54/88, Official Gazette of the Federal Republic of Yugoslavia 28/95)
- Rulebook on technical norms for the protection of low voltage networks and corresponding substations (Official Gazette of the Socialist Federal Republic of Yugoslavia 13/78; Official Gazette of the Federal Republic of Yugoslavia 37/95)
- Rulebook on technical norms for grounding electrical power plants rated voltage above 1 000 V (Official Gazette of the Federal Republic of Yugoslavia 61/95)
- Rulebook on technical requirements for reservoir water electric heaters (Official Gazette of the Federal Republic of Yugoslavia 05/99)
- Rulebook on technical and other requirements for electric light sources (Official Gazette of the Federal Republic of Yugoslavia 30/2005)

E. Incentives

No special incentives in this field.

See answer to 116 E (a,b and c)

F. Rules on foreign investment

No special rules for foreign investments in this field.

See answer to 116 F (a and b)

G. Trading system

There are no non-tariff/non-customs measures affecting export/import, such as licences and quotas.

See answer to 116 G (a)

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

We have no data on possible envisaged investments in any sector.

b) Present or envisaged restructuring or modernisation plans

We have no data on present or envisaged restructuring or modernisation plans.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

There is no list of planned or already adopted measures.

b) Timetable

In accordance with the previous answer, there is no timetable.

On the basis of the Law on Technical Requirements for Products and Conformity Assessment of Products with the Proscribed Requirements (Official Gazette of Montenegro 14/08) in the second quarter of 2010 a rulebook (technical regulation) will be adopted, which will transfer directives for technical requirements for the safety of machines (32006L0042;31998L0037) into the national legal framework.

88 Mechanical engineering:

See answers to sub-questions from A up to I

A. Production and Consumption

A.1 Manufacture of fabricated metal products, except machinery and equipment

a) Installed capacity and its utilisation rate

Capacity utilisation (in%)

Title	Inst.cap.t/year	2006	2007	2008
2828 Production of standard metal products, except machinery and equipment	6 200	36.6	69.7	44.4

Source: MONSTAT

b) Present production (by volume and by value)

Present production (in tonnes)

Title	2006	2007	2008
Steel halls and hangars	-	-	
Parts of metal building construction	820	2 533	1 695
Metal electrodes for welding	1 447	1 789	1 060

Source: MONSTAT

Realisation value (in thousands of euro)

Title	2006	2007	2008
Steel halls and hangars	-	-	-
Parts of metal building construction	1 326	2 725	1 825
Metal electrodes for welding	2 258	2 253	1 335

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

We have no possession of the requested data

d) National self-supply ratio**(Production-Exports) / (Production + Imports-Exports)**

Title	Unit of measure	2006	2007	2008
Production	kilograms	2 267 000	4 322 000	2 755 000
Import	kilograms	24 066 795	56 974 267	72 776 056
Export	kilograms	3 612 658	4 885 053	4 581 221
Coverage of national needs	%	-5.9	-1.0	-2.6

Source: MONSTAT

A.2 Manufacture of machinery and equipment not elsewhere classified**a) Installed capacity and its utilisation rate****Capacity utilisation (in%)**

Title	Inst.cap.t/yer	2006	2007	2008
29 Manufacture of the machines and equipment, other	825	53.9	50.9	48.5

Source:MONSTAT

b) Present production (by volume and value)**Present production (in tonnes)**

Title	2006	2007	2008
Sliding bearings	430	418	386
Loading and reloading cranes	15	2	14

Realisation (in thousands of euro)

Title	2006	2007	2008
Sliding bearings	3 340	6 826	3 120
Loading and reloading cranes	160	30	148

c) Domestic demand, present and forecast (for the next three years)

We have no possession of the requested data

d) National self-supply ratio**(Production-Imports) / (production + Imports-Exports)**

Title	Unit of measure	2006	2007	2008
Production	kilograms	445 000	420 000	400 000
Import	kilograms	13 340 188	34 779 072	44 616 129
Export	kilograms	2 051 230	3 681 649	5 858 160
Coverage of national needs	%	-13.7	-10.3	-13.9

Source: MONSTAT

A.3 Manufacture of electrical machinery and apparatus not elsewhere classified

Statistical Office of Montenegro has no possession of the requested data.

B. Trade**B.1 Manufacture of fabricated metal products, except machinery and equipment**

a) Import (including temporary imports) by volume and by value, from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin import from the European Union (in kilograms)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	3 628 352	7 281 157	8 768 611

Source: MONSTAT

Overview of Montenegrin import from the European Union (in thousands of euro)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	21 084	24 498	33 208

Source: MONSTAT

Overview of Montenegrin import from the rest of the world (in kilograms)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	20 438 443	49 693 110	64 007 445

Source: MONSTAT

Overview of Montenegrin import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	30 107	63 926	90 918

Source: MONSTAT

Overview of the realized import by countries in the period from 2006 to 2008

Title	Country
28 Production of standard metal products, except machinery and equipment	Italy, Germany, Austria, Slovenia, Serbia, Bosnia and Herzegovina

Source: MONSTAT

b) Export (by volume and value) to the EU and to other countries of destinations

Overview of Montenegrin export to the European Union (in kilograms)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	2 040 390	3 001 643	2 351 400

Source: MONSTAT

Overview of Montenegrin export to the European Union (in thousands of euro)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	3 275	4 612	3 767

Source: MONSTAT

Overview of Montenegrin export to the rest of the world (in kilograms)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	1 572 268	1 883 410	2 229 821

Source: MONSTAT

Overview of Montenegrin export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	3 660	3 380	3 553

Source: MONSTAT

Overview of the realized export by countries in the period from 2006 to 2008.

Title	Country
28 Production of standard metal products, except machinery and equipment	Slovenia, Italy, Finland, Serbia, Bosnia and Herzegovina

Source: MONSTAT

c) Exports/production and imports/production ratios**Export/Production (in %)**

Title	2006	2007	2008
Production of standard metal products, except machinery and equipment	159.4	113.0	166.3

Import/Production (in%)

Title	2006	2007	2008
Production of standard metal products, except machinery and equipment	1 061.6	1 318.2	2 641.3

Source: MONSTAT

B.2 Manufacture of machinery and equipment not elsewhere classified

a) Import (including temporary imports) by volume and by value, from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin import from the European Union (in kilograms)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	8 332 226	16 813 290	21 606 841

Source: MONSTAT

Overview of Montenegrin import from the European Union (in thousands of euro)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	51 555	89 820	145 142

Source: MONSTAT

Overview of Montenegrin import from the rest of the world (in kilograms)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	5 007 962	17 965 782	23 009 288

Source: MONSTAT

Overview of Montenegrin import from the rest of the world (in thousands of euro)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	31 093	72 962	109 389

Source: MONSTAT

Overview of realized import by countries in the period from 2006 to 2008

Title	Country
29 Manufacture of machinery and equipment, other	Austria, Italy, Germany, Croatia, Serbia, Sweden

Source: MONSTAT

b) Export (by volume and by value) to the EU and other countries of destination**Overview of Montenegrin export to the European Union (in kilograms)**

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	168 831	551 900	568 454

Source: MONSTAT

Overview of Montenegrin export to the European Union (in thousands of euro)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	497	3 261	4 208

Source: MONSTAT

Overview of Montenegrin export to the rest of the world (in kilograms)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	1 882 399	3 129 749	5 289 706

Source: MONSTAT

Overview of Montenegrin export to the rest of the world (in thousands of euro)

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	8 464	10 175	12 486

Source: MONSTAT

Overview of the realized export by countries in the period from 2006 to 2008

Title	Country
29 Manufacture of machinery and equipment, other	Great Britain, Italy, Germany, Serbia, Kosovo, Bosnia and Herzegovina

Source: MONSTAT

c) Exports/production and imports/production ratios**Export/Production (in %)**

Title	2006	2007	2008
Manufacture of machinery and equipment, other	461.0	876.6	1 464.5

Source: MONSTAT

Import/Production (%)

Title	2006	2007	2008
Manufacture of machinery and equipment, other	2 997.8	8 280.7	11 154.0

Source: MONSTAT

B.3 Manufacture of electrical machinery and apparatus not elsewhere classified

Statistical Office of Montenegro has no possession of the requested data.

C. Structural features**C.1 Manufacture of fabricated metal products, except machinery and equipment**

a) Turnover and gross value added (GVA), percentage of industry total

We have no possession of the requested data.

b) Number of enterprises

Number of enterprises

Title	2006	2007	2008
28 Production of standard metal products, except machinery and equipment	112	131	138

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

We have no possession of the requested data.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises per classes

Class/Year	2006	2007	2008
Micro	77	95	102
Small	26	27	27
Medium	9	9	9
Big	0	0	0

Source: MONSTAT

e) Foreign capital and technology

We have no possession of the requested data

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

We have no possession of the requested data

g) Production and marketing monopolies

There are no production and marketing monopolies

We have no possession of the requested data

h) Productivity per employee and per hour worked

We have no possession of the requested data

i) Wage and salary costs and costs of materials in the industry

We have no possession of the requested data

C.2 Manufacture of machinery and equipment not elsewhere classified

a) Turnover and gross value added (GVA), the percentage of industry total

We have no possession of the required data.

b) Number of enterprises

Number of enterprises

Title	2006	2007	2008
29 Manufacture of machinery and equipment, other	29	29	29

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

Title	2006	2007	2008
The production of the other machines and devices	2 214	1 674	864

Source MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises per classes

Class/year	2006	2007	2008
Micro	16	16	16
Small	7	7	7
Medium	3	3	3
Big	3	3	3

Source: MONSTAT

e) Foreign capital and technology

We have no possession of the required data.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

We have no possession of the required data.

g) Production and marketing monopolies

There are no production and marketing monopolies

h) Productivity per employee and per hour worked

We have no possession of the required data.

i) Wage and salary costs and costs of materials in the industry

Wages in euro

Title	2006	2007	2008
Production of other machines and devices	193	241	235

Source: MONSTAT

C.3 Manufacture of electrical machinery and apparatus not elsewhere classified

Statistical Office of Montenegro has no possession of the required data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In total 18 standards have been adopted at the national level in the field of Mechanical engineering, distributed as follows:

- a) **Manufacture of fabricated metal products, except machinery and equipment - 18 standards;**
- b) **Manufacture of machinery and equipment not elsewhere classified – 0 standards;**
- c) **Manufacture of electrical machinery and apparatus not elsewhere classified - 0 standards**

In accordance with the 2010 Work Programme the Institute for Standardization of Montenegro plans to adopt 193 European standards in the field of mechanical engineering.

- a) **Manufacture of fabricated metal products, except machinery and equipment**
- b) **Manufacture of machinery and equipment not elsewhere classified**
 - 1) Order on mandatory certification of portable tools with electric motors (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
 - 2) Rulebook on technical norms for application of the motor chain saw (saw) in forestry (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/80)
 - 3) Order on defining equipment for conducting activities in agriculture, which must be provided with technical instruction, determined by the deadline provided service, as well as the shortest duration of service provided (Official Gazette of the Socialist Federal Republic of Yugoslavia 63/81)
 - 4) Rulebook on technical standards for agricultural machinery (Official Gazette of the Federal Republic of Yugoslavia 34/95)
- c) **Manufacture of electrical machinery and apparatus not elsewhere classified**
 - 1) Rulebook on technical standards for ski-lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 2/85, 11/85)
 - 2) Rulebook on technical standards for facade electric-powered lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 19/86)
 - 3) Rulebook on technical standards for electric-powered hanging scaffolding (Official Gazette of the Socialist Federal Republic of Yugoslavia 19/86)
 - 4) Rulebook on technical standards for personal lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 29/86)
 - 5) Rulebook on technical standards for electric-powered lifts for oblique transport of persons and cargo (Official Gazette of the Socialist Federal Republic of Yugoslavia 49/86)
 - 6) Rulebook on technical standards for electric-powered lifts for the vertical transport of cargo, with a cabin with no access to people (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/87).
 - 7) Rulebook on mandatory certification of electric-powered elevators for vertical transportation of people and cargo and the conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/90).
 - 8) Rulebook on compulsory certification of door lock motor pane lifts and the conditions to be met by the joint organization of accredited certification for these products (Official Gazette

- of the Socialist Federal Republic of Yugoslavia 18/91).
- 9) Rulebook on compulsory inspection of electric-powered elevators for the vertical transport of cargo in the cabin with no access to people and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91)
 - 10) Rulebook on compulsory inspection of catcher device for elevators and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91)
 - 11) Rulebook on compulsory certification of speed delimiter for elevators and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91)
 - 12) Rulebook on compulsory certification of buffers used in elevators and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91)
 - 13) Rulebook on technical standards for cranes (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/91)
 - 14) Rulebook on technical standards for escalators and moving walkways for the transport of persons (Official Gazette of the Socialist Federal Republic of Yugoslavia 83/94)
 - 15) Regulation on technical standards for electric-powered lifts for the vertical transport of the persons and cargo.

E. Incentives

No special incentives in this area.

See answer to 116 E (a, b and c)

F. Rules on foreign investment

No special rules on foreign investment in this area.

See answer to 116 F (a and b)

G. Trading system

There are no non-tariff/non-customs measures affecting imports and exports, such as licenses and quotas.

See answer to 116 G (a)

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

We have no information on possible envisaged investments in any sector.

b) Present or envisaged restructuring or modernisation plans

We have no data on present or future restructuring or modernisation plans.

I. Approximation of national legislation to Community legislation

a) List of measures either planned or already adopted

There is no list of measures planned or already adopted

b) Timetable

In accordance with the previous answer, there is no timetable.

On the basis of the Law on Technical Requirements for Products and Conformity Assessment of Products with the Proscribed Requirements (Official Gazette of Montenegro 14/08) in the second quarter of 2010 a rulebook (technical regulation) will be adopted, which will transfer directives for technical requirements for the safety of machines (32006L0042;31998L0037) into the national legal framework.

89 Industrial motors

See answers to subquestions from A to I

A. Production and Consumption

Statistical Office of Montenegro has no possession of the requested data.

B. Trade

Statistical Office of Montenegro has no possession of the requested data.

C. Structural features

Statistical Office of Montenegro has no possession of the requested data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Industrial engines - 0 standards

No standard has been adopted at the national level in the field of **Industrial engines**.

E. Incentives

No special incentives in this area.

See answer to 116 E (a, b and c)

F. Rules on foreign investment

No special rules for foreign investment in this area.

See answer to 116 F (a and b)

G. Trading system

There are no non-tariff/non-customs measures that affect imports and exports, such as licenses and quotas.

See answer to 116 G (a)

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

We have no information on possible envisaged investments in any sector.

b) Present or envisaged restructuring or modernisation plans

We have no data on present or envisaged restructuring or modernisation plans.

I. Approximation of national legislation to Community legislation

a) List of measures either planned or already adopted

There is no list of measures planned or already adopted

b) Timetable

In accordance with the previous answer, there is no timetable.

On the basis of the Law on Technical Requirements for Products and Conformity Assessment of Products with the Proscribed Requirements (Official Gazette of Montenegro 14/08) in the second quarter of 2010 a rulebook (technical regulation) will be adopted, which will transfer directives for technical requirements for the safety of machines (32006L0042;31998L0037) into the national legal framework.

Information technology industries

90 Computer and office equipment

A. Production and Consumption

In Montenegro, there are no manufacturing capacities for computer products, and therefore we can not speak about the utilisation rate and production and exports/imports ratio. (Source: MONSTAT)

B. Trade

a) Import (including temporary imports) by volume and by value, from the rest of the world and from the EU, stating main countries of origin

Overview of Montenegrin import from the European Union expressed in euro

Title	2006	2007	2008
30 Production of office and calculating machines	3 213 000	12 290 000	11 864 000

Source: MONSTAT

For the first eight months of 2009 – EUR 2 362 249.24. (Source: Customs administration of Montenegro)

Overview of Montenegrin import from the rest of the world, expressed in euro

Title	2006	2007	2008
30 Production of office and calculating machines	5 074 000	17 925 000	21 653 000

Source: MONSTAT

For the first eight months of 2009 – EUR 6 093 887.93. (Source: Customs administration of Montenegro)

Overview of realized import by countries in the period from 2006 to 2008

Title	Country
30 Production of office and calculating machines	Netherlands, Germany, Austria, Slovenia, Serbia, Croatia

Source: MONSTAT

a) Exports (by volume and by value) in the EU and other countries of destination

Overview of Montenegrin export to the European Union, expressed in euro

Title	2006	2007	2008
30 Production of office and calculating machines	2 000	204 000	222 000

Source: MONSTAT

For the first eight months of 2009 – EUR 101 736.07. (Source: Customs Administration of Montenegro)

Overview of Montenegrin export to the rest of the world, expressed in euro

Title	2006	2007	2008
30 Production of office and calculating machines	13 000	207 000	578 000

Source: MONSTAT

For the first eight months of 2009 – EUR 119 802.73. (Source: Customs Administration of Montenegro)

Overview of realized export by countries in the period from 2006 to 2008.

Title	Name of the country
30 Production of office and calculating machines	Netherlands, Austria, Germany, Great Britain, Serbia

Source: MONSTAT

See Annex (Annex157– Data of the Customs Administration of Montenegro)

C. Structural features

a) Number of enterprises

Title	2006	2007	2008
30 Production of office and calculating machines	20	21	22

b) Number of jobs, percentage of total of jobs in industry

Title	2006	2007	2008
30 Production of office and calculating machines	72	86	93

c) Structure of enterprises by size

Class/year	2006	2007	2008
Micro	17	18	18
Small	3	3	4
Medium	0	0	0
Big	0	0	0

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In total 4 European standards have been adopted at the national level in the field of computers and office equipment.

In accordance with the 2010 Work Programme the Institute for Standardization of Montenegro plans to adopt 34 European standards in the field of computers and office equipment. (Source: Institute for Standardization of Montenegro). Both foreign and domestic legal persons shall, in the course of performing their activities, provide for the following: rational exploitation of natural

resources, including costs for environmental protection within investment and production costs, and implementation of regulations, i.e. undertaking measures for environmental protection in compliance with the Law on Environment and relevant regulations. (Source: Law on Environment, Official Gazette of the Republic of Montenegro 48/08)

E. Incentives

Montenegrin legislation referring to the area of investment and exports does not provide for special benefits for export of these products.

The amount of VAT which is 7% may be considered as a benefit as the VAT on majority of other goods is 17%.

Reference:

- question 116 – Chapter 20
- question 41 – Chapter 10
- question 67– Chapter 20.

F. Rules on foreign investment

When it comes to investment conditions, the same conditions apply to domestic and foreign investors. A foreign investor may establish a business organisation at the territory of Montenegro and invest in the business organisation in a manner and under conditions under which local entities can establish business organisations or invest funds in business organisations, unless otherwise provided by the law. Foreign investors have equal terms of investment as domestic investors, they participate in the profit and freely transfer and reinvest profit gained in Montenegro. Transfer of assets to a foreign investor abroad, after fulfilling all due obligations in the state, in accordance with the law is possible on the basis of the following:

- 1) return of contributions, repatriation of share in net property of a business organisation after the termination of work or sales;
- 2) profit, pursuant to the contract or foundation agreement.

Foreign investor is obliged to ensure their investments in accordance with the regulations on insurance. The property of a foreign investor may not be subject to expropriation, except when the law or the laws establishes public interest with a compensation that can not be lower than the market one, in accordance with the law. In addition to the mentioned compensation, the interest for the period from the date of seizure of property to the date of payment of the compensation belongs to the foreign investor, calculated according to one year LIBOR rate. (Source: Foreign Investment Law, Official Gazette of the Republic of Montenegro 52/00 and 36/07) See question 116 - Chapter 20.

G. Trading system

There are no quotas for the import and export of computers and computer - office equipment. There are also no licences for the goods in this field.

H. Likely developments, and time-scale

As regards to the public sector, the biggest investment in computer equipment come from the Ministry for Information Society - MID. MID will continue its efforts to provide high-quality infrastructure for the realization of the objectives of Information Society Development Strategy 2007-2013 by procurement of computer equipment, in order to develop information society in Montenegro. Strategy is attached to question 68 Chapter 10.

See questions 67 and 69 - Chapter 10. There are no official data regarding investments in the private sector.

I. Approximation of national legislation to Community legislation

There are ongoing activities on the analysis of the existing national legislation and regulations for transposition of harmonized EU legislation in this area.

Import and export of the above stated equipment is defined by the national Customs Law (Official Gazette of the Republic of Montenegro 7/2002, 38/2002, 72/2002, 21/2003, 29/2005, 66/2006 and 21/2008), which is approximated to the Community legislation to the greatest extent.

91 Telecommunications equipment

A. Production and Consumption

At the moment, there is no official statistics on production of telecommunications equipment in Montenegro. (Source: Monstat)

B. Trade

a) Import (including temporary imports) by volume and by value, from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports from the European Union, expressed in euro

Title	2006	2007	2008
32 Production of radio, TV and computer equipment	1 165 000	59 708 000	33 187 000

For the first eight months of 2009 – EUR 5 087 523.39. (source: Custom Administration of Montenegro)

Overview of Montenegrin import from the rest of the world, expressed in euro

Title	2006	2007	2008
32 Production of radio, TV and computer equipment	3 942 000	23 425 000	26 855 000

Source: MONSTAT

For the first eight months of 2009 – EUR 3 306 592.10. (source : Custom Administration of Montenegro)

Realized import by countries in the period from 2006 to 2008

Title	Country
32 Production of radio, TV and computer equipment	Hungary, Germany, Slovenia, Croatia , Serbia, Switzerland

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegrin export to the European Union, expressed in euro**

Title	2006	2007	2008
32 Production of radio, TV and computer equipment	17 000	97 000	662 000

Source: MONSTA

For the first eight months of 2009 – EUR 51 697.37. (source: Custom Administration of Montenegro)

Overview of Montenegrin export to the rest of the world, expressed in euro

Title	2006	2007	2008
32 Production of radio, TV and computer equipment	36 000	779 000	958 000

Source: MONSTAT

For the first eight months of 2009 – EUR 643 098.91. (source: Custom Administration of Montenegro)

Overview of the realized export by countries in the period from 2006 to 2008

Title	Country
32 Production of radio, TV and computer equipment	-

Source: MONSTAT

See Annex 157 – Data of the Customs Administration of Montenegro

C. Structural features

There are three distinguished companies in the field of telecommunications. They are structured as joint stock companies with majority foreign capital, various ownership structure.

Market share by number of users in the companies was the following:

- December 2007 - Promonte – 41.30%, T-Mobile – 33.81%, M-tel – 24.89%;
- December 2008 - Promonte - 38.21%, T-Mobile – 36.13%, M-tel- 25.66%;
- August 2009- Pro Monte- 37.99%, T-Mobile- 32.92%, M-tel- 29.09%.

Mobile telephony: the number of users in December 2007 was 1 045 981; in December 2008- 1 150 459, in August 2009 - 1 381 130 (penetration 222.71%). Revenues from mobile telephony have the biggest share in total income. In the period 2003-2007 these revenues achieved growth of 110%. Revenue in 2003 was EUR 85 million, 2004 – EUR 99 million; 2005 – EUR 107 million; 2006 – EUR 128 million; 2007- EUR 180 million. The average revenue per user in 2007 was EUR 172; it recorded a decline since 2004, when it was EUR 205. The average net profit per employee in mobile telephony was the following: in 2004 - 64 541, 2005 - 59 526, 2006 - 97 676, 2007 - 93 556. Net profit per employee in 2007 decreased in comparison to 2006 due to increasing the number of employees, although in the same period the total net profit was increasing (M-tel data were not used for the calculation of this indicator) Net profit in the same year was: 2004 – 25 299 983; 2005 -24 286 668; 2006 – 39 265 951; 2007 – 41 819 494.

Fixed telephony: providers are T-Com and M-tel, with the MPLS network. Following data apply only to the T-Com. Profit: 2004 – EUR 69 million; 2005 – EUR 68 million; 2006 – EUR 86 million; 2007 – EUR 92 million. The average revenue per user is in constant growth, 2004- EUR 377; 2005- EUR 397; 2006- EUR 511 in 2007 it amounted to EUR 521 per user. Net profit in the period 2004-2007 totalled : 2004 - 9 659 999; 2005 - 1 966 428; 2006- 12 803 725; 2007 - 23 638 186. Net profit per employee amounted to: 2004 – 8 271; 2005 – 2 096; 2006 – 13 535; 2007 – 33 482.

Internet: the following revenues were realized: 2005 – EUR 3.9 million; 2006 – EUR 4 million; 2007 – EUR 4.1 million. The average revenue per user has a declining trend, in 2007 it amounted to EUR 43, in 2006 – EUR 49; 2005 - EUR 58. Net profit was the following: 2004 – EUR 814 869; 2005 – EUR 868 965; 2006 – EUR 558 201; 2007 – EUR 1 169 705. Net profit per employee was: 2004 – 30 180; 2005 – 32 184; 2006 – 19 248; 2007 – 36 553. Besides T-Com, M-tel is also present at the market as a web service provider, as well as MINA news (fixed telephony) and Promonte (mobile telephony) with a smaller market share.

Number of employees, profit and capital: The M-tel-in has 250 employees and investments since 2007 to the date amount to over 95 million. In 2008 T-Com Group realized gains about EUR 10.5 million. The wage costs were EUR 19.12 million the same year. In December 2008 number of employees was 697. The value of capital in 2008 was EUR 153 879 295 (EUR 140 996 394 of which capital stock, EUR 1 984 002 statutory reserves, EUR 10 898 899 accumulated profit). Data on Promonte financial operations are available on their web site.

Source:

- Agency for electronic communications and postal activity reports for 2007, 2008, and August 2009
- Analysis of financial situation and activities of telecommunication operators in Montenegro for 2007 (web site of Agency for Telecommunications and Postal Services)
- Financial report of T-com group for 2008
- Web site M-tel company;
- Web site of Promonte company

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In total 130 European standards have been adopted at the national level in the field of telecommunications equipment. In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro is planning to adopt 163 European standards in the field of telecommunications equipment.

- 1) Rulebook on technical norms for the maintenance of antenna poles (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/84)
- 2) Order on compulsory certification of cable distribution and common antenna system (Official Gazette of the Socialist Federal Republic of Yugoslavia 37/87)
- 3) Rulebook on technical standards for cable distribution and common antenna systems (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/87)
- 4) Order on defining devices in the field of radio communications, audio and video techniques and plug/in devices, which can be put into circulation only if they are provided with warranty and technical instruction and the lowest duration of warranty period and service provided for these devices (Official Gazette of the Socialist Federal Republic of Yugoslavia 28/89)
- 5) Rulebook on detailed content of the technical guidelines that must be provided with devices in the field of radio communications, audio and video techniques and plug-in devices (Official Gazette of the Socialist Federal Republic of Yugoslavia 28/89)
- 6) Rulebook on compulsory inspection of receiving antennas for television and sound radiophonic emissions in the frequency range from 30 MHz to 1000 MHz and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 30/91)

- 7) The Law on Telecommunications (Official Gazette of the Republic of Montenegro 59/00) with accompanying secondary legislation.

Both foreign and domestic legal persons shall, in the course of performing their activities, provide for the following: rational exploitation of natural resources, including costs for environmental protection within investment and production costs, and implementation of regulations, i.e. undertaking measures for environmental protection in compliance with the Law on Environment and relevant regulations.

(Source: Law on Environment, Official Gazette of the Republic of Montenegro 48/08)

E. Incentives

No special incentives to investments and export of above stated goods have been defined. There are standard investment benefits for persons who reinvest a part of gains and similar.

Source: Foreign Trade Law, Law on Income Tax)

See question 116 E.

F. Rules on foreign investment

When it comes to investment conditions, the same conditions apply to domestic and foreign investors. A foreign investor may establish a business organisation at the territory of Montenegro and invest in the business organisation in a manner and under conditions under which local entities can establish business organisations or invest funds in business organisations, unless otherwise provided by the law. Foreign investors have equal terms of investment as domestic investors, they participate in the profit and freely transfer and reinvest profit gained in Montenegro. Transfer of assets to a foreign investor abroad, after fulfilling all due obligations in the state, in accordance with the law is possible on the basis of the following:

- 3) return of contributions, repatriation of share in net property of a business organisation after the termination of work or sales;
- 4) profit, pursuant to the contract or foundation agreement.

Foreign investor is obliged to ensure their investments in accordance with the regulations on insurance. The property of a foreign investor may not be subject to expropriation, except when the law or the laws establishes public interest with a compensation that can not be lower than the market one, in accordance with the law. In addition to the mentioned compensation, the interest for the period from the date of seizure of property to the date of payment of the compensation belongs to the foreign investor, calculated according to one year LIBOR rate.

(Source: Foreign Investment Law, Official Gazette of the Republic of Montenegro 52/00 and 36/07)

G. Trading system

There are no quotas for import and export of telecommunications equipment. It can be freely imported, placed in the function and use, if it meets the conditions stipulated by the Law on Electronic Communications in Montenegro.

Each provider of telecommunications services must have general and specific licences, which is under the jurisdiction of the Agency for electronic communication and postal activities.

(Source: Law on Electronic Communications of Montenegro)

Law on Foreign Trade (Official Gazette of the Republic of Montenegro 28/04 and 37/07 - the text of the law is attached to the answer to question 1, Chapter 30, External Relations) fully complies with EU standards and with WTO. Articles 15 – 27 of the Law allow the introduction of quantity restrictions only in cases prescribed by law. Articles 28 - 30 define specific conditions for imports of certain types of products.

In Montenegrin legislation there are no regulations that favour domestic products in comparison to the foreign i.e. imported products.

H. Likely developments, and time-scale

Expected investments in Promonte company:

They will focus on installing new network elements with special emphasis on optimizing the quality of service and providing the best user experience. The ultimate goal of this project is to establish a network for the future that will fully meet the needs of users. Promonte is also very focused on environmental protection and it is believed that this new network will consume less energy than the existing one.

For this purpose, Promonte has established a partnership with ZTE Corporation, a leading provider in global telecommunications equipment and network solutions.

Expected investments in M-tel company:

Company M-tel is the largest green field investment in Montenegro, since 2007 till today investments about EUR 100 million have been made. Investments into maintenance are envisaged.

In partnership with Telekom Srbija, M-tel plans an investment into optic cable installation within the rail infrastructure in the section Bar - Beograd.

Cable operators plan to expand the network.

I. Approximation of national legislation to Community legislation

Law on Electronic Communications approximated to EU Directives: 2002/19/EC, 2002/20/EC, 2002/21/EC, 2002/22/EC, 2002/77/EC, 2002/676/EC; 2000/2887/EC, 98/48/EC, 98/34/EC, 98/84/EC, 98/61/EC, 97/33/EC, 98/10/EC, 92/44/EC.

(Source: National Program for Integration of Montenegro)

Activities on the analysis of the existing national legislation and analysis of regulations for transposition of harmonized EU legislation in this area are in progress.

Import and export of the above stated equipment is defined by the national Customs Law (Official Gazette of the Republic of Montenegro 7 / 2002, 38/2002, 72/2002, 21/2003, 29/2005, 66/2006 and 21/2008), which is approximated to the Community legislation to the greatest extent.

92 Consumer electronics

A. Production and Consumption

At the moment there are no official data on the production of respective goods.

B. Trade

Import (first eight months of 2009)

Import of consumer electronic products from the EU (in euro) – 7 864 948.10

Import of consumer electronic products from the rest of the world (in euro) - 6 082 430.98

Export (first eight months of 2009)

Export of consumer electronic products to the EU (in euro) – 7 840.97

Export of consumer electronic products to the rest of the world (in euro) -243 558.58

(Source: Customs Administration of Montenegro)

See Annex (Annex 157- Country Customs Administration of Montenegro)

C. Structural features

Statistical Office has no possession of the requested data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In total 15 European standards have been adopted at the national level in the field of electronic consumer products.

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt 20 European standards in the field of electronic consumer products.

- 1) Rulebook on technical measures for the construction and maintenance of electrical generators and synchronous compensators cooled with hydrogen (Official Gazette of the Socialist Federal Republic of Yugoslavia 13/69)
- 2) Rulebook on technical norms for protection from static electricity (Official Gazette of the Socialist Federal Republic of Yugoslavia 62/73)
- 3) Rulebook on technical norms for protection of power plants from over-voltage (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/71 and 44/76)
- 4) Rulebook on technical standards for electric power plants rated voltage of 10 kV for the voltage 20 kV (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/79)
- 5) Order on defining electrical household appliances that can be put into circulation only if they are provided with warranty and technical instruction and the lowest duration of warranty period and service provided for these devices (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/81)
- 6) Order on mandatory certification of electronic appliances for household and similar use (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/87)

- 7) Order on mandatory certification of electrical household appliances (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
- 8) Order on compulsory certification of separating transformers and safety transformers for separation (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
- 9) Rulebook on mandatory inspection of power insulated wire and cable (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/88)
- 10) Rulebook on the mandatory certification of products that cause radio frequency interference and conditions to be met by the joint organization of accredited certification for these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 30/91)
- 11) Rulebook on technical standards for electrical plants, equipment and installations in mines with underground mining (Official Gazette of the Socialist Federal Republic of Yugoslavia 21/88, 90/91)
- 12) Rulebook on technical norms for construction of low-voltage overhead lines (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/92)
- 13) Rulebook on technical norms for construction of overhead power cables rated voltages from 1 kV to 400 kV (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/88 and Official Gazette of the Federal Republic of Yugoslavia 18/92)
- 14) Rulebook on technical norms for construction of overhead lines of medium self-supporting cable bundles (Official Gazette of the Federal Republic of Yugoslavia 20/92)
- 15) Rulebook on technical standards for operation and maintenance of electropower plants and lines (Official Gazette of the Federal Republic of Yugoslavia 41/93).
- 16) Rulebook on technical standards for electrical installations, low voltage (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/88, 54/88, Official Gazette of the Federal Republic of Yugoslavia 28/95)
- 17) Rulebook on technical norms for the protection of low voltage networks and corresponding substations (Official Gazette of the Socialist Federal Republic of Yugoslavia 13/78; Official Gazette of the Federal Republic of Yugoslavia 37/95)
- 18) Rulebook on technical norms for grounding electrical power plants rated voltage above 1 000 V (Official Gazette of the Federal Republic of Yugoslavia 61/95)
- 19) Rulebook on technical requirements for reservoir water electric heaters (Official Gazette of the Federal Republic of Yugoslavia 05/99)
- 20) Rulebook on technical and other requirements for electric light sources (Official Gazette of the Federal Republic of Yugoslavia 30/2005)

Both foreign and domestic legal persons shall, in the course of performing their activities, provide for the following: rational exploitation of natural resources, including costs for environmental protection within investment and production costs, and implementation of regulations, i.e. undertaking measures for environmental protection in compliance with the Law on Environment and relevant regulations.

See answer to question 116-D

E. Incentives

No special incentives for investment and export of above stated goods have been defined.

See question 116 E - Chapter 20

F. Rules on foreign investment

When it comes to investment conditions, the same conditions apply to domestic and foreign investors. A foreign investor may establish a business organisation at the territory of Montenegro and invest in the business organisation in a manner and under conditions under which local entities can establish business organisations or invest funds in business organisations, unless otherwise

provided by the law. Foreign investors have equal terms of investment as domestic investors, they participate in the profit and freely transfer and reinvest profit gained in Montenegro. Transfer of assets to a foreign investor abroad, after fulfilling all due obligations in the state, in accordance with the law is possible on the basis of the following:

- 5) return of contributions, repatriation of share in net property of a business organisation after the termination of work or sales;
- 6) profit, pursuant to the contract or foundation agreement.

Foreign investor is obliged to ensure their investments in accordance with the regulations on insurance. The property of a foreign investor may not be subject to expropriation, except when the law or the laws establishes public interest with a compensation that can not be lower than the market one, in accordance with the law. In addition to the mentioned compensation, the interest for the period from the date of seizure of property to the date of payment of the compensation belongs to the foreign investor, calculated according to one year LIBOR rate.

(Source: Foreign Investment Law, Official Gazette of the Republic of Montenegro 52/00 and 36/07)

See question 116 F - Chapter 20.

G. Trading system

There are no quotas for import and export of electronic consumer products. There are no licences in this field either.

Law on Foreign Trade (Official Gazette of the Republic of Montenegro 28/04 and 37/07 - the text of the law is attached to the answer to question 1, Chapter 30, External Relations) fully complies with the EU and WTO standards. Articles 15 – 27 of the Law allow the introduction of quantity restrictions only in cases prescribed by law. Articles 28 - 30 define specific conditions for imports of certain types of products.

In Montenegrin legislation there are no regulations that favour domestic products in comparison to the foreign i.e. imported products.

H. Likely developments, and time-scale

There are no official data on planned investment, reconstruction or modernisation.

I. Approximation of national legislation to Community legislation

Activities on the analysis of the existing national legislation and analysis of regulations for transposition of harmonized EU legislation in this area are in progress.

Import and export of the above stated equipment is defined by the national Customs Law (Official Gazette of the Republic of Montenegro 7 / 2002, 38/2002, 72/2002, 21/2003, 29/2005, 66/2006 and 21/2008), which is approximated to the Community legislation to the greatest extent.

93 Components including microelectronics

A. Production and Consumption

There are no official data.

B. Trade

There are no official data.

C. Structural features

There are no official data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In total 10 European standards have been adopted at the national level in the field of components including microelectronics.

In accordance with the 2010 Work Programme, the Institute for Standardization of Montenegro plans to adopt the 25 European standards in the field of components that contain microelectronic elements.

Both foreign and domestic legal persons shall, in the course of performing their activities, provide for the following: rational exploitation of natural resources, including costs for environmental protection within investment and production costs, and implementation of regulations, i.e. undertaking measures for environmental protection in compliance with the Law on Environment and relevant regulations.

See question 116 D

E. Incentives

No special incentives for investment and export of above stated goods have been defined.

See question 116 E

F. Rules on foreign investment

When it comes to investment conditions, the same conditions apply to domestic and foreign investors. A foreign investor may establish a business organisation at the territory of Montenegro and invest in the business organisation in a manner and under conditions under which local entities can establish business organisations or invest funds in business organisations, unless otherwise provided by the law. Foreign investors have equal terms of investment as domestic investors, they participate in the profit and freely transfer and reinvest profit gained in Montenegro. Transfer of

assets to a foreign investor abroad, after fulfilling all due obligations in the state, in accordance with the law is possible on the basis of the following:

- 7) return of contributions, repatriation of share in net property of a business organisation after the termination of work or sales;
- 8) profit, pursuant to the contract or foundation agreement.

Foreign investor is obliged to ensure their investments in accordance with the regulations on insurance.

The property of a foreign investor may not be subject to expropriation, except when the law or the laws establishes public interest with a compensation that can not be lower than the market one, in accordance with the law. In addition to the mentioned compensation, the interest for the period from the date of seizure of property to the date of payment of the compensation belongs to the foreign investor, calculated according to one year LIBOR rate.

See question 116 F

G. Trading system

There are no non-customs measures that affect imports and exports of these products; they are not covered by quotas or licensing.

Law on Foreign Trade (Official Gazette of the Republic of Montenegro 28/04 and 37/07 - the text of the law is attached to the answer to question 1, Chapter 30, External Relations) fully complies with the EU and WTO standards. Articles 15 – 27 of the Law allow the introduction of quantity restrictions only in cases prescribed by law. Articles 28 - 30 define specific conditions for imports of certain types of products.

In Montenegrin legislation there are no regulations that favour domestic products in comparison to the foreign i.e. imported products.

H. Likely developments, and time-scale

There are no official data on planned investment, reconstruction or modernization.

I. Approximation of national legislation to Community legislation

There are ongoing activities on the analysis of the existing national legislation and analysis of regulations for transposition of harmonized EU legislation in this area.

94 Software

A. Production and Consumption

There are several recognised software manufacturers In Montenegro. Since it is a very specific product, the approach to the production is in accordance with the requirements of customers, by order and in accordance with the requirements of the project task. Microsoft and Oracle are most

commonly used as the platform. Employees at all three companies work in offices equipped in accordance with the standards of modern business. Computer classrooms are available to them with server computers for development, test and demonstration purposes. Production of software at the level of all three companies, in 2008 amounted to about EUR 1 410 000.

(Source: Companies' reports)

B. Trade

Data obtained by the Customs Administration do not refer to the software itself (under the Customs Law, software is not cleared through customs), but to software carriers such as: CD, DVD and the like.

Import of software carriers from the European Union in the first eight months of the year 2009 (EUR) – 78 477.53

Import of software carriers from the rest of the world in the first eight months year 2009 (EUR) – 299 000.43

Export of software carriers to the European Union in the first eight months 2009 (EUR) -10.00

Export of software carriers to the rest of the world in the first eight months 2009 (EUR) - 0.00

(Source: Custom Administration of Montenegro)

See Annex – Data of the Customs Administration of Montenegro ([Annex 157](#))

According to the company data, the situation is as follows.

2007 – EUR 3 731 435. 92

2008 - EUR 3 599 496. 97

2009 – EUR 2 893 932. 99

It is assumed that, apart from the abovementioned software, around EUR 320 000 of pre-installed software is also imported into the country (software that is located in imported computers). The sum of EUR 320 000 is obtained when around 8 000 computers are multiplied by EUR 40, which is an average price of the same software).

C. Structural features

By number of employees, the companies are classified as small-sized companies. They are privately owned. Employees' earnings are between EUR 500 and EUR 1 000. These data were obtained from the authorized persons from the above mentioned companies.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Three European standards have been adopted in the field of softwares.

Both foreign and domestic legal persons shall, in the course of performing their activities, provide for the following: rational exploitation of natural resources, including costs for environmental protection within investment and production costs, and implementation of regulations, i.e.

undertaking measures for environmental protection in compliance with the Law on Environment and relevant regulations.

See question 116 D

E. Incentives

No special incentives for investment and export of above mentioned goods have been defined.

See question 116 E

F. Rules on foreign investment

When it comes to investment conditions, the same conditions apply to domestic and foreign investors. A foreign investor may establish a business organisation at the territory of Montenegro and invest in the business organisation in a manner and under conditions under which local entities can establish business organisations or invest funds in business organisations, unless otherwise provided by the law. Foreign investors have equal terms of investment as domestic investors, they participate in the profit and freely transfer and reinvest profit gained in Montenegro. Transfer of assets to a foreign investor abroad, after fulfilling all due obligations in the state, in accordance with the law is possible on the basis of the following:

- 9) return of contributions, repatriation of share in net property of a business organisation after the termination of work or sales;
- 10) profit, pursuant to the contract or foundation agreement.

Foreign investor is obliged to ensure their investments in accordance with the regulations on insurance. The property of a foreign investor may not be subject to expropriation, except when the law or the laws establishes public interest with a compensation that can not be lower than the market one, in accordance with the law. In addition to the mentioned compensation, the interest for the period from the date of seizure of property to the date of payment of the compensation belongs to the foreign investor, calculated according to one year LIBOR rate.

See question 116 F.

G. Trading system

There are no specific restrictions in the form of quotas or licenses. Software is a product whose production in Montenegro is based on licensed platforms imported by manufacturers in Montenegro.

Law on Foreign Trade (Official Gazette of the Republic of Montenegro 28/04 and 37/07 - the text of the law is attached to the answer to question 1, Chapter 30, External Relations) fully complies with the EU and WTO standards. Articles 15 – 27 of the Law allow the introduction of quantity restrictions only in cases prescribed by law. Articles 28 - 30 define specific conditions for imports of certain types of products.

In Montenegrin legislation there are no regulations that favour domestic products in comparison to the foreign i.e. imported products.

H. Likely developments, and time-scale

No official data on planned investment, reconstruction or modernization.

Planning of the investments depend on the projects that are difficult to predict.

I. Approximation of national legislation to Community legislation

There are ongoing activities on the analysis of the existing national legislation and regulations for transposition of harmonized EU legislation in this area. Import and export of the above stated equipment is defined by the national Customs Law (Official Gazette of the Republic of Montenegro 7/2002, 38/2002, 72/2002, 21/2003, 29/2005, 66/2006 and 21/2008), which is approximated to the Community legislation to the greatest extent.

Pressure vessels, medical devices, measuring instruments, medical devices, including active medical devices and in vitro devices

95 Pressure equipment: equipment operating under pressure (tanks, reservoirs, containers, industrial pipe-work, boilers, pressure vessels, safety devices operating under pressure):

Answer given in continuation (A-I)

A. Production and Consumption

a) Installed production capacities and their utilisation rate

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	no installed production capacities

b) Present production (by volume and by value)

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	no installed production capacities

c) Domestic demand, present and forecast (for the next three years) in thousands of euro

Title	2008	2009	2010	2011
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	4 027	4 430	4 872	5 457

d) National self-supply ratio (production - exports) / (production + exports - imports)

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	import 100%

B. Trade**a) Import (including temporary imports) by volume and by value, from the rest of the world and from the EU, stating main countries of origin**

Title	2008	2009	2010	2011
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	4 027	4 430	4 872	5 457
	Serbia, Croatia, Bosnia and Herzegovina EU: Czech Republic, Bulgaria, Italy			

b) Export (by volume and by value) to the EU and other countries of destination

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	0

c) Exports/production and imports/production ratio

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	import 100%

C. Structural features**a) Turnover and gross value added (GVA), percentage of industry total**

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	no installed production capacities

b) Number of enterprises

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	no installed production capacities

c) Number of jobs, percentage of total jobs in industry

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure)	no installed production capacities

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Plants and machinery/equipment which is in active use

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure	no installed production capacities

e) Foreign capital and technology

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure	no installed production capacities

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure	no installed production capacities

g) Production and marketing monopolies

There are no production or marketing monopolies

h) Productivity per employee and per hour worked

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure	no installed production capacities

i) Wage and salary costs and costs of materials in the industry

Title	
Equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure	no installed production capacities

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

- **Standards**

In total 177 European standards have been adopted at the national level in the field of equipment under pressure: equipment that operates under pressure (cisterns, tanks, containers, industrial pipelines, vessels under pressure, safety devices which operate under pressure, and they are distributed as follows:

- Pressure Equipment Directive (PED)– 166 standards
- Simple Pressure Vessels Directive (SPVD) – 11 standards

Further adoption of European standards by these directives will be carried out continuously. For pressure equipment and gas appliances, the standards of former Yugoslav federation are still in use in Montenegro, more specifically the following groups of standards: JUS. M. E2; JUS. M. E3; JUS. M. E5; JUS. M. E6; JUS. M. E7; JUS. M. Z2; JUS. M. Z3; JUS. C. T3, as well as EN norms and ISO.

- **Rulebooks:**

- 1) Rulebook on technical norms for stable pressure vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/83)
- 2) Rulebook on technical norms for the moving gas furnaces without connection to the chimney (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/80)
- 3) Rulebook on technical norms for stable pressure vessels for liquid atmospheric gases (Official Gazette of the Socialist Federal Republic of Yugoslavia 9/86)
- 4) Rulebook on technical norms for setting stable pressure vessels for liquid atmospheric gases (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/88)
- 5) Order on mandatory certification of pressure regulator for liquid gases such as propane-butane (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/86)
- 6) Rulebook on technical norms for setting stable pressure vessels for liquefied carbon dioxide (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/88)
- 7) Rulebook on technical norms for inspection and testing of stable pressure vessels for liquefied carbon dioxide (Official Gazette of the Socialist Federal Republic of Yugoslavia 76/90)
- 8) Rulebook on technical norms for mobile closed vessels for compressed, liquid and under pressure dissolved gases (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/80; 9 / 86, 21/94, 56/95, 01/03)
- 9) Rulebook on building facilities for liquefied petroleum gas and storing and pouring liquid petroleum gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/71 and 26/71)
- 10) Rulebook on technical standards for design, construction, operation and maintenance of gas boiler room (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/90; 52/90)
- 11) Rulebook on technical standards for pipe lines for gaseous oxygen (Official Gazette of the Socialist Federal Republic of Yugoslavia 52/90)
- 12) Rulebook on technical standards for pipe lines for acetylene (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/92)
- 13) Rulebook on technical norms for the internal gas installations (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/92; 33/92)

E. Incentives

Answer is provided within 116 E (a, b, c).

F. Rules on foreign investment

- a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

In accordance with the legislation

- a) Guarantees

In accordance with the legislation

G. Trading system

- a) Non tariff / non-customs measures affecting imports and exports, such as licenses and quotas.

There are no limitations.

H. Likely developments, and time-scale

There are no data on envisaged investments or announcements of interest in investment in this area, and there are no restructuring and modernisation plans.

I. Approximation of national legislation to Community legislation

- a) List of measures, either planned or already adopted
- b) Timetable

The following rulebooks are being developed:

- 1) Rulebook on technical requirements for equipment under pressure (Directive EU 97/23/EC) – draft Rulebook prepared;
- 2) Rulebook on simple vessels under pressure (Directive EU 87/404/EC) – currently drafting the Rulebook - deadline, October 2009;
- 3) Rulebook on technical requirements for the degree of usefulness of new hot water boiler on liquid and gaseous fuels (Directive EU 92/42/EC) – currently drafting the Rulebook - deadline, November 2009.

96 Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels

The answer is given in (A-I).

A. Production and Consumption

- a) Installed production capacity and its utilisation rate

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

- b) Present production (by volume/quantity and by value)

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

- c) Domestic demand, present and forecast (for the next three years) in euro

Name	2008	2009	2010	2011
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	data are not available.			

d) National self-supply ratio

(production - exports) / (production + imports - exports)

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	import 100%

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating major countries of origin

Name	2008	2009	2010	2011
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	4027	4430	4872	5457

b) Exports (by volume and by value) to the EU and other countries of destination

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	0

c) Exports/production and imports/production ratios

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	import 100%

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

b) Number of enterprises

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

c) Number of jobs, percentage of total of jobs in industry

Name	

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Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities
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d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

e) Foreign capital and technology

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

g) Production and marketing monopolies

There are no production and marketing monopolies.

h) Productivity per employee and per hour worked

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

i) Wage and salary costs and costs of materials in the industry

Name	
Gas appliances (GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels	there are no installed production capacities

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

- Standards**

In the field of gas appliances (Gas Appliances Directive - GAD): equipment and apparatus for cooking, heating, production of hot water, lighting, washing, and refrigeration using gaseous or liquid fuels, a total of 61 European standards have been adopted at national level.

Further adoption of European standards from the above-mentioned Directive will be continuously carried out.

The following standards, i.e. groups of standard specifications for pressure equipment and gas appliances from the former Yugoslavia are in effect in Montenegro: JUS. M. E2; JUS. M. E3; JUS. M. E5; JUS. M. E6; JUS. M. E7; JUS. M. Z2; JUS. M. Z3; JUS. C. T3, as well as EN standards and ISO.

- **Rulebooks**

- 1) Rulebook on technical standards for stable pressure vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/83)
- 2) Rulebook on technical standards for movable gas heating stoves with no connection to a chimney (Official Gazette of the Socialist Federal Republic of Yugoslavia 43/80)
- 3) Rulebook on technical standards for stable pressure vessels for liquefied atmospheric gasses (Official Gazette of the Socialist Federal Republic of Yugoslavia 9/86)
- 4) Rulebook on technical standards for placing stable pressure vessels for liquefied atmospheric gasses (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/88)
- 5) Order on compulsory attest of pressure regulators for liquefied gasses propane-butane (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/86)
- 6) Rulebook on technical standards for placing stable pressure vessels for liquefied carbon-dioxide (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/88)
- 7) Rulebook on technical standards for inspection and testing of stable pressure vessels for liquefied carbon-dioxide (Official Gazette of the Socialist Federal Republic of Yugoslavia 76/90)
- 8) Rulebook on technical standards for movable closed vessels for compressed, liquefied gasses and gasses dissolved under pressure (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/80; 9/86; 21/94; 56/95; 01/03)
- 9) Rulebook on the construction of the liquefied petroleum gas plant, and on storage and transfer of liquefied petroleum gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/71 and 26/71)
- 10) Rulebook on technical standards for designing, construction, operation and maintenance of gas boiler-rooms (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/90; 52/90)
- 11) Rulebook on technical standards for oxygen gas transmission pipeline systems (Official Gazette of the Socialist Federal Republic of Yugoslavia 52/90)
- 12) Rulebook on technical standards for pipeline transmission of acetylene (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/92)
- 13) Rulebook on technical standards for domestic gas installations (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/92; 33/92)

E. Incentives

The answer is given in 116 E (a, b, c).

F. Rules on foreign investment

a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax relief rules on profit repatriation

In accordance with applicable legislation.

b) Guarantees

In accordance with applicable legislation.

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

There are no limitations.

H. Likely developments, and time-scale

There are no data on envisaged investments, and there are no notices of interest in investing in this field as well, and there are no envisaged restructuring or modernisation plans.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

b) Timetable

- Rulebook on gas appliances (Directive 90/396/EEC) – the Rulebook is in the process of drafting - deadline, November 2009.
- Rulebook on technical standards for appliances and equipment for operation of motor vehicles fuelled with natural gas and liquefied petroleum gas (LPG) (Directive EU ECE 110; ECE 150, 2005/55/EC, Amendments 2005/78/EC; 2006/51/EC; 2008/74/EC) – the draft Rulebook has been drawn up.

97 Legal metrology

At the end of December 2008, the new Law on Metrology was adopted (Official Gazette of Montenegro 79/08), defining in its transitional and final provisions a two-year term upon the entry into force, for passing relevant legislation pursuant to authorisation contained therein. Secondary legislation adopted in line with previous Law, i.e. the Law on Metrology (Official Gazette of Serbia and Montenegro 44/05) will be applied until the aforementioned regulations are adopted.

Regulations which were applicable prior to entry into force of the new Law on Metrology (Official Gazette of Montenegro 79/08), dated back to the 1980s and governed each measuring instrument individually, including 10 types of measuring instruments encompassed in the MID Directive.

Pursuant to the new Law on Metrology, the Rulebook on technical and metrological requirements related to measuring instruments will be adopted. The Rulebook will be harmonized with the MID Directive and adopted by the end of 2010, as stipulated in the National Programme for Integration of Montenegro into the EU (NPI). The process of drafting the Rulebook which will transpose the MID Directive into the national legislation is underway.

b) Non-automatic weight measuring instruments (NAWI)

Regulation applicable prior the entry into force of the new Law on Metrology (Official Gazette of Montenegro 79/08), which is related to non-automatic scales, dates back to 1987. Pursuant to the new Law on Metrology, the Regulation on technical requirements and compliance appraisal

procedures for non-automatic scales will be adopted. The Regulation will be harmonized with the NAWI Directive, and adopted by the end of 2009, as stipulated in the National Program for Integration of Montenegro into the EU (NPI). The process of drafting Regulation which will transpose the NAWI Directive into the national legislation is underway.

A. Production and Consumption

a) Installed production capacity and its utilisation rate

There is no production of measuring instruments defined in the MID and NAWI Directives, i.e. there is no production of other measuring instruments either.

b) Present production (by volume and by value)

There is no production of measuring instruments in accordance with the MID and NAWI Directives.

c) Domestic demand, present and forecast (for the next three years)

There are no data available.

d) National self-supply ratio

(production – exports) / (production + exports – imports)

There is no production of measuring instruments in accordance with the MID and NAWI Directives; there are no data available.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Values of imported measuring instruments under the MID Directive and of non-automatic scales under the NAWI Directive, from EU countries in 2007 and 2008, are presented in table 1 below.

Table 1. Values of measuring instruments imported from EU countries in 2007 and 2008

Imports of measuring instruments from EU countries under the MID and NAWI Directives	Year	
	2007	2008
	EUR	EUR
8423:WEIGHING MACHINERY, INCL. WEIGHT-OPERATED COUNTING OR CHECKING MACHINES (EXCL. BALANCES OF A SENSITIVITY OF 5 CG OR BETTER); WEIGHING MACHINE WEIGHTS OF ALL KINDS; PARTS THEREOF	375,738.59	440,466.14
842310:PERSONAL WEIGHING MACHINES, INCL. BABY SCALES; HOUSEHOLD SCALES	90,979.92	65,489.43
84231010:Household scales (excl. personal weighing machines and baby scales)	57,006.74	36,095.13
84231090:Personal weighing machines, incl. baby scales	33,973.18	29,394.30
842320:SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS	0.00	6,228.00
84232000:Scales for continuous weighing of goods on conveyors	0.00	6,228.00
842330:CONSTANT WEIGHT SCALES AND SCALES FOR DISCHARGING A PRE-DETERMINED WEIGHT OF MATERIAL INTO A BAG OR CONTAINER, INCL. HOPPER SCALES (EXCL. SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS)	36,395.58	0.00
84233000:Constant weight scales and scales for discharging a pre-determined weight of material	36,395.58	0.00

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into a bag or container, incl. hopper scales (excl. scales for continuous weighing of goods on conveyors)		
842381:WEIGHING MACHINERY HAVING A MAXIMUM WEIGHING CAPACITY <= 30 KG (EXCL. BALANCES OF A SENSITIVITY OF 5 CG OR BETTER, PERSONAL WEIGHING MACHINES, HOUSEHOLD SCALES, SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS, CONSTANT WEIGHT SCALES AND SCALES	89,487.87	241,698.18
84238110:Check weighers and automatic control machines operating by reference to a pre-determined weight, of a maximum weighing capacity <= 30 kg	1,735.88	29,120.15
84238130:Machinery for weighing and labelling pre-packaged goods, of a maximum weighing capacity <= 30 kg	0.00	58,015.00
84238150:Shop-scales of a maximum weighing capacity <= 30 kg (excl. machinery for weighing and labelling pre-packaged goods)	75,386.68	125,881.79
84238190:Weighing machinery of a maximum capacity <= 30 kg (excl. of a sensitivity <= 50 mg; personal weighing machines; household scales; scales for continuous weighing of goods on conveyors; constant weight scales and scales for discharging a predetermined weight	12,365.31	28,681.24
842382:WEIGHING MACHINERY OF A MAXIMUM WEIGHING CAPACITY > 30 KG BUT <= 5.000 KG (EXCL. PERSONAL WEIGHING MACHINES, SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS, CONSTANT WEIGHT SCALES AND SCALES FOR DISCHARGING A PRE-DETERMINED WEIGHT OF MATERIAL	17,064.84	7,834.04
84238200:added for 2005	0.00	0.00
84238210:Check weighers and automatic control machines operating by reference to a pre-determined weight, of a maximum weighing capacity > 30 kg but <= 5.000 kg	0.00	0.00
84238290:Weighing machinery having a maximum weighing capacity of > 30 kg but <= 5.000 kg (other than personal weighing machines, scales for continuous weighing of goods on conveyors, constant weight scales and scales for discharging a certain weight material into a bag or container, incl. hopper scales, check weighers and automatic control machines operating by reference to a pre-determined weight)	17,064.84	7,834.04
842389:WEIGHING MACHINERY OF A MAXIMUM WEIGHING CAPACITY > 5.000 KG	77,467.46	58,283.63
84238900:Weighing machinery of a maximum weighing capacity > 5.000 kg	77,467.46	58,283.63
84238910:added for 2005	0.00	0.00
84238990:added for 2005	0.00	0.00
842390:WEIGHING MACHINE WEIGHTS OF ALL KINDS; PARTS OF WEIGHING MACHINERY, N.E.S.	64,342.92	60,932.86
84239000:Weighing machine weights of all kinds; parts of weighing machinery, n.e.s.	64,342.92	60,932.86
9016: BALANCES OF A SENSITIVITY OF 50 MG OR BETTER, WITH OR WITHOUT WEIGHTS	14,082.84	16,243.34
901600: BALANCES OF A SENSITIVITY OF 50 MG OR BETTER, WITH OR WITHOUT WEIGHTS	14,082.84	16,243.34
90160010: Balances of a sensitivity of 50 mg or better, with or without weights	14,082.84	13,676.34
90160090: Parts and accessories for balances of a sensitivity of 50 mg or better, n.e.s.	0.00	2,567.00
901780: INSTRUMENTS FOR MEASURING LENGTH, FOR USE IN THE HAND, N.E.S.	87,433.57	97,646.25
90178010: Measuring rods and tapes and divided scales	49,708.13	70,465.69
90178090: Hand-held instruments for measuring length, n.e.s.	37,725.44	27,180.56
901790: PARTS AND ACCESSORIES FOR DRAWING, MARKING-OUT OR MATHEMATICAL CALCULATING INSTRUMENTS AND INSTRUMENTS FOR MEASURING LENGTH FOR USE IN THE HAND, N.E.S.	3,023.26	0.00
90179000: Parts and accessories for drawing, marking-out or mathematical calculating instruments	2,991.58	0.00

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and instruments for measuring length for use in the hand, n.e.s.		
90179010:added for 2007	31.68	0.00
90179090:added for 2006	0.00	0.00
9026:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, E.G. FLOW METERS, LEVEL GAUGES, MANOMETERS, HEAT METERS (EXCL. INSTRUMENTS AND APPARATUS OF HEADING 9014, 9015, 9028 OR 9032)	210,031.26	245,115.08
902610:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW OR LEVEL OF LIQUIDS (EXCL. METERS AND REGULATORS)	57,591.96	100,648.51
90261010:added for 2005	0.00	0.00
90261021:Electronic flow meters for measuring or checking the flow or level of liquids (excl. meters and regulators)	32,987.52	66,220.46
90261029:Electronic instruments and apparatus for measuring or checking the flow or level of liquids (excl. flow meters, meters and regulators)	1,809.57	20,526.90
90261051:added for 2005	3,931.23	0.00
90261059:added for 2005	3,384.44	0.00
90261081:Flow meters for measuring or checking the flow or level of liquids, non-electronic (excl. meters and regulators)	4,939.52	7,249.68
90261089:Instruments and apparatus for measuring or checking the flow or level of liquids, non-electronic (excl. flow meters, meters and regulators)	4,797.44	6,651.47
90261091:added for 2005	352.65	0.00
90261099:added for 2005	5,389.59	0.00
902620:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING PRESSURE OF LIQUIDS OR GASES (EXCL. REGULATORS)	75,208.83	75,187.56
90262010:added for 2005	0.00	0.00
90262020:Electronic instruments and apparatus for measuring or checking pressure of liquids or gases (excl. regulators)	33,404.48	9,857.36
90262030:added for 2005	7,347.34	0.00
90262040:Spiral or metal diaphragm type pressure gauges	10,739.08	9,414.61
90262050:added for 2006	36.40	0.00
90262051:added for 2005	0.00	0.00
90262059:added for 2005	0.00	0.00
90262080:Instruments and apparatus for measuring or checking pressure of liquids or gases, non-electronic (excl. spiral or metal diaphragm type pressure gauges, and regulators)	11,592.68	55,915.59
90262090:added for 2005	12,088.85	0.00
902680:INSTRUMENTS OR APPARATUS FOR MEASURING OR CHECKING VARIABLES OF LIQUIDS OR GASES, N.E.S.	34,534.57	54,178.94
90268010:added for 2006	0.00	0.00
90268020: Electronic instruments or apparatus for measuring or checking variables of liquids or gases, n.e.s.	7,913.25	11,513.91
90268080:Non-electronic instruments or apparatus for measuring or checking variables of liquids or	9,675.90	42,665.03

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gases, n.e.s.		
90268091:added for 2005	10,723.73	0.00
90268099:added for 2005	6,221.69	0.00
902690:PARTS AND ACCESSORIES FOR INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, N.E.S.	42,695.90	15,100.07
90269000: Parts and accessories for instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases, n.e.s.	38,982.30	15,100.07
90269090:added for 2005	3,713.60	0.00
9027:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, E.G. POLARIMETERS, REFRACTOMETERS, SPECTROMETERS, GAS OR SMOKE ANALYSIS APPARATUS; INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE; INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT (INCLUDING EXPOSURE METERS); MICROTOMES	717,882.58	523,392.86
902710:GAS OR SMOKE ANALYSIS APPARATUS	63,942.52	30,671.68
90271010:Electronic gas or smoke analysis apparatus	15,978.61	28,068.04
90271090:Non-electronic gas or smoke analysis apparatus	47,963.91	2,603.64
902720:CHROMATOGRAPHS AND ELECTROPHORESIS INSTRUMENTS	0.00	0.00
90272000:Chromatographs and electrophoresis instruments	0.00	0.00
90272010:added for 2005	0.00	0.00
902730:SPECTROMETERS, SPECTROPHOTOMETERS AND SPECTROGRAPHS USING OPTICAL RADIATIONS, SUCH AS UV, VISIBLE, IR	267,263.43	11,356.00
90273000:Spectrometers, spectrophotometers and spectrographs using optical radiations, such as UV, visible, IR	267,263.43	11,356.00
902740:EXPOSURE METERS	0.00	0.00
90274000:added for 2007	0.00	0.00
902750:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, USING UV, VISIBLE OR IR OPTICAL RADIATIONS (EXCL. SPECTROMETERS, SPECTROPHOTOMETERS, SPECTROGRAPHS, AND GAS OR SMOKE ANALYSIS APPARATUS)	35,780.82	11,770.06
90275000:Instruments and apparatus for physical or chemical analysis, using UV, visible or IR optical radiations (excl. spectrometers, spectrophotometers, spectrographs, and gas or smoke analysis apparatus)	35,780.82	11,770.06
902780:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, OR FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE, OR FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT, N.E.S.	294,236.84	419,646.48
90278005:Exposure meters	0.00	12,558.00
90278011:Electronic pH meters, rH meters and other apparatus for measuring conductivity	4,040.53	76,254.49
90278013:Electronic apparatus and equipment for performing measurements of the physical properties of semiconductor materials or of LCD substrates or associated insulating or conductive layers during the semiconductor wafer production process or the LCD p	0.00	0.00
90278016:added for 2005	0.00	0.00
90278017:Electronic instruments and apparatus for physical or chemical analysis or for measuring viscosity, porosity, expansion, surface tension or the like, or for measuring heat, sound or light,	166,929.81	77,851.00

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n.e.s.		
90278018:added for 2005	0.00	0.00
90278091:Non-electronic viscometers, porosimeters and expansion meters	1,306.86	0.00
90278093:Apparatus and equipment for performing measurements of the physical properties of semiconductor materials or of LCD substrates or associated insulating or conductive layers during the semiconductor wafer production process or the LCD production process	0.00	0.00
90278097:Non-electronic instruments and apparatus for physical or chemical analysis or for determining surface tension or the like, or for measuring heat or sound, n.e.s.	121,959.64	252,982.99
90278098:added for 2005	0.00	0.00
902790:MICROTOMES; PARTS AND ACCESSORIES OF INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE; INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT (INCLUDING EXPOSURE METERS); MICROTOMES	56,658.97	49,948.64
90279010:Microtomes	0.00	0.00
90279050:Parts and accessories of instruments and apparatus for physical or chemical analysis, e.g. polarimeters, refractometers, spectrometers, gas or smoke analysis apparatus); instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like;	52,795.15	39,243.31
90279080:Parts and accessories of microtome or of gas or smoke analysis apparatus, n.e.s.	3,863.82	10,705.33
902710:COMPONENTS OF COMPLETE INDUSTRIAL PLANTS OF SUB-CHAPTER 9027; ENERGY (INCLUDING PRODUCTION AND DISTRIBUTION OF STEAM AND HOT WATER)	0.00	0.00
9028:GAS, LIQUID OR ELECTRICITY SUPPLY OR PRODUCTION METERS, INCL. CALIBRATING METERS THEREFOR	890,692.47	1,704,696.43
902810:GAS METERS, INCL. CALIBRATING METERS THEREFOR	0.00	3,781.75
90281000:Gas meters, incl. calibrating meters therefore	0.00	3,781.75
902820:LIQUID METERS, INCL. CALIBRATING METERS THEREFOR	55,429.16	175,711.22
90282000:Liquid meters, incl. calibrating meters therefore	55,429.16	175,711.22
902830:ELECTRICITY SUPPLY OR PRODUCTION METERS, INCL. CALIBRATING METERS THEREFOR	775,425.28	1,513,269.50
90283011:Electricity supply or production meters for alternating current, single-phase, incl. calibrating meters therefore	31,501.10	0.00
90283019:Electricity supply or production meters for alternating current, multi-phase, incl. calibrating meters therefore	743,889.63	1,513,269.50
90283090:Electricity supply or production meters for continuous current, incl. calibrating meters therefore	34.55	0.00
902890:PARTS AND ACCESSORIES FOR GAS, LIQUID OR ELECTRICITY SUPPLY OR PRODUCTION METERS, N.E.S.	59,838.03	11,933.96
90289010:Parts and accessories for electricity meters, n.e.s.	4,438.22	42.42
90289090:Parts and accessories for gas or liquid meters, n.e.s.	55,399.81	11,891.54
9029:REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILOMETERS, PEDOMETERS AND THE LIKE (EXCL. GAS, LIQUID AND ELECTRICITY METERS); SPEED INDICATORS AND TACHOMETERS (EXCL. THOSE OF HEADING 9014 AND 9015); STROBOSCOPES	110,303.84	71,021.14
902910:REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILOMETERS, PEDOMETERS AND THE LIKE (EXCL. GAS, LIQUID AND ELECTRICITY METERS)	50,444.13	32,554.48

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90291000:Revolution counters, production counters, taximeters, milometers, pedometers and the like (excl. gas, liquid and electricity meters)	38,151.64	32,554.48
90291090:added for 2005	12,292.49	0.00
902920:SPEED INDICATORS AND TACHOMETERS, STROBOSCOPES	58,786.17	33,760.95
90292031:Speed indicators for land vehicles	54,564.42	13,849.64
90292038:Speed indicators and tachometers (excl. for land vehicles)	4,071.22	19,911.31
90292039:added for 2005	150.53	0.00
90292090:Stroboscopes	0.00	0.00
902990:PARTS AND ACCESSORIES FOR REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILEOMETERS, PEDOMETERS AND THE LIKE, SPEED INDICATORS AND TACHOMETERS, AND STROBOSCOPES, N.E.S.	1,073.54	4,705.71
90299000:Parts and accessories for revolution counters, production counters, taximeters, milometer, pedometers and the like, speed indicators and tachometers, and stroboscopes, n.e.s.	1,073.54	4,705.71
90299010:added for 2006	0.00	0.00
90299090:added for 2005	0.00	0.00

Source: MONSTAT

Values of imported measuring instruments under the MID Directive and non-automatic scales under the NAWI Directive, from other countries (non EU) in 2007 and 2008, are presented in Table 2.

Table 2. Value of measuring instruments imported from other countries in 2007 and 2008

Imports of measuring instruments from other countries (non EU) under the MID and NAWI Directives	Year	
	2007	2008
	EUR	EUR
8423:WEIGHING MACHINERY, INCL. WEIGHT-OPERATED COUNTING OR CHECKING MACHINES (EXCL. BALANCES OF A SENSITIVITY OF 5 CG OR BETTER); WEIGHING MACHINE WEIGHTS OF ALL KINDS; PARTS THEREOF	299,254.89	451,141.08
842310:PERSONAL WEIGHING MACHINES, INCL. BABY SCALES; HOUSEHOLD SCALES	49,394.41	56,240.44
84231010:Household scales (excl. personal weighing machines and baby scales)	23,722.26	44,176.00
84231090:Personal weighing machines, incl. baby scales	25,672.15	12,064.44
842320:SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS	9,015.56	0.00
84232000:Scales for continuous weighing of goods on conveyors	9,015.56	0.00
842330:CONSTANT WEIGHT SCALES AND SCALES FOR DISCHARGING A PRE-DETERMINED WEIGHT OF MATERIAL INTO A BAG OR CONTAINER, INCL. HOPPER SCALES (EXCL. SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS)	8,088.50	777.30
84233000:Constant weight scales and scales for discharging a pre-determined weight of material into a bag or container, incl. hopper scales (excl. scales for continuous weighing of goods on conveyors)	8,088.50	777.30
842381:WEIGHING MACHINERY HAVING A MAXIMUM WEIGHING CAPACITY <= 30 KG (EXCL. BALANCES OF A SENSITIVITY OF 5 CG OR BETTER, PERSONAL WEIGHING MACHINES, HOUSEHOLD SCALES, SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS, CONSTANT WEIGHT SCALES AND SCALES	156,313.31	197,439.75

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84238110:Check weighers and automatic control machines operating by reference to a pre-determined weight, of a maximum weighing capacity <= 30 kg	3,685.55	0.00
84238130:Machinery for weighing and labelling pre-packaged goods, of a maximum weighing capacity <= 30 kg	0.00	950.00
84238150:Shop-scales of a maximum weighing capacity <= 30 kg (excl. machinery for weighing and labelling pre-packaged goods)	143,846.01	167,107.27
84238190:Weighing machinery of a maximum capacity <= 30 kg (excl. of a sensitivity <= 50 mg; personal weighing machines; household scales; scales for continuous weighing of goods on conveyors; constant weight scales and scales for discharging a predetermined weight	8,781.75	29,382.48
842382:WEIGHING MACHINERY OF A MAXIMUM WEIGHING CAPACITY > 30 KG BUT <= 5.000 KG (EXCL. PERSONAL WEIGHING MACHINES, SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS, CONSTANT WEIGHT SCALES AND SCALES FOR DISCHARGING A PRE-DETERMINED WEIGHT OF MATERIAL	31,624.72	163,266.21
84238200:added for 2005	0.00	0.00
84238210:Check weighers and automatic control machines operating by reference to a pre-determined weight, of a maximum weighing capacity > 30 kg but <= 5.000 kg	1,201.96	0.00
84238290:Weighing machinery having a maximum weighing capacity of > 30 kg but <= 5.000 kg (other than personal weighing machines, scales for continuous weighing of goods on conveyors, constant weight scales and scales for discharging a certain weight of m	30,422.76	163,266.21
842389:WEIGHING MACHINERY OF A MAXIMUM WEIGHING CAPACITY > 5.000 KG	22,792.42	616.70
84238900:Weighing machinery of a maximum weighing capacity > 5.000 kg	22,792.42	616.70
84238910:added for 2005	0.00	0.00
84238990:added for 2005	0.00	0.00
842390:WEIGHING MACHINE WEIGHTS OF ALL KINDS; PARTS OF WEIGHING MACHINERY, N.E.S.	22,025.97	32,800.68
84239000:Weighing machine weights of all kinds; parts of weighing machinery, n.e.s.	22,025.97	32,800.68
9016: BALANCES OF A SENSITIVITY OF 50 MG OR BETTER, WITH OR WITHOUT WEIGHTS	10,178.29	26,346.21
901600:BALANCES OF A SENSITIVITY OF 50 MG OR BETTER, WITH OR WITHOUT WEIGHTS	10,178.29	26,346.21
90160010:Balances of a sensitivity of 50 mg or better, with or without weights	9,888.29	25,853.64
90160090:Parts and accessories for balances of a sensitivity of 50 mg or better, n.e.s.	290.00	492.57
901780: INSTRUMENTS FOR MEASURING LENGTH, FOR USE IN THE HAND, N.E.S.	67,510.70	68,759.70
90178010:Measuring rods and tapes and divided scales	46,924.18	50,514.99
90178090:Hand-held instruments for measuring length, n.e.s.	20,586.52	18,244.71
901790:PARTS AND ACCESSORIES FOR DRAWING, MARKING-OUT OR MATHEMATICAL CALCULATING INSTRUMENTS AND INSTRUMENTS FOR MEASURING LENGTH FOR USE IN THE HAND, N.E.S.	3,657.72	1,668.42
90179000:Parts and accessories for drawing, marking-out or mathematical calculating instruments and instruments for measuring length for use in the hand, n.e.s.	3,550.58	1,668.42
90179010:added for 2007	0.00	0.00
90179090:added for 2006	107.14	0.00
9026: INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, E.G. FLOW METERS, LEVEL GAUGES, MANOMETERS, HEAT METERS (EXCL. INSTRUMENTS AND APPARATUS	484,067.89	656,762.29

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OF HEADING 9014, 9015, 9028 OR 9032)		
902610:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW OR LEVEL OF LIQUIDS (EXCL. METERS AND REGULATORS)	248,384.93	307,879.31
90261010:added for 2005	0.00	0.00
90261021:Electronic flow meters for measuring or checking the flow or level of liquids (excl. meters and regulators)	47,923.07	195,218.20
90261029:Electronic instruments and apparatus for measuring or checking the flow or level of liquids (excl. flow meters, meters and regulators)	43,381.74	36,997.88
90261051:added for 2005	19,941.71	0.00
90261059:added for 2005	55,467.12	0.00
90261081:Flow meters for measuring or checking the flow or level of liquids, non-electronic (excl. meters and regulators)	9,486.34	35,688.32
90261089:Instruments and apparatus for measuring or checking the flow or level of liquids, non-electronic (excl. flow meters, meters and regulators)	47,063.16	39,974.91
90261091:added for 2005	22,437.34	0.00
90261099:added for 2005	2,684.45	0.00
902620:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING PRESSURE OF LIQUIDS OR GASES (EXCL. REGULATORS)	116,070.28	135,969.22
90262010:added for 2005	0.00	0.00
90262020:Electronic instruments and apparatus for measuring or checking pressure of liquids or gases (excl. regulators)	25,997.43	41,386.96
90262030:added for 2005	4,528.14	0.00
90262040:Spiral or metal diaphragm type pressure gauges	2,533.45	6,865.95
90262050:added for 2006	7,568.89	0.00
90262051:added for 2005	0.00	0.00
90262059:added for 2005	0.00	0.00
90262080:Instruments and apparatus for measuring or checking pressure of liquids or gases, non-electronic (excl. spiral or metal diaphragm type pressure gauges, and regulators)	50,667.27	87,716.31
90262090:added for 2005	24,775.10	0.00
902680:INSTRUMENTS OR APPARATUS FOR MEASURING OR CHECKING VARIABLES OF LIQUIDS OR GASES, N.E.S.	47,220.14	81,699.08
90268010:added for 2006	0.00	0.00
90268020:Electronic instruments or apparatus for measuring or checking variables of liquids or gases, n.e.s.	4,001.26	30,541.06
90268080:Non-electronic instruments or apparatus for measuring or checking variables of liquids or gases, n.e.s.	13,757.69	51,158.02
90268091:added for 2005	20,620.40	0.00
90268099:added for 2005	8,840.79	0.00
902690:PARTS AND ACCESSORIES FOR INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, N.E.S.	72,392.54	131,214.68

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90269000:Parts and accessories for instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases, n.e.s.	58,694.31	131,214.68
90269090:added for 2005	13,698.23	0.00
9027:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, E.G. POLARIMETERS, REFRACTOMETERS, SPECTROMETERS, GAS OR SMOKE ANALYSIS APPARATUS; INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE	1,213,414.18	815,387.62
902710:GAS OR SMOKE ANALYSIS APPARATUS	172,737.42	194,712.66
90271010:Electronic gas or smoke analysis apparatus	94,938.82	189,181.47
90271090:Non-electronic gas or smoke analysis apparatus	77,798.60	5,531.19
902720:CHROMATOGRAPHS AND ELECTROPHORESIS INSTRUMENTS	216,915.00	10,000.00
90272000:Chromatographs and electrophoresis instruments	216,915.00	10,000.00
90272010:added for 2005	0.00	0.00
902730:SPECTROMETERS, SPECTROPHOTOMETERS AND SPECTROGRAPHS USING OPTICAL RADIATIONS, SUCH AS UV, VISIBLE, IR	40,412.35	246,659.94
90273000:Spectrometers, spectrophotometers and spectrographs using optical radiations, such as UV, visible, IR	40,412.35	246,659.94
902740:EXPOSURE METERS	576.00	0.00
90274000:added for 2007	576.00	0.00
902750:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, USING UV, VISIBLE OR IR OPTICAL RADIATIONS (EXCL. SPECTROMETERS, SPECTROPHOTOMETERS, SPECTROGRAPHS, AND GAS OR SMOKE ANALYSIS APPARATUS)	220,867.94	42,134.58
90275000:Instruments and apparatus for physical or chemical analysis, using UV, visible or IR optical radiations (excl. spectrometers, spectrophotometers, spectrographs, and gas or smoke analysis apparatus)	220,867.94	42,134.58
902780:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, OR FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE, OR FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT, N.E.S.	351,974.11	150,699.78
90278005:Exposure meters	0.00	0.00
90278011:Electronic pH meters, rH meters and other apparatus for measuring conductivity	23,857.79	20,826.11
90278013:Electronic apparatus and equipment for performing measurements of the physical properties of semiconductor materials or of LCD substrates or associated insulating or conductive layers during the semiconductor wafer production process or the LCD production process	0.00	0.00
90278016:added for 2005	0.00	0.00
90278017:Electronic instruments and apparatus for physical or chemical analysis or for measuring viscosity, porosity, expansion, surface tension or the like, or for measuring heat, sound or light, n.e.s.	229,709.07	58,167.18
90278018:added for 2005	0.00	0.00
90278091:Non-electronic viscometers, porosimeters and expansion meters	0.00	4,783.48
90278093:Apparatus and equipment for performing measurements of the physical properties of semiconductor materials or of LCD substrates or associated insulating or conductive layers during the semiconductor wafer production process or the LCD production process	0.00	0.00
90278097:Non-electronic instruments and apparatus for physical or chemical analysis or for	98,407.25	66,923.01

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determining surface tension or the like, or for measuring heat or sound, n.e.s.		
90278098:added for 2005	0.00	0.00
902790:MICROTOMES; PARTS AND ACCESSORIES OF INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE; INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT (INCLUDING EXPOSURE METERS)	209,931.36	171,180.66
90279010:Microtomes	205.60	1,479.26
90279050:Parts and accessories of instruments and apparatus for physical or chemical analysis, e.g. polarimeters, refractometers, spectrometers, of instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like; instruments and apparatus for measuring or checking quantities of heat, sound or light (including exposure meters); microtomes	66,375.18	150,697.37
90279080: Parts and accessories of microtomes or of gas or smoke analysis apparatus, n.e.s.	143,350.58	19,004.03
902710:COMPONENTS OF COMPLETE INDUSTRIAL PLANTS OF SUB-CHAPTER 9027; ENERGY (INCLUDING PRODUCTION AND DISTRIBUTION OF STEAM AND HOT WATER)	0.00	0.00
9028:GAS, LIQUID OR ELECTRICITY SUPPLY OR PRODUCTION METERS, INCL. CALIBRATING METERS THEREFORE	1,157,609.45	998,724.06
902810:GAS METERS, INCL. CALIBRATING METERS THEREFORE	13,122.94	1,043.93
90281000:Gas meters, incl. calibrating meters therefor	13,122.94	1,043.93
902820:LIQUID METERS, INCL. CALIBRATING METERS THEREFORE	216,018.39	323,135.79
90282000:Liquid meters, incl. calibrating meters therefore	216,018.39	323,135.79
902830:ELECTRICITY SUPPLY OR PRODUCTION METERS, INCL. CALIBRATING METERS THEREFORE	769,993.45	622,269.86
90283011:Electricity supply or production meters for alternating current, single-phase, incl. calibrating meters therefore	12,611.63	5,652.83
90283019:Electricity supply or production meters for alternating current, multi-phase, incl. calibrating meters therefore	700,013.93	604,259.06
90283090:Electricity supply or production meters for continuous current, incl. calibrating meters therefore	57,367.89	12,357.97
902890:PARTS AND ACCESSORIES FOR GAS, LIQUID OR ELECTRICITY SUPPLY OR PRODUCTION METERS, N.E.S.	158,474.67	52,274.48
90289010:Parts and accessories for electricity meters, n.e.s.	86,083.02	39.74
90289090:Parts and accessories for gas or liquid meters, n.e.s.	72,391.65	52,234.74
9029:REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILOMETERS, PEDOMETERS AND THE LIKE (EXCL. GAS, LIQUID AND ELECTRICITY METERS); SPEED INDICATORS AND TACHOMETERS (EXCL. THOSE OF HEADING 9014 AND 9015); STROBOSCOPES	32,732.21	38,129.42
902910:REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILOMETERS, PEDOMETERS AND THE LIKE (EXCL. GAS, LIQUID AND ELECTRICITY METERS)	5,609.91	10,012.28
90291000:Revolution counters, production counters, taximeters, milometers, pedometers and the like (excl. gas, liquid and electricity meters)	4,873.73	10,012.28
90291090:added for 2005	736.18	0.00
902920:SPEED INDICATORS AND TACHOMETERS, STROBOSCOPES	19,736.85	22,612.92
90292031:Speed indicators for land vehicles	10,950.49	17,148.66

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90292038:Speed indicators and tachometers (excl. for land vehicles)	8,131.75	5,464.26
90292039:added for 2005	654.61	0.00
90292090:Stroboscopes	0.00	0.00
902990:PARTS AND ACCESSORIES FOR REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILEOMETERS, PEDOMETERS AND THE LIKE, SPEED INDICATORS AND TACHOMETERS, AND STROBOSCOPES, N.E.S.	7,385.45	5,504.22
90299000:Parts and accessories for revolution counters, production counters, taximeters, milometers, pedometers and the like, speed indicators and tachometers, and stroboscopes, n.e.s.	5,436.24	5,504.22
90299010:added for 2006	0.00	0.00
90299090:added for 2005	1,949.21	0.00

Source: MONSTAT

Values of imported measuring instruments under the MID Directive and non-automatic scales under the NAWI Directive, from EU and other states for the period January – June 2009, are presented in Table 3.

Table 3. Value of measuring instruments imported from the EU and other countries for the period January – June 2009

Imports of measuring instruments under the MID and NAWI Directives for the period January – June 2009	Importing countries	
	EU	Non EU
	EUR	EUR
8423:WEIGHING MACHINERY, INCL. WEIGHT-OPERATED COUNTING OR CHECKING MACHINES (EXCL. BALANCES OF A SENSITIVITY OF 5 CG OR BETTER); WEIGHING MACHINE WEIGHTS OF ALL KINDS; PARTS THEREOF	84,373.02	84,766.87
842310:PERSONAL WEIGHING MACHINES, INCL. BABY SCALES; HOUSEHOLD SCALES	5,275.48	46,125.89
84231010:Household scales (excl. personal weighing machines and baby scales)	2,153.00	27,411.34
84231090:Personal weighing machines, incl. baby scales	3,122.48	18,714.55
842320:SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS	0.00	0.00
84232000:Scales for continuous weighing of goods on conveyors	0.00	0.00
842330:CONSTANT WEIGHT SCALES AND SCALES FOR DISCHARGING A PRE-DETERMINED WEIGHT OF MATERIAL INTO A BAG OR CONTAINER, INCL. HOPPER SCALES (EXCL. SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS)	0.00	0.00
84233000:Constant weight scales and scales for discharging a pre-determined weight of material into a bag or container, incl. hopper scales (excl. scales for continuous weighing of goods on conveyors)	0.00	0.00
842381:WEIGHING MACHINERY HAVING A MAXIMUM WEIGHING CAPACITY <= 30 KG (EXCL. BALANCES OF A SENSITIVITY OF 5 CG OR BETTER, PERSONAL WEIGHING MACHINES, HOUSEHOLD SCALES, SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS, CONSTANT WEIGHT SCALES AND SCALES	68,497.96	26,408.62
84238110:Check weighers and automatic control machines operating by reference to a pre-determined weight, of a maximum weighing capacity <= 30 kg	0.00	0.00
84238130:Machinery for weighing and labelling pre-packaged goods, of a maximum weighing capacity <= 30 kg	66.95	1,450.00
84238150:Shop-scales of a maximum weighing capacity <= 30 kg (excl. machinery for weighing and labelling pre-packaged goods)	36,385.44	18,153.06
84238190:Weighing machinery of a maximum capacity <= 30 kg (excl. of a sensitivity <= 50 mg; personal weighing machines; household scales; scales for continuous weighing of goods on conveyors;	32,045.57	6,805.56

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constant weight scales and scales for discharging a predetermined weight		
842382:WEIGHING MACHINERY OF A MAXIMUM WEIGHING CAPACITY > 30 KG BUT <= 5.000 KG (EXCL. PERSONAL WEIGHING MACHINES, SCALES FOR CONTINUOUS WEIGHING OF GOODS ON CONVEYORS, CONSTANT WEIGHT SCALES AND SCALES FOR DISCHARGING A PRE-DETERMINED WEIGHT OF MATERIAL	4,028.51	3,575.17
84238200:added for 2005	0.00	0.00
84238210:Check weighers and automatic control machines operating by reference to a pre-determined weight, of a maximum weighing capacity > 30 kg but <= 5.000 kg	4,028.51	0.00
84238290:Weighing machinery having a maximum weighing capacity of > 30 kg but <= 5.000 kg (other than personal weighing machines, scales for continuous weighing of goods on conveyors, constant weight scales and scales for discharging a certain weight material into a bag or container, incl. hopper scales, check weighers and automatic control machines operating by reference to a pre-determined weight)	0.00	3,575.17
842389:WEIGHING MACHINERY OF A MAXIMUM WEIGHING CAPACITY > 5.000 KG	0.00	0.00
84238900:Weighing machinery of a maximum weighing capacity > 5.000 kg	0.00	0.00
84238910:added for 2005	0.00	0.00
84238990:added for 2005	0.00	0.00
842390:WEIGHING MACHINE WEIGHTS OF ALL KINDS; PARTS OF WEIGHING MACHINERY, N.E.S.	6,571.07	8,657.19
84239000:Weighing machine weights of all kinds; parts of weighing machinery, n.e.s.	6,571.07	8,657.19
9016:BALANCES OF A SENSITIVITY OF 50 MG OR BETTER, WITH OR WITHOUT WEIGHTS	0.00	2,359.99
901600:BALANCES OF A SENSITIVITY OF 50 MG OR BETTER, WITH OR WITHOUT WEIGHTS	0.00	2,359.99
90160010:Balances of a sensitivity of 50 mg or better, with or without weights	0.00	2,359.99
90160090:Parts and accessories for balances of a sensitivity of 50 mg or better, n.e.s.	0.00	0.00
901780:INSTRUMENTS FOR MEASURING LENGTH, FOR USE IN THE HAND, N.E.S.	8,292.02	22,079.81
90178010:Measuring rods and tapes and divided scales	6,529.22	19,188.51
90178090:Hand-held instruments for measuring length, n.e.s.	1,762.80	2,891.30
901790:PARTS AND ACCESSORIES FOR DRAWING, MARKING-OUT OR MATHEMATICAL CALCULATING INSTRUMENTS AND INSTRUMENTS FOR MEASURING LENGTH FOR USE IN THE HAND, N.E.S.	422.50	1,097.94
90179000:Parts and accessories for drawing, marking-out or mathematical calculating instruments and instruments for measuring length for use in the hand, n.e.s.	422.50	1,097.94
90179010:added for 2007	0.00	0.00
90179090:added for 2006	0.00	0.00
9026:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, E.G. FLOW METERS, LEVEL GAUGES, MANOMETERS, HEAT METERS (EXCL. INSTRUMENTS AND APPARATUS OF HEADING 9014, 9015, 9028 OR 9032)	94,184.39	90,938.80
902610:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW OR LEVEL OF LIQUIDS (EXCL. METERS AND REGULATORS)	22,599.10	57,592.50
90261010:added for 2005	0.00	0.00
90261021:Electronic flow meters for measuring or checking the flow or level of liquids (excl. meters and regulators)	8,118.49	6,742.66

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90261029:Electronic instruments and apparatus for measuring or checking the flow or level of liquids (excl. flow meters, meters and regulators)	5,282.90	42,815.57
90261051:added for 2005	0.00	0.00
90261059:added for 2005	0.00	0.00
90261081:Flow meters for measuring or checking the flow or level of liquids, non-electronic (excl. meters and regulators)	583.81	4,578.85
90261089:Instruments and apparatus for measuring or checking the flow or level of liquids, non-electronic (excl. flow meters, meters and regulators)	8,613.90	3,455.42
90261091:added for 2005	0.00	0.00
90261099:added for 2005	0.00	0.00
902620:INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING PRESSURE OF LIQUIDS OR GASES (EXCL. REGULATORS)	22,401.14	8,345.58
90262010:added for 2005	0.00	0.00
90262020:Electronic instruments and apparatus for measuring or checking pressure of liquids or gases (excl. regulators)	1,146.91	3,275.12
90262030:added for 2005	0.00	0.00
90262040:Spiral or metal diaphragm type pressure gauges	1,273.77	264.21
90262050:added for 2006	0.00	0.00
90262051:added for 2005	0.00	0.00
90262059:added for 2005	0.00	0.00
90262080:Instruments and apparatus for measuring or checking pressure of liquids or gases, non-electronic (excl. spiral or metal diaphragm type pressure gauges, and regulators)	19,980.46	4,806.25
90262090:added for 2005	0.00	0.00
902680:INSTRUMENTS OR APPARATUS FOR MEASURING OR CHECKING VARIABLES OF LIQUIDS OR GASES, N.E.S.	26,862.79	18,081.03
90268010:added for 2006	0.00	0.00
90268020: Electronic instruments or apparatus for measuring or checking variables of liquids or gases, n.e.s.	8,116.40	2,971.98
90268080:Non-electronic instruments or apparatus for measuring or checking variables of liquids or gases, n.e.s.	18,746.39	15,109.05
90268091:added for 2005	0.00	0.00
90268099:added for 2005	0.00	0.00
902690:PARTS AND ACCESSORIES FOR INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING THE FLOW, LEVEL, PRESSURE OR OTHER VARIABLES OF LIQUIDS OR GASES, N.E.S.	22,321.36	6,919.69
90269000: Parts and accessories for instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases, n.e.s.	22,321.36	6,919.69
90269090:added for 2005	0.00	0.00
9027:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, E.G. POLARIMETERS, REFRACTOMETERS, SPECTROMETERS, GAS OR SMOKE ANALYSIS APPARATUS; INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSI FOR MEASURING OR CHECKING QUANTITIES OF	173,845.13	102,310.06

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HEAT, SOUND OR LIGHT (INCLUDING EXPOSURE METERS); MICROTOMES		
902710:GAS OR SMOKE ANALYSIS APPARATUS	34,942.15	1,781.25
90271010:Electronic gas or smoke analysis apparatus	34,833.79	1,781.25
90271090:Non-electronic gas or smoke analysis apparatus	108.36	0.00
902720:CHROMATOGRAPHS AND ELECTROPHORESIS INSTRUMENTS	10,000.00	0.00
90272000:Chromatographs and electrophoresis instruments	10,000.00	0.00
90272010:added for 2005	0.00	0.00
902730:SPECTROMETERS, SPECTROPHOTOMETERS AND SPECTROGRAPHS USING OPTICAL RADIATIONS, SUCH AS UV, VISIBLE, IR	5,514.58	2,820.00
90273000:Spectrometers, spectrophotometers and spectrographs using optical radiations, such as UV, visible, IR	5,514.58	2,820.00
902740:EXPOSURE METERS	0.00	0.00
90274000:added for 2007	0.00	0.00
902750:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, USING UV, VISIBLE OR IR OPTICAL RADIATIONS (EXCL. SPECTROMETERS, SPECTROPHOTOMETERS, SPECTROGRAPHS, AND GAS OR SMOKE ANALYSIS APPARATUS)	20,660.00	23,760.18
90275000:Instruments and apparatus for physical or chemical analysis, using UV, visible or IR optical radiations (excl. spectrometers, spectrophotometers, spectrographs, and gas or smoke analysis apparatus)	20,660.00	23,760.18
902780:INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, OR FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE, OR FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT, N.E.S.	60,641.43	64,133.30
90278005:Exposure meters	0.00	22,750.40
90278011:Electronic pH meters, rH meters and other apparatus for measuring conductivity	1,491.28	2,715.17
90278013:Electronic apparatus and equipment for performing measurements of the physical properties of semiconductor materials or of LCD substrates or associated insulating or conductive layers during the semiconductor wafer production process or the LCD production process	0.00	0.00
90278016:added for 2005	0.00	0.00
90278017:Electronic instruments and apparatus for physical or chemical analysis or for measuring viscosity, porosity, expansion, surface tension or the like, or for measuring heat, sound or light, n.e.s.	5,612.22	22,018.08
90278018:added for 2005	0.00	0.00
90278091:Non-electronic viscometers, porosimeters and expansion meters	1,457.00	0.00
90278093:Apparatus and equipment for performing measurements of the physical properties of semiconductor materials or of LCD substrates or associated insulating or conductive layers during the semiconductor wafer production process or the LCD production process	0.00	0.00
90278097:Non-electronic instruments and apparatus for physical or chemical analysis or for determining surface tension or the like, or for measuring heat or sound, n.e.s.	52,080.93	16,649.65
90278098:added for 2005	0.00	0.00
902790:MICROTOMES; PARTS AND ACCESSORIES OF INSTRUMENTS AND APPARATUS FOR PHYSICAL OR CHEMICAL ANALYSIS, INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING VISCOSITY, POROSITY, EXPANSION, SURFACE TENSION OR THE LIKE, INSTRUMENTS AND APPARATUS FOR MEASURING OR CHECKING QUANTITIES OF HEAT, SOUND OR LIGHT (INCLUDING EXPOSURE METERS)	42,086.97	9,815.33
90279010:Microtomes	0.00	0.00

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90279050:Parts and accessories of instruments and apparatus for physical or chemical analysis, e.g. polarimeters, refractometers, spectrometers, of instruments and apparatus for measuring or checking viscosity, porosity, expansion, surface tension or the like; instruments and apparatus for measuring or checking quantities of heat, sound or light (including exposure meters); microtomes	40,194.63	5,602.19
90279080:Parts and accessories of microtomes or of gas or smoke analysis apparatus, n.e.s.	1,892.34	4,213.14
902710:COMPONENTS OF COMPLETE INDUSTRIAL PLANTS OF SUB-CHAPTER 9027; ENERGY (INCLUDING PRODUCTION AND DISTRIBUTION OF STEAM AND HOT WATER)	0.00	0.00
9028:GAS, LIQUID OR ELECTRICITY SUPPLY OR PRODUCTION METERS, INCL. CALIBRATING METERS THEREFORE	730,406.86	724,329.77
902810:GAS METERS, INCL. CALIBRATING METERS THEREFORE	0.00	0.00
90281000:Gas meters, incl. calibrating meters therefore	0.00	0.00
902820:LIQUID METERS, INCL. CALIBRATING METERS THEREFORE	2,517.10	37,734.63
90282000:Liquid meters, incl. calibrating meters therefore	2,517.10	37,734.63
902830:ELECTRICITY SUPPLY OR PRODUCTION METERS, INCL. CALIBRATING METERS THEREFORE	726,116.67	685,983.34
90283011:Electricity supply or production meters for alternating current, single-phase, incl. calibrating meters therefore	0.00	7,535.98
90283019:Electricity supply or production meters for alternating current, multi-phase, incl. calibrating meters therefore	711,481.00	453,869.76
90283090:Electricity supply or production meters for continuous current, incl. calibrating meters therefore	14,635.67	224,577.60
902890:PARTS AND ACCESSORIES FOR GAS, LIQUID OR ELECTRICITY SUPPLY OR PRODUCTION METERS, N.E.S.	1,773.09	611.80
90289010:Parts and accessories for electricity meters, n.e.s.	0.00	0.00
90289090:Parts and accessories for gas or liquid meters, n.e.s.	1,773.09	611.80
9029:REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILOMETERS, PEDOMETERS AND THE LIKE (EXCL. GAS, LIQUID AND ELECTRICITY METERS); SPEED INDICATORS AND TACHOMETERS (EXCL. THOSE OF HEADING 9014 AND 9015); STROBOSCOPES	11,090.22	7,980.03
902910:REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILOMETERS, PEDOMETERS AND THE LIKE (EXCL. GAS, LIQUID AND ELECTRICITY METERS)	1,133.83	2,356.27
90291000:Revolution counters, production counters, taximeters, milometers, pedometers and the like (excl. gas, liquid and electricity meters)	1,133.83	2,356.27
90291090:added for 2005	0.00	0.00
902920:SPEED INDICATORS AND TACHOMETERS, STROBOSCOPES	9,660.76	4,587.21
90292031:Speed indicators for land vehicles	9,353.76	868.30
90292038:Speed indicators and tachometers (excl. for land vehicles)	307.00	3,718.91
90292039:added for 2005	0.00	0.00
90292090:Stroboscopes	0.00	0.00
902990:PARTS AND ACCESSORIES FOR REVOLUTION COUNTERS, PRODUCTION COUNTERS, TAXIMETERS, MILEOMETERS, PEDOMETERS AND THE LIKE, SPEED INDICATORS AND TACHOMETERS, AND STROBOSCOPES, N.E.S.	295.63	1,036.55
90299000: Parts and accessories for revolution counters, production counters, taximeters, milometers,	295.63	1,036.55

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pedometers and the like, speed indicators and tachometers, and stroboscopes, n.e.s.		
90299010:added for 2006	0.00	0.00
90299090:added for 2005	0.00	0.00

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination.

There is no production of measuring instruments under the MID and NAWI Directives; no export.

c) Exports/production and imports/production ratios

There is no production of measuring instruments under the MID and NAWI Directives.

C. Structural features

a) Trade and Gross Value Added (GVA), percentage of industry total

There is no production of measuring instruments under the MID and NAWI Directives; no data available.

b) Number of enterprises

There is no production of measuring instruments under the MID and NAWI Directives.

c) Number of jobs, percentage of total of jobs in industry

There is no production of measuring instruments under the MID and NAWI Directives.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment for the past five years; plant and machinery; plant and machinery in active use

There is no production of measuring instruments under the MID and NAWI Directives.

e) Foreign capital and technology

There is no production of measuring instruments under MID and NAWI Directives; no data available.

f) Which are the chief companies in terms of employment? In terms of physical output? Are these enterprises publicly or privately owned?

There is no production of measuring instruments under the MID and NAWI Directives.

g) Production and market monopolies

There is no production of measuring instruments under the MID and NAWI Directives.

h) Productivity per employee and per hour worked

There is no production of measuring instruments under the MID and NAWI Directives.

i) Wage and salary costs and costs of materials in the industry

There is no production of measuring instruments under the MID and NAWI Directives.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

The Law on Metrology (Official Gazette of Montenegro 79/08) and the Decree on legal units of measure (Official Gazette of Montenegro 22/09) which was adopted pursuant to this Law.

The regulations adopted on the basis of the previous Law on Metrology (Official Gazette of Serbia and Montenegro 44/05) shall apply until regulations are adopted pursuant to the new Law on Metrology:

- Rulebook on manner and requirements for certification of measuring instruments (Official Gazette of the Republic of Montenegro 2/07),
- Rulebook on procedure for testing measuring instruments (Official Gazette of the Republic of Montenegro 2/07),
- Instructions on conducting metrological monitoring (Official Gazette of the Republic of Montenegro 2/07),
- Order on types of measuring instruments which must be certified, i.e. certification of type of measuring instrument (Official Gazette of the Republic of Montenegro 3/07),
- Order on types and shapes of stamps and other marks used while certifying measuring instruments (Official Gazette of the Republic of Montenegro number 3/07).

Other regulations shall be adopted in accordance with the new Law on Metrology, i.e. in accordance with the National Program for Integration of Montenegro into the EU (NPI).

E. Incentives

- a) For investments

There is no production of measuring instruments under the MID and NAWI Directives.

- b) For export

There is no production of measuring instruments under the MID and NAWI Directives.

- c) Other

There is no production of measuring instruments under the MID and NAWI Directives.

These data are not available in the Metrology Office.

F. Rules on foreign investment

- a) Characteristics: limitations with respect to of participation of foreign investors, particularly of their financial involvement; tax relief rules on profit repatriation

These data are not available in the Metrology Office.

- b) Guarantees

These data are not available in the Metrology Office.

G. Trading system

- a) Non-tariff measures affecting exports and imports, such as licenses and quotas.

There is no production of measuring instruments under the MID and NAWI Directives.

These data are not available in the Metrology Office.

H. Likely developments, and time-scale

a) Anticipated investments (public sector, private sector, foreign investments)

These data are not available in the Metrology Office.

b) Existing and scheduled plans with respect to restructuring or modernization

There is no production of measuring instruments under the MID and NAWI Directives.

These data are not available in the Metrology Office.

I. Approximation of national legislation to Community legislation

a) List of measures, planned or already adopted

The National Program for Integration of Montenegro into the EU has been adopted, defining legislation which must be adopted and harmonized with EU directives.

On 23 December 2008, the Law on Metrology was published in the Official Gazette of Montenegro (Official Gazette of Montenegro 79/08), defining in its transitional and final provisions a two-year period upon its entry into force for adoption of regulations pursuant to authorizations contained therein, all of which will be harmonized with EU legislation pertaining to metrology, i.e. measuring instruments defined in the MID and NAWI Directives.

On 25 March 2009, the Decree on legal measurement units was published in the Official Gazette (Official Gazette of Montenegro 22/09).

The following regulations are in the process of adoption:

- Rulebook on procedure and manner of examination and certification of type of measuring instrument;
- Rulebook on manner of determining fulfilment of metrological requirements and conditions for certification of measuring instruments;
- Decree on types of measuring instruments for which certification is mandatory, i.e. certification of type of measuring instruments;
- Order on deadlines for regular certification of measuring instruments;
- Order on types, forms and manner of putting stamps and other marks used when certifying measuring instruments, as well as on closer form and content of document on certification and approval of measuring instruments.

b) Timetable

Pursuant to the Law on Metrology (Official Gazette of Montenegro 79/08), the deadline for the adoption of secondary legislation, including regulations transposing the MID and NAWI Directives into the national legislation, is two years from the date of entry into force of the Law. The Law was published in the Official Gazette of Montenegro on 23 December 2008 and entered into force on the eight day following that of its publication.

According to the National Program for Integration of Montenegro into the EU (NPI), the deadline for adopting the Rulebook on technical and metrological requirements related to measuring instruments, which will transpose the MID Directive, is the end of 2010. In accordance with the NPI, the deadline for the implementation of the MID Directive into the national legislation is the end of 2012.

According to the National Program for Integration of Montenegro into the EU (NPI), the deadline for adopting the Rulebook on technical requirements and compliance appraisal procedures for non-automatic scales, which will transpose the NAWI Directive, is the end of 2009. In accordance with NPI, the deadline for the implementation of the NAWI Directive into the national legislation is the end of 2010.

The process of drafting the Rulebook, which will transpose the MID and NAWI Directives into the national legislation respectively is underway and their official adoption is expected within the envisaged time limits.

Construction and construction products

98 Manufacture of construction products

A. Production and Consumption

a) Installed production capacities and the level of their utilization.

Installed production capacity and its utilization rate

Capacity utilization (%)

Name	Installed capacities, 000 units/year	2006	2007	2008
26.4 Production of brick, tile and construction products	3 420	39.2	69.1	-

Source: MONSTAT

b) Present production (by extent and value) of fabricated/semi-finished products, of which pipes

Present production (000 of units)

Name	2006	2007	2008
Solid brick	320	-	-
Hollow blocks	1 019	2 363	-

Source: MONSTAT

Value of realisation in 000 EUR

Name	2006	2007	2008
Full brick	26	-	-
Hollow blocks	942	2 185	-

Source: MONSTAT

Name	2006	2007	2008
Fresh concrete /m3	-	925.000	-
Mechanical plaster/tonne	-	17.000	-
Ceramic tile adhesive/tonne	-	150	-
Ceramic tile adhesive/tonne	-	150	-
Styrofoam adhesive/tonne	-	520	-
Styrofoam/m3 approximately	-	25.000	-
Asphalt /tonne approximately	-	350.000	-

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020

c) Domestic demand, present and estimated (for the next three years)

No data / source: MONSTAT does not hold relevant data

d) Degree of national needs coverage**- (production – exports)**

No data / MONSTAT does not hold relevant data

- (production + imports – exports)

No data / MONSTAT does not hold relevant data

B. Trade**a) Imports (including temporary imports) from the rest of the world and from the EU, with respect to its extent and value, stating the main countries of origin**

Overview of Montenegrin imports from the European Union, presented in kilograms

Name	2006 ⁴	2007 ⁵	2008
264 Production of brick, tile and construction products from burnt clay	361 640	817 223	534 113

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in kilograms

Name	2006	2007	2008
266 Production of concrete, cement and gypsum products	3 219 525	5 663 490	5 999 074

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
264 Production of brick, tile and construction products from burnt clay	65	99	94

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
266 Production of concrete, cement or gypsum products	980	1 382	1 978

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
264 Production of brick, tile and construction products from burnt clay	177 873 087	291 135 384	348 118 857

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
266 Production of concrete, cement and gypsum products	34 216 607	91 283 444	152 895 337

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
264 Production of brick, tile and construction products from burnt clay	9 310	17 730	23 711

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
266 Production of concrete, cement or gypsum products	3 119	7 335	12 428

Source: MONSTAT

Overview of realised imports by countries in period 2006 - 2008

Name	Country
264 Production of brick, tile and construction products from burnt clay	Slovenia, Germany, Italy, Serbia, Bosnia and Herzegovina

Source: MONSTAT

Overview of realised imports by country in the period 2006 - 2008

Name	Country
266 Production of concrete, cement and gypsum products	Slovenia, Germany, Italy, Serbia, Bosnia and Herzegovina, Czech Republic, Austria

Source: MONSTAT

¹ Data processed by using special relax system¹ Data for 2007 and 2008 processed by using special trade system**b) Export (by its extent and value) to EU and other countries****Overview of Montenegrin exports to the European Union, presented in kilograms**

Name	2006	2007	2008
264 Production of brick, tile and construction products from burnt clay	0	0	0

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in kilograms

Name	2006	2007	2008
266 Production of concrete, cement and gypsum products	0	390	0

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
264 Production of brick, tile and construction products from burnt clay	0	0	0

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
266 Production of concrete, cement or gypsum products	0	0	0

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
264 Production of brick, tile and constriction product from burnt clay	84 900	2 225	0

Source: MONSTAT

Overview of Montenegrin export to the rest of the world, quantified in kilograms

Name	2006	2007	2008
266 Production of brick, tile and constriction product from burnt clay	24 940	132 980	46 052

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
264 Production of brick, tile and constriction product from burnt clay	5	1	0

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
266 Production of concrete, cement or gypsum products	4	14	18

Source: MONSTAT

Overview of realised exports by country in the period 2006 - 2008

Name	Country
264 Production of brick, tile and constriction product from burnt clay	Serbia, Albania, Bosnia and Herzegovina

Source: MONSTAT

Overview of realised export by countries in period 2006 - 2008

Name	Country
266 Production of concrete, cement or gypsum products	Serbia, Albania, USA

Source: MONSTAT

c) Ratio export/production and import/production

No data / MONSTAT does not hold relevant data

C. Structural features**a) Turnover and Gross Value Added (GVA), percentage of total value for the industry**

MONSTAT does not hold relevant data.

b) Number of enterprises

Class/year	2006	2007	2008
264 Production of brick, tile and construction product from burnt clay	70	84	91

Source: MONSTAT

- Production of fresh concrete - 35 companies;
- Production of plaster, ceramic tile adhesive and styrofoam adhesive - two companies;
- Production of primes (for contact concrete) - one company;
- Production of styrofoam (expanded polystyrene) - one company;
- Production of asphalt concrete – five companies.

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje – data for 2007.

c) Number of jobs, percentage of total number of jobs in industry

MONSTAT does not hold relevant data.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Structure of enterprises by size - class: workers - / KD 26/

Class/year	2006	2007	2008
Micro	57	69	76
Small	10	11	11
Medium	3	4	4
Big	-	-	-

Source: MONSTAT

c) Foreign capital and technology

No data available.

d) What are the chief enterprises in terms of employment? In terms of value of physical output? Are they publicly or privately owned?

MONSTAT does not hold relevant data.

e) Production and market monopolies

No production and market monopolies

f) Productivity per employee and per hour worked

MONSTAT does not hold relevant data.

g) Wage and salary costs and costs of material used in construction industry

See the answer 99C under i)

MONSTAT does not hold relevant data for construction products.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the construction products industry, a total of 193 European standards have been adopted at the national level. In line with the Agenda for 2010, the Institute for Standardization of Montenegro is planning to adopt 219 European standards pertaining to production of construction products.

Relevant regulations are contained in the answer 116D.

E. Incentives

See the answer to question 116E.

F. Rules on foreign investment

- a) Characteristics: limitations with respect to participation of foreign investors, particularly of their financial involvement; rules on tax relief on profit repatriation.
- b) Guarantees

See the answer to question 116 F.

G. Trading system

a) Non-tariff measures affecting imports and export, such as licenses and quotas.

See the answer to question 116G.

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign investors)

b) Existing and scheduled plans for reconstruction or modernization

Action plan integrated in the draft Strategy for Development of Construction Industry in Montenegro until 2020 envisages the following:

Activity	Stakeholders	Time period
Construction of cement factories in Bar and Pljevlja	foreign/national enterprises	2010-2015
Construction of ridge tile factory	foreign/national enterprises	2010-2015
Revitalization and reconstruction of technological processes in brickyards	foreign/national enterprises	2010-2020
Construction of gypsum factory	foreign/national enterprises	2010-2015
New capacities for gypsum-carton boards	foreign/national enterprises	2010-2020

I. Approximation of national legislation to Community legislation

a) List of measures, planned or already adopted

The Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/08) has been adopted. Article 72 of the above mentioned Law defines that construction products, during their usual maintenance, within economically acceptable time, must be able to endure, without serious damages, all impacts related to normal use and environmental impacts, so that structure in which such products are built in throughout its use meets all requirements in terms of mechanical resistance and stability, security in case of fire and explosions, hygiene and health protection, environmental protection, safety of use of the structure and protection against noise, energy savings and energy efficiency, etc., during its entire period of use. Article 74 of the Law on Spatial Development and Construction of Structures prescribes that technical regulations, standards, technical rules and quality criteria with respect to construction of structures, in line with principles of the European legislation, shall be developed, i.e. shall provide conditions for: stability and durability of structures, aseismic design and construction of structures; health protection, environmental and spatial protection; protection against natural, technical and technological accidents; protection against fire, explosions and industrial incidents, thermal protection; rational utilisation of energy and energy efficiency; protection against noise and vibrations. The Ministry, i.e. ministry in charge of activities that are to be regulated by certain technical regulation, passes technical regulations from paragraph 1. Such provisions define important requirements for structures and relevant construction products in accordance with Directive 89/106/EEC.

b) Timetable

By the end of 2009, the Strategy for Development of Construction Industry in Montenegro until 2020 is planned to be adopted. The Strategy will lay down global guidelines for further development of construction sector and industry of construction materials.

By adopting the above mentioned Law and Strategy, short-term priorities of National Programme for Integration of Montenegro into the EU for period 2008-2012, will be met. Medium-term priorities of National Programme for Integration of Montenegro into the EU for period 2008-2012 are:

Legislation

Preparing and adopting the national Law on Construction Products, which will be harmonised with EU Construction Products Directive 89/106/EEC and 93/68/EEC, as well as the adoption of the set of bylaws (rulebooks and other technical regulations), by which this area will be completely regulated in accordance with the new approach directives in this field.

The mid-term priorities are:

- Establishing and equipping the institutions and education of personnel for carrying out construction products compliance appraisal procedure;
- Establishing and equipping the institutions and education of personnel for carrying out the inspection of construction products in the market;
- Establishing and equipping of the accredited laboratories for testing activities in accordance with EN regulations;
- Adoption of harmonised European standards;
- Education of construction products manufacturers and of all participants in the process of construction of structures, with the new approach in the area covered by the Directives 89/106/EEC and 93/68/EEC.

With the purpose of increasing the abilities for the implementation of future documents and regulations, the Ministry of Physical Planning and Environmental Protection will continuously work on the strengthening of its administrative capacities. Planned activities on implementation of mid-term priorities refer to drafting of **National Strategy for harmonisation of technical regulations in construction sector with relevant EU legislation.**

(Source: National Programme for Integration of Montenegro into the EU 2008-2012 and the Law on Spatial Development and Construction of Structures).

99 Execution of civil engineering works

The answer is provided under A-I.

A. Production and Consumption**a) Installed production capacities and the level of their utilization**

No data available.

b) Present production (by volume and by value)**13. – 2. VALUE OF UNDERTAKEN CONSTRUCTION WORKS, 000 EUR**

	2004	2005	2006	2007	2008
TOTAL	109602	130104	259880	285345	412352
BUILDINGS-total	75830	85218	19507	216904	268428
residential buildings	61644	64222	85175	119553	183242
residential buildings with one apartment	15449	15473	16797	29525	31963
residential buildings with two apartments	19611	16022	21633	29611	37665
residential buildings with three or more apartments	26527	32176	46716	59826	111442
residential buildings for community living	57	551	29	591	2172
NON-RESIDENTIAL BUILDINGS	14186	20996	110732	97351	85186
Hotels and similar buildings	3288	5822	82858	51028	26400
Commercial buildings	2640	2272	3447	6551	17180
Trade buildings	1526	2014	2019	14993	15637
Transport and communication buildings	1189	1472	2362	492	728
Industrial buildings and storages	1321	1874	2186	1303	1833
Buildings for cultural and art related activities	3079	6747	14862	20773	19383
Other non-residential buildings	1143	795	2998	2211	4025
OTHER STRUCTURES- total	33772	44886	63973	68441	143924
Transport infrastructure	25699	35621	49147	58866	116107
Highways, roads and streets	15458	25739	38356	55612	93760
Bridges, viaducts and tunnels	9477	8281	7806	2655	11763
Railway tracks	-	147	434	50	8920
Airport runway	-	569	593	17	-
Ports, naval channels and dams	764	885	1958	532	1664
PIPELINES, COMMUNICATION AND ELECTRIC LINES	6770	8475	12978	8046	26723
Inter-local and remote pipelines	3086	3786	5106	3973	15052

20 Enterprise and industrial policy

Local pipelines	3684	4689	7872	4073	11671
COMPLEX INDUSTRIAL STRUCTURES	99	345	94	-	17
OTHER NON-MENTIONED STRUCTURES	1204	445	1754	1529	1077
Structures for sport and recreation	434	30	608	1406	747
Other structures, apart from those else classified	770	415	146	123	330

Source: MONSTAT

Value of works carried out at buildings, 000 EUR

	2006	2007	2008
Total	195 907	216 904	268 428
Works at residential buildings	85 175	119 553	183 242
Works at non-residential buildings	110 732	97 351	85 186

Source: MONSTAT

Value of works carried out at other structures, 000 EUR

	2006	2007	2008
Total	63 973	68 441	143 924
Transport infrastructure	49 147	58 866	116 107
Pipelines, telecommunication and electric lines	12 978	8 046	26 723
Complex industrial structures	94	0	17
Other non-mentioned structures	1 754	1 529	1 077

Source: MONSTAT

Value of used construction and installation materials, 000 EUR

	2006	2007	2008
Value of used construction and installation materials, 000 EUR	70 814	70 072	-

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

According to statistical forecasts, the number of inhabitants in Montenegro will increase by 65 000 until 2021. If we compare this with the data from 2003, which state that for each 2.4 inhabitants there is one residential unit, it shows that by the end of 2020 we will need additional 27 083 residential units. If we assume that each 2.4 inhabitants need a two-room apartment of 72 square metres, then additional 1 949 976 square metres should be constructed. If we divide this number with the number of years, i.e. 11, the annual need for construction results in 177 264 square metres, or 2 462 residential units per year. According to forecasts related to residential construction, it is considered that in period 2009 - 2014 prices for square metre will increase for 7% annually, while in 2015 - 2020 the annual increase will be 4%. For the abovementioned calculations, a price of 1000 EUR/m² in 2009 is taken as a starting point. With such prognosis, the total needed investment amounts to EUR 2.983 billion. If we take into account the fact that presently 27 000 households in Montenegro have not solved housing issues adequately, by the end of 2020 possible demand could be doubled, reaching EUR 5.966 billion.

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje

d) National self supply ratio

(production – exports)

(production + imports – exports)

MONSTAT does not hold relevant data.

B. Trade**a) Imports (including temporary imports) from the rest of the world and from the EU, by volume and by value, stating the main countries of origin**

MONSTAT does not hold relevant data.

b) Export (by volume and by value) to EU and other countries

MONSTAT does not hold relevant data.

c) Exports/production and imports/production ratios

MONSTAT does not hold relevant data.

C. Structural features**a) Turnover and Gross Value Added (GVA), percentage of industry total**

Table 7.5.	2004	2005	2006	2007
Gross Domestic Product (000)	1 669 783	1 814 994	2 148 998	2 807 948
Gross Added Value in construction sector (000)	49 758	54 192	76 039	95700
Participation of construction sector in GDP %	3,0	3,0	3,5	3,4
Nominal growth rate in construction sector in GDP	14,3	8,9	40,3	25,8

Source: MONSTAT

b) Number of enterprises

	2006	2007	2008
Number of enterprises / KD 45/	658	903	949

Source: MONSTAT

c) Number of jobs, percentage of total number of jobs in industry

	2006	2007	2008
Number of industry employees in Montenegro	150800	156408	166221
Number of employees in construction industry in Montenegro	6 853	6 647	8 831
Percentage of total number of industry employees	4.54%	4.25%	5.31%

Source: MONSTAT

d) Structure of enterprises:

size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Structure of enterprises by its size- class – workers

class/year	2006	2007	2008
Micro	544	787	833
Small	91	92	92
Medium	21	22	22
Large	2	2	2

Source: MONSTAT

Production – concentration of the sector (by turnover);

Turnover			
2006	2007	2008	2009
230,405,349.74	341,596,094.12	507,125,497.64	153,835,571.21

Source: Tax Administration of Montenegro

Value of annual investments in 000 EUR

Year	2005	2006	2007	2008
Investors' activity KD				
Construction sector	9021	10020	20343	

e) Foreign capital and technology**Foreign Direct Investments in million of EUR**

Year	2005	2006	2007	2008
	384	505	678	685

Source: Montenegrin Investment Promotion Agency (MIPA)

f) What are the chief enterprises in terms of employment? In terms of physical output? Are they publicly or privately owned?

Table 7.10		Seat of the company	Code	Categorisation			Ownership
no.	Abbreviated name of the company			Income	Assets	Employees	
1	CIJEVNA KOMERC	PODGORICA	045210	S	V	S	PRIVATE
2	ČELEBIĆ	PODGORICA					PRIVATE
3	TEHNO PUT	PODGORICA	045210	S	S	S	PRIVATE
4	KROLING	DANILOVGRAD	045210	S	S	S	PRIVATE
5	ZAVOD ZA IZGRADNJU BARA	BAR	045210	M	S	S	MAJORITY PRIVATE
6	CRNAGORA PUT	PODGORICA	045230	S	S	M	MAJORITY PRIVATE

7	ZETAGRADNJA	PODGORICA	045210	S	S	M	PRIVATE
8	MEHANIZACIJA PROGRAMAT	NIKŠIĆ	045210	M	M	S	MAJORITY PRIVATE
9	GRADNJA PROMET	DANILOVGRAD	045210	S	M	S	PRIVATE
10	NOVI PRVOBORAC	HERCEG NOVI	045210	M	M	S	COMBINED, MAJORITY PRIVATE

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje

g) Production and market monopolies

No production or market monopolies.

h) Productivity per employee and per hour worked

MONSTAT does not have relevant data

Production index in construction sector	2004	2005	2006	2007
Effective working hours (000)	4514	5345	8424	8280
Average number of workers	2011	2343	3525	3522

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje

i) Wage and salary costs and costs of material used in construction industry

Average earnings in construction sector in Montenegro in EUR

	2006	2007	2008
Earning	304	430	519
Earnings excluded from taxes and contributions	216	295	353

Source: MONSTAT

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the sector related to the carrying out of construction works, a total of 56 European standards have been adopted.

In line with the Agenda for 2010, the Institute for Standardisation of Montenegro is planning to adopt 110 European standards pertaining to the carrying out of construction works.

Relevant regulations are presented in the answer 116D.

E. Incentives

The State provides incentives for developing regional waterworks for Montenegrin coast.

A special fee has been introduced for investments related to construction of facilities in Montenegrin coastal municipalities. Fee in the amount of 1% of investment's priced bill of quantity, determined on the grounds of market prices, is charged to the investor for the construction of objects developed in certain municipality, except for the facilities of public interest. This fee is charged in favour of the Budget of Montenegro (80%) and the Budget of municipality (20%) in

which the investment has been implemented. The fee charged in favour of the Budget of Montenegro is used as earmarked revenue for development of regional water supply system through the Public Company and hence, the mentioned fee is allocated to the Public Company. The fee charged in favour of municipality budget may only be used for financing public utility related projects (water supply, wastewater management and waste management).

Measures of economic policy for 2009 envisage certain measures of support and reliefs with a view to encouraging investors and increasing their solvency. This includes reduced earning encumbrances, early repayment of internal debt, eliminating fee paid for utilization of construction land, reducing costs of electric energy for small and medium size enterprises, continuing to provide subsidies for the most vulnerable categories of population, as well as increasing productive capital expenditure (strengthening infrastructure investments).

Also, see the answer to question 116E.

F. Rules on foreign investment

a) Characteristic: limitations with respect to participation of foreign investors, particularly of their financial involvement; rules on tax relief on profit repatriation

See the answer to question 116F.

b) Guarantees

Montenegro does not have regulations or rules, which provide for preferential treatment of domestic investors.

Details are provided in the answer to question 116F.

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

See the answer to question 116G.

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign investments)

Public sector

Investments in Montenegro in the forthcoming period, especially in the short-term and medium-term period, but also in a long-term perspective, will be directed to the energy sector, environmental protection, water supply, waste and wastewater management, transport infrastructure, development of tourist complexes, as well as residential development.

Investments in the energy sector will encompass development of new energy infrastructure, as well as revitalization and modernization of existing ones. This pertains to the construction of hydroelectric power plants, thermal power plants, small hydro power plants, wind generating power plants, investments pertaining to use of solar and other renewable sources of energy. In addition, significant investments are expected in the transport and communication sectors. Investments in these sectors will be steered to development of transport infrastructure, especially with regard to construction of highway and modern roads, modernization and development of railway infrastructure, maritime transport, airway transport and such. Actualizing policies of equal regional development envisages several projects related to development of capital infrastructure, water

supply and wastewater management, electric energy supply, networking of educational and health institutions, development of economy, etc. (the Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje).

Table 8.4 Necessary investments by sectors until 2020

NAME	EUR mil.
ENERGY sector	
TOTAL INVESTMENT	1.963
RESIDENTIAL sector	
TOTAL INVESTMENT	2.983-5.966
TOURISM sector	
TOTAL INVESTMENT	5.120
ENVIRONMENTAL PROTECTION sector (water supply, purification of waste water and solid waste management)	
TOTAL INVESTMENT	591
TRANSPORT INFRASTRUCTURE sector	
TOTAL INVESTMENT	3.246
TOTAL INVESTMENT	13.903-16.886

Source: Public Works Directorate

Residential sector investments

According to statistical forecasts, the number of inhabitants in Montenegro will increase by 65 000 until 2021. If we compare this with the data from 2003, which state that for each 2.4 inhabitants there is one residential unit, it shows that by the end of 2020 we will need additional 27 083 residential units. If we assume that each 2.4 inhabitants need a two-room apartment of 72 square metres, than additional 1 949 976 square metres should be constructed. If we divide this number with the number of years, i.e. 11, the annual need for construction results in 177 264 square metres, or 2 462 residential units per year. According to forecasts related to residential construction, it is considered that in period 2009 - 2014 prices for square metre will increase for 7% annually, while in 2015 - 2020 the annual increase will be 4%. For the abovementioned calculations a price of 1000 EUR/m² in 2009 is taken as a starting point. With such prognosis, the total needed investment amounts to EUR 2.983 billion. If we take into account the fact that presently 27.000 households in Montenegro have not solved housing issues, by the end of 2020 possible demand could be doubled, reaching EUR 5.966 billion.

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje

Year	Annual construction of residential units	Annual increase of prices for baseline of 1000 EUR/m ² for period 2009-2014 is 7%	Annual increase of prices for baseline of 1000 EUR/m ² for period 2015-2020 is 4%	Annual residential construction (72m ² /apartment)
2009	2462	EUR 177.264.000 million		177.264 m ²
2010	2462	EUR 189.672.488 million		177.264 m ²
2011	2462	EUR 202.949.553 million		177.264 m ²
2012	2462	EUR 217.156.022 million		177.264 m ²
2013	2462	EUR 232.256.944 million		177.264 m ²

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2014	2462	EUR 248.621.930 million		177.264 m2
2015	2462		EUR 258.566.807 million	177.264 m2
2016	2462		EUR 268. 909.479 million	177.264 m2
2017	2462		EUR 279.665.858 million	177.264 m2
2018	2462		EUR 290.852.493 million	177.264 m2
2019	2462		EUR 302.486.592 million	177.264 m2
2020	2462		EUR 314.586.056 million	177.264 m2
Total		EUR 2.983.088.182 million		

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020 prepared by the Faculty of Civil Engineering from Skopje

In 2005, the Government of Montenegro has adopted the Strategic Master Plan for Waste Management at the national level (Master Plan), which has envisaged around EUR 120 million worth investments by 2014 in waste management sector, namely in construction of seven regional sanitary landfills for needs of all 21 municipalities, revitalization of the existing landfills, acquisition of equipment and devices for providing proper technical fitness of public utility companies and for resolving issues related to dangerous waste disposal.

Planned investments in road and railway infrastructure

Projects and dynamic of investments in period 2006-2015

	Project	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
1	Reconstruction of railway line Bar-Beograd	6	9	9	9							33
2	Reconstruction of railway line Podgorica-Nikšić	5	21	21	10							57
3	Reconstruction of railway line Podgorica-Skadar			1.5	1.5							3
4	Construction of terminal for combined transport at railway stations Bar and Bijelo Polje		1.6	1.6								3.2
5	Construction and reconstruction of the Port of Bar infrastructure				4.7	5	5	5	5	5	5	34.7
6	Completion of construction of Marina Bar		0.5	1								1.5
7	Revitalization of Virpazar Port		0.5	1.2	1.2							2.9
8	Revitalization of maritime economy	18	18									36
9	Construction of Adriatic-Ionian highway					70	70	70	70	70	75	425
10	Construction of Podgorica-Mateševo highway	9	46	60	60	60						235
11	Construction of mini bypass Podgorica		10	15								25
12	Reconstruction of road Coast-Podgorica-Border with Serbia	17	7.5	7.5								32
13	Construction of bypass Bijelo Polje	4	4	4								12
14	Reconstruction and rehabilitation of road Nikšić - border with BiH (Šćepan Polje)		10	10	10	10	10	10	10	10	13	93
15	Construction of Risan-Žabljak road	4	11	25	10	0	0	12	11.2			73.2
16	Construction of Gusinje-Plav-Veruša road			8	9	9	9					35
17	Construction of bypass Rožaje				7	7						14
18	Development and reconstruction of Herceg Novi-Trebinje, i.e. Meljine-Petijevići road	4	5	5								14
19	Construction of the bridge over Verige				17	35	35					87

20 Enterprise and industrial policy

20	Reconstruction of Adriatic arterial road		10	10	10	14	15					59
21	Reconstruction and modernization of Podgorica-Nikšić-Trebinje road					6	6	6				18
22	Construction of bypass Golubovci		5	5								10
23	Improvement of connection of Šavnik and Žabljak with main roads				3.5	5.5						9
24	Providing functionality of Berane airport			5	8.5	8.5						22
	Total	67	159	189	161	230	150	103	96.2	85	93	1334

Planned long term projects and preliminary estimation of necessary investments

PLANNED PROJECTS	Estimated costs of the investment (million EUR)	Estimated time period
Development and reconstruction of Port of Bar	34.7	6-8 years
Construction of Adriatic-Ionian motorway – highway through Montenegro	660	5-6 years
Construction of Bar – Boljare (border with Serbia) highway with bypass Podgorica	2000	5-6 years

Source: Ministerial meeting in Sofia, Bulgaria, in May 2007, presentation of Minister, dr Andrija Lompar

Foreign investments:

In the first half of 2009, foreign direct investments reached EUR 301 million. Announced investments and expectations with respect to EPCG privatization, planned for second half of 2009, are estimated to EUR 410 million. (Source: Montenegrin Investment Promotion Agency)

b) Present or envisaged reconstruction or modernisation plans

Maintenance and reconstruction of state roads

Number	TYPE OF WORKS	DYNAMIC OF IMPLEMENTATION / mil EUR /				TOTAL /mil EUR/
		2008	2009	2010	2011	
1	2	3	4	5	6	8
1.	Regular maintenance and protection of state roads	10,00	10,00	10,00	10,00	40,00
2.	Investment maintenance of state roads (developing project design and executing works)	2,70	2,70	2,70	2,70	10,80
3.	Reconstruction of state roads (developing project design and executing works)	2,00	2,00	2,00	2,00	8,00
		14,70	14,70	14,70	14,70	
TOTAL in period 2008 -2011						58,80

Source: Ministry of Transport, Maritime Affairs and Telecommunications

Note: The works will be financed from the Budget of Montenegro.

The process of restructuring Montenegrin railways is carried out in line with the Railway Restructuring Strategy, adopted by the Government in September 2007. As a result of this restructuring process three railway companies have been established with majority state ownership, namely:

- Railway Infrastructure of Montenegro AD – Podgorica (Infrastructure Manager) with 72.35 % of state ownership,
- Railway Operations of Montenegro AD – Podgorica (Operator for passenger transport), with 85.45 % of state ownership, and
- Joint Stock Company MONTECARGO – Podgorica (Operator for freight transport), also with 85.45 % of state ownership.

According to the Railway Restructuring Strategy and Privatisation Plan, the State will keep majority ownership in the company of Infrastructure Manager, while it will fully privatize companies in charge of passengers and freight transport. In this respect, in June 2009, the company MONTECARGO has been separated from Railway Operations of Montenegro AD, which led to establishment of two independent joint stock companies, one of which is in charge of passengers transport and the other one of freight transport.

In mid March 2009, the Government of Montenegro set up a Tender Commission, which has officially started with its activities on preparation of tender documentation related to privatisation of separate units within the railway system. Tender Commission, in line with its authorisations, has selected privatisation advisor for upcoming privatisation transaction. It is planned to publish a tender for privatisation of freight transport, i.e. company MONTECARGO, by the end of the year, while the company for passengers transport and maintenance of rolling stock will undergo privatisation process after it reaches financial stability and after the State determines the level of fees charged for conducting passengers transport as transport of public interest. Hence, the Feasibility study for procurement of necessary number of electromotor rolling stock for local railway transport was completed in August 2009. The Study envisages procurement of 10 new electromotor rolling stocks within the next four years and provides for its inclusion in the system of local passengers transport.

Under the Law on Budget for 2009 (Official Gazette of Montenegro 82/0), the Government of Montenegro, for the first time, has allocated funds to Railway Operations company as direct support in a form of a subsidy necessary for organizing local passengers transport.

In March 2008, Montenegro and Bosnia and Herzegovina have signed a Memorandum on Joint Activities with regard to the development of project design, with a view to connecting Montenegro and Bosnia and Herzegovina through the railway line Nikšić - Čapljina. In this respect, the operations were initiated towards the implementation of activities provided for by this Memorandum, while the drawing up of a relevant Feasibility Study for the mentioned railway line, entrusted to the selected consultant, is underway and it is financed by the European Commission through its CARDS programme. The Feasibility Study is expected to be completed at the beginning of 2011, while the construction itself could start in 2012, and would last four to five years.

Memorandum of Understanding that was signed on 16 July 2009 between the Ministry of Transport, Maritime Affairs and Telecommunication of Montenegro, the Ministry of Economic Development of the Republic of Italy and the Ministry for Infrastructure of the Republic of Serbia, envisages development of Technical and Economic Feasibility Study related to reconstruction of Belgrade – Bar railway line. This Study is aimed at defining works, necessary resources and activities, which should be undertaken in order to provide for improved safety and quality of transport on Bar – Belgrade railway line. The funds amounting to EUR 1 000 000.00 were provided by the Ministry of Economic Development of the Republic of Italy, while Montenegro and Serbia have provided a total of EUR 400 000.00.

Just recently, the company Railway Operations of Montenegro has repaired and modernized 10 passengers' wagons, which were put in operation during the months of July and August of 2009. The value of executed works amounts to EUR 3.5 million. Furthermore, it is planned that the Railway Transport of Montenegro AD, as a member of EUROFIMA, will apply for the loan EUR 15 million at the next meeting of shareholders, with a view to procuring five new electromotor rolling stocks.

I. Approximation of national legislation to Community legislation

c) List of measures, planed or already adopted

By signing Stabilisation and Association Agreement, Montenegro has undertaken the obligation of approximating Montenegrin legislation to the Community legislation, i.e. to conduct graduate and consistent implementation of relevant comparative legislation. According to Article 72 of the SAA, the contracting parties recognize the importance of the approximation of the existing Montenegrin legislation to that of the Community as well as its effective implementation. Montenegro opted for a gradual approximation of its applicable laws and future legislation to the Community legislation, including proper implementation of the existing and future legislation. The Agreement stipulates that approximation shall start on the date of signing this Agreement, and Montenegro in agreement with the European Commission should prepare the special programme for the SAA implementation and that is also defined by Article 72. With a view to preparing Montenegro, primarily its state administration, to face new challenges, tasks and obligations in a timely manner, the activities on drafting programmes of the Government of Montenegro were initiated long before signing the SAA. Therefore, at its session held on 21 June 2007, the Government has decided to prepare the National Programme for Integration of Montenegro into the EU (NPI), for period 2008-2012, on the grounds of information on activities related to drafting national programme for integration. Integral part of such Information was structure of document and plan on activities for its development. Apart from the fact that it represents a plan on implementation of SAA, National Programme for Integration encompasses at the same time the national plan for adoption of European legislation, i.e. *acquis communautaire*. The Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/08) has been adopted.

Article 72 of the above mentioned Law defines that construction products, during their usual maintenance, within economically acceptable time, must be able to endure, without serious damages, all impacts related to normal use and environmental impacts, so that structure in which such products are built in throughout its use meets all requirements in terms of mechanical resistance and stability, security in case of fire and explosions, hygiene and health protection, environmental protection, safety of use of the structure and protection against noise, energy savings and energy efficiency, etc., during its entire period of use.

Article 74 of the Law on Spatial Development and Construction of Structures prescribes that technical regulations, standards, technical rules and quality criteria with respect to construction of structures, in line with principles of the European legislation, shall be developed, i.e. shall provide conditions for: stability and durability of structures, aseismic design and construction of structures; health protection, environmental and spatial protection; protection against natural, technical and technological accidents; protection against fire, explosions and industrial incidents, thermal protection; rational utilisation of energy and energy efficiency; protection against noise and vibrations.

The Ministry, i.e. the ministry in charge of activities that are to be regulated by certain technical regulation, adopts technical regulations from paragraph 1.

These provisions define important requirements for structures and relevant construction products in accordance with Directive 89/106/EEC.

d) Timetable

In the fourth quarter of 2009, the Strategy for Development of Construction Industry in Montenegro until 2020 will be adopted, setting up global guidelines for further development of the construction sector and industry of construction materials.

By adopting the above mentioned Law and Strategy, short-term priorities of National Programme for Integration of Montenegro into the EU for period 2008-2012, will be met. Medium-term priorities of National Programme for Integration of Montenegro into the EU for period 2008-2012 are:

Legislation

Preparing and adopting the national Law on Construction Products, which will be harmonised with EU Construction Products Directive 89/106/EEC and 93/68/EEC, as well as the adoption of the set of bylaws (rulebooks and other technical regulations), by which this area will be completely regulated in accordance with the new approach directives in this field.

The mid-term priorities are

- Establishing and equipping institutions and education of personnel for carrying out construction products compliance appraisal procedure;
- Establishing and equipping institutions and education of personnel for carrying out the inspection of construction products in the market;
- Establishing and equipping of the accredited laboratories for testing activities in accordance with EN regulations;
- Adoption of harmonised European standards;
- Training of construction products manufacturers and of all participants in the process of construction of structures, with the new approach in the area covered by the Directives 89/106/EEC and 93/68/EEC.

With the purpose of increasing the abilities for the implementation of future documents and regulations, the Ministry of Physical Planning and Environmental Protection will continuously work on strengthening its administrative capacities. Planned activities on achieving of mid-term priorities relate to drafting of **National Strategy for harmonisation of technical regulations in the construction sector with relevant EU legislation.**

(Source: National Programme for Integration of Montenegro into the EU 2008-2012 and the Law on Spatial Development and Construction of Structures).

100 Execution of building and housing works

The answer is provided under A-I.

A. Production and Consumption**a) Installed production capacity and its utilisation rate**

No data available.

b) Present production (by volume and by value)

See answer 99A, under b).

c) Domestic demand, present and forecast (for the next three years)

According to statistical forecasts, the population in Montenegro will increase by 65 000 until 2021. If we compare this with the data from 2003, which state that there is one residential unit per each 2.4 inhabitants, it shows that by the end of 2020 we will need an additional 27 083 residential units. If we assume that each 2.4 inhabitants need a two-room apartment of 72 square metres, then additional 1 949 976 square metres should be constructed. If we divide this number with the number of years, i.e. 11, the annual need for construction results in 177 264 square metres, or 2 462 residential units per annum. According to forecasts related to residential construction, it is considered that in period 2009 - 2014 prices for square metre will increase by 7% annually, while in 2015 - 2020 the annual increase will be 4%. For the above-mentioned calculations a price of 1000 EUR/m² in 2009 is taken as a starting point. With such prognosis, the total needed investment amounts to EUR 2.983 billion. If we take into account the fact that currently 27.000 households in

Montenegro have not solved housing issues, by the end of 2020 a possible demand could be doubled, reaching EUR 5.966 billion.

d) National self-supply ratio

No data available.

B. Trade

The Statistical Office does not have the data requested.

C. Structural features

a) Turnover and Gross Value Added (GVA), percentage of industry total

See the answer under 99C.

b) Number of enterprises

See the answer under 99C.

c) Number of jobs, percentage of total number of jobs in industry

See the answer under 99C.

d) Structure of enterprises

Size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

See answer under 99C.

e) Foreign capital and technology

No data available.

f) What are the chief enterprises with respect to employment? In terms of physical output? Are they publicly or privately owned?

Table 7.10		Seat of the company	Code	Categorization			Ownership
no.	Abbreviated name of the company			income	assets	employees	
1.	CIJEVNA KOMERC	PODGORICA	045210	S	V	S	PRIVATE
2.	ČELEBIĆ	PODGORICA					PRIVATE
3.	KROLING	DANILOVGRAD	045210	S	S	S	PRIVATE
4.	ZAVOD ZA IZGRADNJU BARA	BAR	045210	M	S	S	MAJORITY PRIVATE
5.	ZETAGRADNJA	PODGORICA	045210	S	S	M	PRIVATE
6.	GRADNJA PROMET	DANILOVGRAD	045210	S	M	S	PRIVATE
7.	NOVI PRVOBORAC	HERCEG NOVI	045210	M	M	S	COMBINED, MAJORITY PRIVATE

Source: draft Strategy for Development of Construction Industry in Montenegro until 2020, prepared by the Faculty of Civil Engineering from Skopje

f) Production and market monopolies

There are no production or market monopolies.

g) Productivity per employee and per hour worked

See the answer under 99C.

g) Wage and salary costs and costs of material used in construction industry

See the answer under 99C.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the field of construction of residential and business facilities, a total of 0 European standards have been adopted at the national level. In accordance with the Agenda for 2010, the Institute for Standardization of Montenegro is planning to adopt 60 European standards related to construction Eurocodes.

More details are contained in the answer under 116D.

E. Incentives

The Ministry of Spatial Planning and Environmental Protection - namely its Housing Sector, has initiated several significant projects aimed at resolving housing issues for citizens, which represents an incentive to investments in the residential construction sector. These projects, which are carried out in cooperation with the Council of Europe Development Bank, are the following:

- Project on resolving housing issues of citizens and moderating effects of the economic crisis in the construction sector, worth EUR 50 million, whose implementation is expected in mid 2010;
- Project on development of social housing apartments worth EUR 10 million, whose implementation is expected at the beginning of the next year.

F. Rules on foreign investment

- a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

See the answer to question 116F.

- b) Guarantees

Montenegro does not have regulations or rules which provide for preferential treatment of domestic investors.

See the answer to question 116F.

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

See the answer to question 116G.

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign investments)

Investments in Montenegro in the forthcoming period, especially in the short-term and medium-term period, as well as in a long-term perspective, will be also directed to housing construction. Investments needed for the housing construction sector until 2020 are estimated to EUR 2.9 to 5.9 million.

I. Approximation of national legislation to Community legislation

The Proposal for the Law on Housing and Maintenance of Residential Buildings is harmonized with the Charter of Fundamental Rights of the European Union and with the European Social Charter. We expect the proposal of the Law on Public-Private Partnership to be harmonized with EU legislation.

a) List of measures, planned or already adopted

The Ministry of Physical Planning and Environmental Protection - Housing Sector, is drafting the following documents:

- Proposal for the Law on Housing and Maintenance of Residential Buildings, and
- Proposal for the Law on Public-Private Partnership and Housing Communities, which will significantly contribute to investment incentives in the housing construction sector.

The Proposal for the Law on Housing and Maintenance of Residential Buildings will introduce the concept of social housing, as well as the obligation of the State and local self-government units to contribute to the resolving of housing issues of citizens. The proposal for this Law is expected to be adopted in October 2009.

The Proposal for the Law on Public-Private Partnership and Housing Communities will regulate public-private partnership; with regard to housing construction, it will introduce new legal solutions which will contribute to a new approach to regulating this sector, all in accordance with current legislation in the European Union, so as to create conditions for developing these sorts of cooperation. We believe that the implementation of this Law can significantly contribute to increasing investments in the sector of housing construction (domestic and foreign investments), while we also expect the creation of a rental fund in the housing sector, which can lead to construction of significant number of residential buildings.

Transport equipment industries

101 Automobile products:

A. Production and Consumption

Montenegro has no industry of vehicle production:

- a) Passenger cars
- b) Light commercial vehicles (up to 5 t gross vehicle weight)
- c) Buses and coaches

- d) Trucks
- e) Powered two-and three-wheelers
- f) Trailers and semi-trailers
- h) Agricultural or forestry tractors – wheel driven or caterpillar
- i) Trailers and coupling components for agriculture or forestry tractors
- j) Systems, components and separate technical units for agricultural and forestry tractors.

As regards automobile products, item g) parts and components, slip coupling and engine shells are produced in Montenegro.

a) Installed production capacity and its utilisation rate

As for the capacities for production of automobile products, factory for production of parts and components is active (slip coupling and engine shells).

Utilisation rate of its capacities is 100% (Source: Daido Metal Kotor AD).

b) Present production (by volume and by value)

Present production of parts and components (slip coupling and engine shells) is 1 100 000 units/month, while its value ranges from 280 000.00 to 350 000.00 EUR/month. (Source: Daido Metal Kotor AD).

Production of other automobile products is 0 units, i.e. amounting to EUR 0.

c) Domestic demand, present and forecast (for the next three years)

Previous demand for automobile products is given through the statistical data presented in the following text (B. Trade; a. Import). No long-term forecast has been prepared with regard to demand for automobile products in Montenegro.

d) National self-supply ratio

In accordance with the presented situation in production and situation in exports and imports (presented in the text below) of automobile products, there are no relevant data for demonstrating ratio: (production-exports) / (production + imports - exports).

B. Trade

a) Imports (including temporary import) by volume and by value, from the rest of the world and from the EU, stating the main countries of origin.

Imports from the rest of the world and from the EU (total number)

		01.01. ÷ 31.12.2008.	01.01. ÷ 20.10.2009.
New motor vehicles	Passenger	6.066	1.950
	Bus	110	16
	Cargo	1.017	275
Used motor vehicles	Passenger	6.922	3.177
	Bus	9	12
	Cargo	829	345
Motorbikes		2.911	702
Trailers and semi-trailers		580	190
Total:		18.444	6.667

Source: Customs Administration of Montenegro

Imports from the rest of the world and from the EU (by value, EUR)

		01.01.÷ 31.12.2008.	01.01. ÷20.10.2009.
New motor vehicles	Passenger	90.210.369,59	27.177.178,84
	Bus	6.153.193,53	858.643,15
	Cargo	32.903.636,70	6.859.769,28
Used motor vehicles	Passenger	38.354.186,82	13.161.488,75
	Bus	328.567,35	239.391.50
	Cargo	8.432.508,87	2.008.846.97
Motorbikes		4.629.923,44	1.226.591.90
Trailers and semi-trailers		4.910.155,80	851.154,64
Total (1):		185.922.542,10	52.383.065.03

Source: Customs Administration of Montenegro

Exports from the rest of the world and from the EU (net weight, kg)

	01.01.÷ 31.12.2008.	01.01. ÷20.10.2009.
Parts and components (tariff numbers from 8706 00 to 8708 99)	1.430.381,68	774.348,48

Source: Custom Directorate of Montenegro

Imports from the rest of the world and from the EU (by value, EUR)

	01.01.÷ 31.12.2008.	01.01. ÷20.10.2009.
Parts and components (by tariff numbers from 8706 00 to 8708 99)	10.270.105,82	5.858.160,23
Total (2):	10.270.105,82	5.858.160,23

Source: Customs Administration of Montenegro

Total import of automobile products from the rest of the world and from the EU (by value, EUR)

	01.01.÷ 31.12.2008.	01.01. ÷20.10.2009.
	total (1) + total (2)	total (1) + total (2)
Total:	196.192.647,90	58.241.225,26

The most important countries of origin are: Germany, France, Italy, Czech Republic, Spain, Sweden and Great Britain.

b) Exports (by volume and by value) to the EU and other countries of destination

Export of parts and components (slip coupling and engine shells) is 1 100 000 units/month, i.e. its value amounting from 280 000.00 to 350 000.00 EUR/month. Exports to the EU countries amount from 240 000.00 to 300 000.00 EUR/month, while exports to CEFTA countries (Serbia, Bosnia and Herzegovina, Croatia) amount from 40 000.00 to 60 000.00 EUR/month. (Source: Daido Metal Kotor AD).

With the exception of transit of goods, export of other automobile products is 0 units, i.e. by value 0.00 EUR/month.

C. Structural features

Montenegro has no developed automobile industry. Only one company produces automobile products, i.e. parts and components (slip coupling and engine shells), employing 119 workers. The foreign company Daido Metal Japan Ltd has a 98.85 % stake, while the remaining part is owned by domestic shareholders (Source: Daido Metal Kotor AD).

There are no production or marketing monopolies in Montenegro.

There are no relevant data for other indicators.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Within the sector of motor vehicles, a total of 15 European standards have been adopted at the national level, namely:

- a) Passenger cars - 0 standards
- b) Light commercial vehicles (up to 5 tones of gross vehicle weight) - 0 standards
- c) Buses and coaches - 0 standards
- d) Trucks - 0 standards
- e) Powered two and three wheelers - 1 standard
- f) Trailers and semi-trailers - 0 standards
- g) Parts and components - 0 standards
- h) Agricultural or forestry tractors – wheel driven or caterpillar - 14 standards
- i) Trailers and coupling components for agriculture or forestry tractors – 0 standards
- j) Systems, components and separate technical units for agricultural and forestry tractors - 0 standards

In accordance with the Agenda for 2010, the Institute for Standardisation of Montenegro is planning to adopt over 50 European transport related standards.

- a) Passenger cars
- b) Light commercial vehicles (up to 5 tones of gross vehicle weight)
- c) Buses and coaches
- d) Trucks
- e) Powered two and three wheelers
- f) Trailers and semi-trailers
- g) Parts and components
- h) Agricultural or forestry tractors – wheel driven or caterpillar
- i) Trailers and coupling components for agriculture or forestry tractors
- j) Systems, components and separate technical units for agricultural and forestry tractors.
- 1) Uniform regulations related to homologations of motor vehicle headlamps which emit asymmetric low beam and/or high beam equipped with the bulbs or R2 category (according to ECE R. 1) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 2) Uniform regulations related to homologations of electrical incandescent lamps for road headlamps which emit one asymmetric low beam and one road beam, or one or another of these beams (according to ECE R. 2) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 3) Uniform regulations related to homologations of reflective devices for motor vehicles and their trailers (according to ECE R. 3) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 4) Uniform regulations related to homologations of devices for illumination of motor vehicles back number plate (excepting motorcycles) and their trailers (according to ECE R. 4) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)

- 5) Uniform regulations related to homologations of motor vehicle Sealed beams ("Sealed beam") which emit asymmetric European beam or one high beam, or both beams (according to ECE R. 5) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 6) Uniform regulations related to homologations of turn signal lights for motor vehicles and their trailers (according to ECE R. 6) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 7) Uniform regulations related to homologations of motor vehicles front position lights, rear position lights and break lamps (excepting motorcycles) and their trailers (according to ECE R. 7) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 8) Uniform regulations related to homologations of motor vehicle main lamps which emit asymmetric low or high beam or both and which are equipped with halogen bulbs (bulbs H1, H2 or H3) (according to ECE R. 8) (Official Gazette of the Socialist Federal Republic of Yugoslavia - supplement: International treaties and other agreements, 2/69)
- 9) Uniform regulations related to homologations of three-wheeled vehicles in relation to noise (according to ECE R. 9) (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/72 - International treaties and other agreements)
- 10) Uniform regulations related to homologations of vehicles in relation to prevention of radio disturbances (according to ECE R.10) (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/72 - International treaties and other agreements)
- 11) Uniform regulations related to homologations of safety belts for adults located in motor vehicles (according to ECE R.16) (Official Gazette of the Socialist Federal Republic of Yugoslavia 47/74 - International treaties and other agreements)
- 12) Uniform regulations related to homologations of vehicles in relation to firmness of seats and their fixing, as well as in relation to features of head support, which can be built into such seats (according to ECE R. 17) (Official Gazette of the Socialist Federal Republic of Yugoslavia 47/74 - International treaties and other agreements)
- 13) Uniform regulations related to homologations of motor vehicles fog lights (according to ECE R. 19) (Official Gazette of the Socialist Federal Republic of Yugoslavia 14/75 - International treaties and other agreements)
- 14) Uniform regulations related to homologations of motor vehicle lamps which emit asymmetric beam and/or low beam or both, equipped with halogen bulbs, (H4 bulbs), as well as on relation to homologation of bulbs (according to ECE R. 20) (Official Gazette of the Socialist Federal Republic of Yugoslavia 14/75 - International treaties and other agreements)
- 15) Uniform regulations related to homologations of vehicles equipped with Otto and Diesel engines in relation to emission of polluting gasses from engines - method for measuring power of Otto engines (according to ECE R. 15) (Official Gazette of the Socialist Federal Republic of Yugoslavia 57/75 - International treaties and other agreements)
- 16) Order on homologation of motor vehicles spare parts (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/82)
- 17) Uniform regulations for examining and conducting mandatory homologation of passenger vehicle and their trailers tyres (according to ECE R.30) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 43/83)
- 18) Regulation on technical norms for devices and equipment for driving motor vehicles which use liquid petroleum gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/84)
- 19) Order on determining products related to motor vehicles industry which may be put on the market only if such products are accompanied with the letter of guarantee and technical manual, including information on minimum duration of guarantee period and period of servicing provided for such products (Official Gazette of the Socialist Federal Republic of Yugoslavia 9/81 and 62/84)
- 20) Uniform regulations for examination and conducting mandatory homologation of motor vehicles with regard to safety belts attachments in passenger vehicles (according to ECE

- R. 14) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 4/85)
- 21) Uniform regulations for examination and conducting mandatory homologation of incandescent bulbs for motor vehicles and their trailers (according to ECE R. 37) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 4/85)
 - 22) Uniform regulations for examination and conducting mandatory homologation of commercial vehicles tyres and their trailers (according to ECE R. 54) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 11/85)
 - 23) Uniform regulations for examination and conducting mandatory homologation of motorized security glasses and materials for their fitting onto motor vehicles and their trailers (according to ECE R. 43) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 68/85)
 - 24) Uniform regulations for examination and conducting mandatory homologation of lamps for motorcycles and vehicles treated as such (according to ECE R. 57) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 68/85)
 - 25) Uniform regulations for examination and conducting mandatory homologation of motorcycles in relation to fitting of lighting and signalling devices (according to ECE R. 53) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 68/85)
 - 26) Uniform regulations for examination and conducting mandatory homologation of motorcycles with Otto engines with regard to emission of polluting gasses from engines (according to ECE R. 40) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 60/86)
 - 27) Uniform regulations for examination and conducting mandatory homologation of motorcycles in relation to noise (according to ECE R. 41) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 60/86)
 - 28) Uniform regulations for examination and conducting mandatory homologation of acoustic warning devices, as well as motor vehicles with regard to acoustic signals (according to ECE R.28) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 60/86)
 - 29) Uniform regulations for examination and conducting mandatory homologation of bicycles with Otto engines in relation to emission of polluting gasses from engine (according to ECE R. 47) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 60/86)
 - 30) Uniform regulations for examination and conducting mandatory homologation of front position lights, rear position lights, breaking lamps, turn lights and rear number plate lights for bicycles with engine, motorcycles and vehicles considered as such (according to ECE R. 50) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 67/86)
 - 31) Uniform regulations for examination and conducting mandatory homologation of lamps for bicycles with engines and vehicles treated as such (according to ECE R. 56) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 67/86)
 - 32) Uniform regulations for examination and conducting mandatory homologation: I Diesel engines in relation to visible polluting gasses; II motor vehicles in relation to fitting homologated engine; III motor vehicles equipped with diesel engines with regard to visible pollution gasses; IV uniform regulations for measuring power of Diesel engine (according to ECE R.24) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 11/85, 1/87)
 - 33) Uniform regulations for examination and conducting mandatory homologation of vehicles in relation to speedometer and its fitting into vehicle (according to ECE R. 39) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 11/85, 1/87)

- 34) Uniform regulations for examination and conducting mandatory homologation of motor vehicles with at least four wheels in relation to noise (according to ECE R. 51) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 48/84, 1/87)
- 35) Uniform regulations for examination and conducting mandatory homologation of vehicles with regard to fitting lighting and light-signalling devices (according to ECE R. 48) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 68/85, 1/87, 46/87)
- 36) Uniform regulations for examination and conducting mandatory homologation of bicycles with engine, with regard to noise (according to ECE R. 63) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 73/87)
- 37) Uniform regulations for examination and conducting mandatory homologation of: I rear protective devices (ZZU); II vehicles in relation to fitting of rear protective devices (ZZU), which have type homologation; III vehicles in relation to protection of rear side (ZZ) (according to ECE R. 58) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 85/87)
- 38) Uniform regulations for examination and conducting mandatory homologation of protective helmets for riders of bicycles with engine and of motorcycles and for passengers on such vehicles (according to ECE R. 22) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 18/88)
- 39) Uniform regulations for examination and conducting mandatory homologation of motor vehicles in relation to protection from unauthorised use (according to ECE R. 18) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 11/85, 1/87, 23/88)
- 40) Uniform regulations for examination and conducting mandatory homologation of bicycles with engine and motorcycles with regard to breaking (according to ECE R. 78) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 17/89)
- 41) Uniform regulations for examination and conducting mandatory homologation of motor vehicles in relation to breaking (according to ECE R.13) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 54/85, 26/89)
- 42) Uniform regulations for examination and conducting mandatory homologation of coupling components of combinations of vehicles (according to ECE R. 55) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 63/89)
- 43) Uniform regulations for examination and conducting mandatory homologation of plates for making heavy and other vehicles, which are mounted at the rear side vehicles (according to ECE R. 70) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 24/90)
- 44) Uniform regulations for examination and conducting mandatory homologation of plates for making slow vehicles (by construction) and their trailers, which are mounted at the rear side vehicles and their trailers (according to ECE R. 69) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 24/90)
- 45) Uniform regulations for examination and conducting mandatory vehicle homologation with regard to locks and door fixing device (according to ECE R. 11) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 59/90)
- 46) Uniform regulations for examination and conducting mandatory homologation of motor vehicles reversing lamps and their trailers (according to ECE R. 23) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 59/90)
- 47) Uniform regulations for examination and conducting mandatory homologation of head supports on motor vehicles seats (according to ECE R. 25) (on the basis of the Order on

- mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 59/90)
- 48) Uniform regulations for examination and conducting mandatory homologation of vehicles in relation to distribution of night-time commands (according to ECE R. 35) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 59/90)
 - 49) Uniform regulations for examination and conducting mandatory homologation of rear fog lights for motor vehicles and their trailers (according to ECE R. 38) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 59/90)
 - 50) Uniform regulations for examination and conducting mandatory homologation of motor vehicles with regard to their internal equipment (according to ECE R. 21) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 70/90)
 - 51) Uniform regulations for examination and conducting mandatory homologation in relation to their external exhausts (according to ECE R. 26) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 70/90)
 - 52) Regulation related to mandatory certification of motor vehicle and trailer breaks and conditions which must be fulfilled by public organisations authorised for certification of such products (Official Gazette of the Socialist Federal Republic of Yugoslavia 76/90)
 - 53) Uniform regulations for examination and conducting mandatory homologation of internal combustion engines used for driving motor vehicles of M and N category in the sense of measuring net power (according to ECE R. 85) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 12/92)
 - 54) Uniform regulations for examination and conducting mandatory homologation of motor vehicles in relation to measuring maximum speed (according to ECE R. 68) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 17/92)
 - 55) Uniform regulations for examination and conducting mandatory homologation of motor vehicles equipped with internal combustion engines in relation to measuring fuel consumption (according to ECE R. 84) (on the basis of the Order on mandatory homologation, Official Gazette of the Socialist Federal Republic of Yugoslavia 24/92)
 - 56) Order for vehicles which for international road transport must have a certificate on meeting technical requirements in relation to noise and emission of pollutants (Official Gazette of the Federal Republic of Yugoslavia 27/92)
 - 57) Uniform regulations for examination and conducting mandatory homologation of replaceable silencing systems for noise reduction (according to ECE R. 59) (on the basis of the Order on mandatory homologation, Official Gazette of the Federal Republic of Yugoslavia 43/92)
 - 58) Uniform regulations for examination and conducting mandatory homologation of goods vehicles, trailers and semi-trailers in relation to lateral protection (according to ECE R. 73) (on the basis of the Order on mandatory homologation, Official Gazette of the Federal Republic of Yugoslavia 43/92)
 - 59) Uniform technical conditions for examination and conducting homologation of motor vehicle lamps which emit asymmetric high beam or low beam or both, equipped with incandescent bulbs (according to ECE R. 112) (on the basis of the Order on mandatory homologation, Official Gazette of the Federal Republic of Yugoslavia 46/02)
 - 60) Uniform technical conditions for examination and conducting mandatory homologation of vehicles intended for transport of dangerous materials in relation to their specific construction features (according to ECE R. 105) (on the basis of the Order on mandatory homologation, Official Gazette of the Federal Republic of Yugoslavia 48/02)
 - 61) Uniform technical conditions for examination and conducting homologation of vehicles in relation to emission of pollutants from fuel (according to ECE R. 83) (on the basis of the Order on mandatory homologation, Official Gazette of the Federal Republic of Yugoslavia 61/02)
 - 62) Uniform technical conditions for examination and conducting homologation of Diesel engines and natural gas engines (NG), as well as Otto LPG engines (LPG) and vehicles

equipped with Diesel engines on NG and Otto engines on LPG, in relation to emission of pollutants from engines (according to ECE R. 49) (on the basis of the Order on mandatory homologation, Official Gazette of the Federal Republic of Yugoslavia 60/02 64/02)

E. Incentives

There are no special incentives for development of automobile sector in Montenegro.

F. Rules on foreign investment

Competent state institutions provide incentives for national and foreign investors with regard to investments in the production of automobile products in Montenegro, with all facilities and guarantees.

G. Trading system

The answer is given under 116 G.

H. Likely developments, and time-scale

Following global trends in the development of vehicle industry and emphasized need for automobile products (public sector, private sector and foreign investments) in Montenegro, investments in the development and production of automobile products are envisaged.

I. Approximation of national legislation to Community legislation

Within the sector of automobile products, Montenegro has adopted a total of 15 European standards. In accordance with the Agenda for 2010, the Institute for Standardisation of Montenegro is planning to adopt 50 European transport related standards. (Source: Institute for Standardisation of Montenegro).

102 Rail and other guided transport vehicles

See the answer under A-I.

A. Production and Consumption

a) Installed production capacity and its utilization rate

There are no installed capacities for production of railway rolling stock or other towed transport vehicles in Montenegro.

Repair of railway rolling stock

	2006	Utilization level	2007	Utilization level	2008	Utilization level
Repair of railway towing vehicles (foreign product France, Austria, Slovenia, Serbia, Italy)	22	45	22	48	21	52
Repair of railway towed vehicles (foreign product France, Austria, Slovenia, Serbia, Italy)	16	35	16	38	22	40
Other equipment and installations	205	42	220	44	265	46

Source: Railway Infrastructure of Montenegro AD - Podgorica

b) Present production (by volume and by value)

There are no capacities for production of railway rolling stock or other towed transport vehicles in Montenegro.

Repair – maintenance of railway rolling stock

	2006	2007	2008
Repair-maintenance of railway towing vehicles	22	22	21
Repair-maintenance of railway towed vehicles	16	16	22

Source: Railway Infrastructure of Montenegro AD - Podgorica

Note: Present production relates to maintenance of railway infrastructure, so the relevant data can not be presented adequately.

c) Domestic demand, present and forecast (for the next three years)

The existing passenger and freight railway transport capacities satisfy present needs with regard to transport. According to the Feasibility Study which defines procurement of necessary electromotor rolling stock for local railway transport, in the next three years, the company Railway Infrastructure of Montenegro AD – Podgorica is planning to invest in procurement of ten electromotor rake of coaches.

Equipment procurement (quantity/unit)

	2010	2011	2012
Equipment procurement mostly from EU states (France, Austria)	2	2	2

Source: Railway Infrastructure of Montenegro AD - Podgorica

Equipment procurement (value, EUR 000)

	2010	2011	2012
Procurement of (new) equipment mostly from EU states (France, Austria, Germany)	2.500	2.000	1.250

Source: Railway Infrastructure of Montenegro AD - Podgorica

d) National self-supply ratio

All national needs are covered through imports.

B. Trade

a) Imports (including temporary imports) by volume and by value, from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports from the EU, presented in kilograms

20 Enterprise and industrial policy

Name	2006 ⁶	2007 ⁷	2008
Towed and towing vehicles and equipment ⁸	275 910	1 172 134	414 973

Source: MONSTAT

Overview of Montenegrin imports from the EU, in thousands of euros

Name	2006	2007	2008
Towed and towing vehicles and equipment	2 604	2 793	3 065

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
Towed and towing vehicles and equipment	1 985 541	1 581 343	2 193 874

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, in thousands of euros

Name	2006	2007	2008
Towed and towing vehicles and equipment	969	896	613

Source: MONSTAT

Overview of Montenegrin imports by countries in the period 2006 - 2008

Name	Country
Towed and towing vehicles and equipment	Italy, Czech Republic, Ukraine

Source: MONSTAT

b) Exports to the EU (by volume and by value) and other states

Overview of Montenegrin exports to the EU, presented in kilograms

Name	2006	2007	2008
Towed and towing vehicles and equipment	2 735	6 670	10 904

Source: MONSTAT

Overview of Montenegrin exports to the EU, in thousands of euros

Name	2006	2007	2008
Towed and towing vehicles and equipment	2	3	550

Source: MONSTAT

⁶ Data processed by using special relax system

⁷ Data for 2007 and 2008 processed by using special trade system

⁸ Combined Nomenclature, chapter 86

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
Towed and towing vehicles and equipment	47 490	57 640	70 923

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, in thousands of euros

Name	2006	2007	2008
Towed and towing vehicles and equipment	12	362	69

Source: MONSTAT

Overview of Montenegrin exports by countries in the period 2006 - 2008

Name	Country
Towed and towing vehicles and equipment	Serbia, Czech Republic, Croatia

Source: MONSTAT

c) Exports/production and imports/production ratio

This ratio cannot be determined since Montenegro has no production of railway rolling stock and equipment.

C. Structural features**a) Turnover and Gross Value Added (GVA), percentage of industry total****A share of gross value added of "Transport, storage and communication" in GDP**

	2006	2007	2008
Transport, storage and communication	9.7%	10.1%	-

Source: MONSTAT

b) Number of enterprises**Railway transport****Number of enterprises in railway transport sector:**

Railway transport	2006	2007	2008
Number of enterprises	1	2	7 ⁹
Private	-	1	6
State	1	1	1

Source: MONSTAT

c) Number of jobs, percentage of total number of jobs in the industry**Number of employees in the railway transport sector**

⁹ Total number of enterprises from Administrative register, out of which Railways of Montenegro AD – Podgorica, Railway Infrastructure of Montenegro AD – Podgorica, Railway Operations of Montenegro AD – Podgorica, are still active

Number of employees in inland transport and pipeline transport, including railway transport

	2006	2007	2008
Annual average number of employees	5 225	5 225	6 609

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Size of enterprise	2006				2007				2008			
	micro	small	medium	large	micro	small	medium	large	micro	small	medium	Large
Railway enterprises due to its size	-	-	-	1	-	1	-	1	2	1	3	1

Source: MONSTAT

e) Wage and salary costs and costs of material used in the industry-

Inland transport, pipeline transport

Wage and salary costs and costs of material used in the industry in inland transport and pipeline transport, including railway transport

	2006	2007	2008
Wages (EUR)	333	405	511

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the sector of railway transport and other towed vehicles, a total of 2 standards have been adopted at the national level. In line with the Agenda for 2010, the Institute for Standardisation of Montenegro is planning to adopt 135 European standards in the railway sector.

Part of the question related to environment is elaborated in detail in Chapter 20, in the answer to question 116D.

A Part of the question related to ecological and standard/technical specifications for the railway rolling stock is elaborated in detail in Chapter 14 – Transport Policy, in the answer to questions 27 and 28.

E. Incentives

a) To investments

There are no special incentives to investments.

b) To exports

There are no special incentives to export.

c) Other

Pursuant to the Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07 and 76/08), the system of free zones in Montenegro is

introduced with a view to attracting foreign investments through various custom and tax incentives, as well as through the use of local economic resources.

F. Rules on foreign investment

a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

Investments made by foreign natural and legal persons are regulated by the Law on Foreign Investments (Official Gazette of the Republic of Montenegro 52/00 and 36/07), as well as by other laws which do not provide for a differential treatment of national and foreign investors. These laws, above all, include the Law on Business Organizations (Official Gazette of the Republic of Montenegro 06/02 and 17/07), the Law on Securities (Official Gazette of the Republic of Montenegro 59/00 and 28/06), the Law on Banks (Official Gazette of Montenegro 17/08) etc. Starting from the fact that Montenegro is a small economic system and having regard to the significance of foreign direct investments, the Government of Montenegro has committed itself to providing for equal treatment of national and foreign investors. Therefore, foreign investors enjoy national treatment in Montenegro. According to Article 6 of the Law on Foreign Investments, *"a foreign investor in the territory of Montenegro may establish a business organization and invest in a business organization under the conditions under which nationals may establish a business organization, unless otherwise stipulated by this Law"*. Restrictions pertain to production and trade in weapons and military equipment, where a foreign national may hold a maximum 49% stake.

b) Guarantees

Foreign investors enjoy the same treatment as nationals with regard to any facilities and guarantees, both in terms of those defined by regulations and those passed under specific circumstances on the grounds of the Government's decisions and which may be of temporary scope. Such facilities are related to: employing of new persons, investing in less developed regions of Montenegro, imports, etc. All facilities which are approved in a transparent way are submitted to investors for review (by publishing laws and decisions in the Official Gazette of Montenegro). Also, a foreign investor is taxed no differently than domestic investors. In the area of transport and transport infrastructure foreign investors are given the opportunity to use BOT and other similar arrangements, according to existing regulation which does not differentiate between national and foreign investor and in accordance with the conditions of tenders published by line ministries or municipalities. Montenegro is the one of few countries which set no restrictions on foreign natural and legal persons with regard to profit repatriation, dividend or interest, so foreign investors have total freedom in deciding whether they want and to what extent to reinvest their profit, dividend or interest.

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

Non-tariff measures affecting imports and exports do not exist in Montenegro.

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign investments)

Information on anticipated investments in railway transport sector has been submitted to the European Commission at the second meeting of the Subcommittee and Improved permanent dialogue for transport sector, environment and regional policy (17-18 February 2009 in Podgorica).

b) Present or envisaged restructuring or modernisation plans

Process of restructuring Montenegrin railways is carried out in line with the Railway Restructuring Strategy, adopted by the Government in September 2007. As a result of this restructuring process three railway companies have been established with majority state ownership, namely:

- Railway Infrastructure of Montenegro AD – Podgorica (Infrastructure Manager) with 72.35 % of state ownership,
- Railway Operations of Montenegro AD – Podgorica (Operator for passenger transport), with 85.45 % of state ownership, and
- Joint Stock Company MONTECARGO – Podgorica (Operator for freight transport), also with 85.45 % of state ownership.

Pursuant to the Railway Restructuring Strategy and Privatisation Plan, the State will keep majority ownership in the company of Infrastructure Manager, while it will fully privatize companies in charge of passengers and freight transport. In this respect, in June 2009, the company MONTECARGO was separated from Railway Operations of Montenegro AD, which led to the establishment of two independent joint stock companies, one of which is in charge of passengers transport and the other one of freight transport.

In mid March 2009, the Government of Montenegro set up a Tender Commission, which has officially started with its activities on preparation of tender documentation related to privatisation of separate units within the railway system. The Tender Commission, in accordance with its responsibilities, has selected a privatisation advisor for the future privatisation transaction. It is planned to publish a tender for privatisation of freight transport, i.e. the company MONTECARGO, by the end of the year, while the company for passengers transport and maintenance of rolling stock will undergo privatisation process after it reaches financial stability and after the State determines the level of fees charged for conducting passengers transport as transport of public interest. In this respect, the *Feasibility study for procurement of necessary number of electromotor rolling stocks for local railway transport* was completed in August 2009. The Study envisages procurement of 10 new electromotor rolling stocks within the next four years and provides for its inclusion in the system of local passengers transport.

Pursuant to the Law on Budget for 2009 (Official Gazette of Montenegro 82/0), the Government of Montenegro, has allocated funds for the first time, in a form of a subsidy, as direct support to the company Railway Operations for organizing local passengers transport.

In March 2008, Montenegro and Bosnia and Herzegovina signed the Memorandum on Joint Activities with regard to the development of project design, aimed at connecting Montenegro and Bosnia and Herzegovina through the railway line Nikšić - Čapljina. In this respect, the operations were initiated towards the implementation of activities envisaged by this Memorandum, while the drawing up of a relevant Feasibility study for the mentioned railway line, entrusted to the selected consultant, is underway and it is financed by the European Commission through its CARDS programme. The Feasibility Study is expected to be completed at the beginning of 2011, while the construction itself would start in 2012, and would last four to five years.

The Memorandum of Understanding that was signed on 16 July 2009 between the Ministry of Transport, Maritime Affairs and Telecommunication of Montenegro, the Ministry of Economic Development of the Republic of Italy and the Ministry for Infrastructure of the Republic of Serbia, envisages the development of Technical and Economic Feasibility Study related to the reconstruction of Belgrade – Bar railway line. This Study is aimed at defining works, necessary resources and activities which should be undertaken in order to provide for improved safety and quality of transport at Bar – Belgrade railway line. The funds amounting to EUR 1 000 000 were allocated by the Ministry of Economic Development of the Republic of Italy, while Montenegro and Serbia have provided a total of EUR 400 000.

Just recently, the company Railway Operations of Montenegro has repaired and modernized 10 passengers' wagons, which were put in use during the months of July and August of 2009. The value of executed works amounts to EUR 3.5 million. Furthermore, it is planned that THE Railway Transport of Montenegro AD, as a member of EUROFIMA, will apply for the loan amounting to

EUR 15 million at the next meeting of shareholders, with a view to procuring five new electromotor rolling stocks.

I. Approximation of national legislation to Community legislation

Elaborated in Charter 14 – Transport Policy, in the answer to question 30.

103 Shipbuilding and ship repair

a) Installed production capacities and the degree of their exploitation

Year	2006	2007	2008
Installed production capacities (000t)	Dock-12 33	Dock-12 33	Dock-12 33
	Dock-6 10	Dock-6 10	Dock-6 10
Cranes	Pcs.29 (2t-40t)	Pcs.29 (2t-40t)	Pcs.29 (2t-40t)
Degree of their exploitation (%)	70	75	80

b) No production

c) Demand in domestic market

Year	2006	2007	2008
Demand in domestic market, current (000 EUR)	-	-	2,216

d) No imports and exports

A. Production and Consumption

e) a Installed production capacity and its utilisation rate

Year	2006	2007	2008
Installed production capacities (000t)	Dock-12 33	Dock-12 33	Dock-12 33
	Dock-6 10	Dock-6 10	Dock-6 10
Cranes	Pcs.29 (2t-40t)	Pcs.29 (2t-40t)	Pcs.29 (2t-40t)
Degree of their exploitation (%)	70	75	80

f) No production

g) Demand in domestic market

Year	2006	2007	2008
Demand in domestic market, current (000 EUR)	-	-	2,216

h) No imports and exports

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Year	2006	2007	2008
Imports (including temporary imports), by volume from the rest of the world (000 kg)	367	2,267	1,546
Imports (including temporary imports), by volume from the rest of the world (000 kg)	1,144	2,650	2,376
Imports (including temporary imports), by volume from the EU (000 kg)	57	-	24
Imports (including temporary imports), by volume from the EU (000 kg)	2,498	2,850	2,102

The main EU countries of origin are the following: Germany, Great Britain, Austria, Greece, and Cyprus.

The main countries of origin from the rest of the world are the following: Macedonia, Croatia and Serbia.

b) Exports to the EU and other countries by value

Year	2006	2007	2008
Exports to the EU by value (000 EUR)	9,124	14,219	13,937
Export to non-EU countries by value (000 EUR)	6,964	8,246	9,096

c) No production, imports and exports

C. Structural features

a) Turnover

Year	2006	2007	2008
Turnover (ship repair) (000 EUR)	17,503	25,240	25,511

b) Structure of enterprises

By size, Adriatic Shipyard Bijela JSC is classified as a large enterprise.

c) Number of jobs

Year	2006	2007	2008
Number of jobs	201	202	211

d) By installed facility and in active usage:

Dock – 12 – 33,000 t

Dock – 6 – 10,000 t

Portal cranes: 25 t, pcs 4; 10 t, pcs 1; 2 t, pcs 3

Workshop cranes: 40 t, pcs 1; 20 t, pcs 1; 15 t, pcs 2; 10 t, pcs 1; 5 t, pcs 8; 3.2 t, pcs 3.

Dock crane – 12 of 12t, pcs 2

Dock crane – 6 of 7.5, pcs 2

Construction crane 4 t, pcs 1

The surface of Adriatic Shipyard Bijela JSC is 120,000 m².

The surface of workshops is 14,900 m².

All systems are equipped with central system of energy, acetylene, gas, oxygen and air. The annual value of investments for the last five years is 1,592.

e) Foreign capital and technology

Non-existing

f) Average number of employees

Year	2006	2007	2008
Average number of employees	782	716	671

Adriatic Shipyard Bijela is state-owned by 61.57%.

g) Production and market monopolies

Non-existing

h) Productivity per employee and per hour worked

Turnover per employee (total income/employee in 000 EUR)

2006	2007	2008
25	39	41

Productivity per hour worked (effective hours/employee in 000 EUR)

2006	2007	2008
1,693	1,889	1,664

i) Wage and salary costs and costs of materials used in the industry

Year	2006	2007	2008
Wage costs (000 EUR)	7,645	7,789	8,119
Costs of materials used for ship repairs (000 EUR)	2,305	3,486	2,921

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the area of shipbuilding and ship repair, a total of 7 European standards have been adopted at national level.

- ISO 9001-2002 ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)
- Plan for Port Security in Accordance with the Requests of ISPS Code and the Decree on Safe Protection of Merchant Ships and Ports Open to International Traffic in the State Union of Serbia and Montenegro (Official Gazette of Serbia and Montenegro 32/2004).

Standards and technical regulations for the sector

- National classification societies and ship registers (LR, BV, DNV, ABS, RINA)
- Navigation safety and protection of people are governed by international IMO regulations (SOLAS)

Requirements for environmental protection specific to the sector

- ISO 14001-2004

E. Incentives

a) To investment

There are no specific investment incentives.

b) To export

There are no specific export incentives

c) Other incentives

According to the Law on Free Zones (Official Gazette of the Republic of Montenegro 42/04 and Official Gazette of Montenegro 11/07; 76/08) the system of free zones in Montenegro was established with the aim to attract foreign investments by customs and tax incentives, as well as by using local economic resources.

F. Rules on foreign investment

a) Characteristics: restrictions on foreign participation, financial participation in particular; rules of tax benefit rules on profit repatriation

Investment of foreign natural and legal persons is governed by the Law on Foreign Investment (Official Gazette of the Republic of Montenegro 52/00 and 36/07), as well as by other laws which do not differentiate between national and foreign investors. These are primarily the Law on Business Organisations (Official Gazette of the Republic of Montenegro 06/02 and 17/07), Law on Securities (Official Gazette of the Republic of Montenegro 59/00 and 28/06), Law on Banks (Official Gazette of Montenegro 17/08) etc.

Having regard to the fact that Montenegro is a small economic system and having in mind the significance of direct foreign investments, determination of the Government of Montenegro was to give equal rights to domestic and foreign investors. Therefore, foreign investors in Montenegro are treated just as domestic investors. According to Article 6 of the Law on Foreign Investments, “a foreign investor in the territory of Montenegro may establish a business organization and invest in a business organization under the conditions under which nationals may establish business organizations, i.e. invest in business organizations, unless otherwise stipulated by this Law”. Limitations refer to production and trade of weapons and military equipment, where a foreign person can have a maximum 49% stake.

b) Guarantees

Foreign investors are not treated differently from domestic investors with respect to any facilities, both with the regard to those governed by a regulation and those adopted in individual specific cases based on decisions of the Government of Montenegro, which can be only temporary. These facilities refer to: employing new persons, investing in less developed areas of Montenegro, import etc. All facilities which are approved in a transparent way are submitted to investors for review (by publishing laws and decisions in the Official Gazette of Montenegro).

Also, foreign investors are taxed no differently than domestic investors.

In the field of traffic and infrastructure, foreign persons are given the possibility of using BOT and other similar arrangements, in compliance with the existing regulation which does not differentiate between domestic and foreign persons and in accordance with the conditions of tenders published by line ministries or municipalities.

Montenegro is one of few countries which that set no limitations on foreign natural and legal persons regarding repatriation of the generated profit, dividend or interest, so foreign investors have total freedom regarding whether they want and in what percentage to reinvest profit, dividend or interest.

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

There are no non-tariff measures for imports and exports in Montenegro.

H. Likely developments, and time-scale

Establishing a joint company for yacht repair is planned for the eastern part of the shipyard. The owner of the marina in Tivat, the company Porto Montenegro and Adriatic Shipyard Bijela are planning to develop, by a joint venture, an area for yacht repairs. Investment of the Porto Montenegro would amount to approximately EUR 4 million, and the Adriatic Shipyard Bijela would invest in certain facilities, installations, along with non-cash investment (lease right for the whole area). An estimation of the investment of the Adriatic Shipyard Bijela is underway. The joint company would rent the built area at market price to a renowned company for yacht and mega yacht repair. A French company plans to invest an additional EUR 3 million. These investments refer to terrain cultivation, development of necessary facilities and provision of modern equipment for yacht repair. If certain funds are provided through the establishment of a joint company (in which case the share of Adriatic Shipyard Bijela would be reduced by that amount), they would be invested in restructuring capacities of the basic activity, ship repair.

I. Approximation of national legislation to Community legislation

It is planned to have the legal framework related to maritime affairs adjusted to the Community legislation by the end of the following year.

Food products

104 Food sector

Food sector as a whole

In addition to the document MONTENEGRO'S AGRICULTURE AND THE EU – Food Production and Rural Development Strategy, which was drawn up jointly by the Ministry of Agriculture, Forestry and Water Management of Montenegro, the following additional documents were forwarded to representatives of the European Commission in Podgorica and DG AGRI:

- Law on Agriculture and Rural Development,
- Law on Agro Census,
- Strategy of Development of Wine sector in Montenegro (advisory services for Economic Modelling in the Wine Sector and Tourism),
- analysis of the Dairy Sector and
- Rural Development and Paying Agency organizational Chart.

A. Production and Consumption**A. Production and consumption****a) Effective and potential production of food products**

Installed production capacity and its utilisation rate

It is not possible to provide data on installed capacities at the level of primary food industry in total due to various measurement units of products.

- **non-alcoholic beverages - soft drinks and mineral water**

A. Production and consumption**a) Effective and potential production of soft drinks and mineral water**

Installed production capacity and its utilisation rate

Capacity utilisation (%)

Title	Inst.cap.hl/year	2006	2007	2008
15.98 Production of mineral water and non-alcoholic beverages	1,120	43.7	44.3	24.5

Source: MONSTAT

Current production (in hl)

Title	2006	2007	2008
Mineral water, natural	77	95	44
Refreshing non-alcoholic beverages	412	401	230

Source: MONSTAT

Realisation value in thousands of euros

Title	2006	2007	2008
Mineral water, natural	1,065	1,315	609
Refreshing non-alcoholic beverages	239	233	135

Source: MONSTAT

- **Malt and beer industry**

A. Production and consumption**a) Effective and potential beer production**

Installed production capacity and its utilisation rate

Capacity utilisation (%)

Title	Inst.cap.hl/year	2006	2007	2008
15.96 beer production	1,018,000	50.8	52.5	54.7

Source: MONSTAT

Current production (in hl)

Title	2006	2007	2008
15.96 beer production	516,942	534,386	556,521

Source: MONSTAT

Realisation value in EUR 1,000

	2006	2007	2008
15.96 beer production	25,420	24,624	25,644

Source :MONSTAT

- effective and potential production of alcoholic drinks**

Installed production capacity and its utilisation rate

Capacity utilisation (%)

Title	Inst.cap.hl/year	2006	2007	2008
15.91 production of distilled alcoholic beverages	24,800	31.8	23.2	23.0

Source: MONSTAT

Current production (hl)

Title	2006	2007	2008
Natural spirituous beverages	7,897	5,743	5,705

Source: MONSTAT

Realisation value in thousands of euros

	2006	2007	2008
Natural spirituous beverages	4,738	3,446	3,440

Source: MONSTAT

- biscuits, bakery and pastry products**

A. production and consumption**a) Effective and potential production of biscuits, bakery and pastry products**

Installed production capacity and its utilisation rate

Capacity utilisation (%)

Title	Inst.cap.t/year	2006	2007	2008
15.82 crisp bread and biscuits production	1,700	71.5	38.8	22.6

Source: MONSTAT

Current production (t)

Title	2006	2007	2008
Biscuits and alike	1,115	615	343
Crisp bread	100	44	40

Source: MONSTAT

Realisation value in thousands of euros

	2006	2007	2008
Biscuits and alike	1 450	800	446
Crisp bread	600	264	240

Source: MONSTAT

- **Pasta**

The Statistical Office of Montenegro does not have the data requested.

- **Ice-cream**

The Statistical Office of Montenegro does not have the data requested.

- **Other food products**

A. Production and consumption**a) Effective and potential production of food products**

Installed production capacity and its utilisation rate

Capacity utilisation (%)

Title	Inst.cap.t/year	2006	2007	2008
Other food products	630	32.2	26.8	25.1

Source: MONSTAT

Current production (t)

Title	2006	2007	2008
Jam, rose hip marmalade, mixed marmalade	203	169	158

Source: MONSTAT

Realisation value in EUR 1,000

	2006	2007	2008
Jam, rose hip marmalade, mixed marmalade	285	237	225

Source: MONSTAT

- **tobacco products**

A. Production and consumption**a) Effective and potential production of tobacco products**

Installed production capacity and its utilisation rate

Capacity utilisation (%)

Title	Inst.cap.m.pcs/year	2006	2007	2008
16 production of tobacco products	1,000	43.3	46.3	17.1

Source: MONSTAT

Current production (in million pcs)

Title	2006	2007	2008
Filtered cigarette	433	463	171

Source: MONSTAT

Realisation value in thousands of euros

Title	2006	2007	2008
Filtered cigarettes	7,937	8,487	3,155

Source: MONSTAT

B. Trade**B. Trade/ Exchange of goods****Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union (EU), stating the main countries of origin****Overview of Montenegrin imports from the European Union, in kilograms**

Title	2006	2007	2008
15. Production of food products and beverages	44,116,954	37,309,085	44,888,201
16. Production of tobacco products	63,296	202,316	381,918

Source: MONSTAT

Overview of Montenegrin imports from the European Union, in thousands of euros

Title	2006	2007	2008
15. Production of food products and beverages	64,324	59,882	86,211
16. Production of tobacco products	978	2,941	5,448

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, in kilograms

Title	2006	2007	2008
15. Production of food products and beverages	221,694,009	347,711,399	370,798,221
16. Production of tobacco products	321,537	876,813	1,191,796

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world in thousands of euros

Title	2006	2007	2008
15. Production of food products and beverages	118,139	192,536	259,033
16. Production of tobacco products	4,138	11,458	15,191

Source: MONSTAT

Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegrin exports to the European Union, in kilograms**

Title	2006 ¹⁰	2007 ¹¹	2008
15. Production of food products and beverages	899,182	964,057	976,060
16. Production of tobacco products	14,695	11,228	48,249

Source: MONSTAT

Overview of Montenegrin exports to the European Union, in thousands of euros

Title	2006	2007	2008
15. Production of food products and beverages	3,321	4,748	3,678
16. Production of tobacco products	219	448	1,153

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, in kilograms

Title	2006	2007	2008
15. Production of food products and beverages	32,610,473	34,413,264	31,404,910
16. Production of tobacco products	660,347	1,109,546	132,828

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world in thousands of euros

Title	2006	2007	2008
15. Production of food products and beverages	37,548	36,145	35,552
16. Production of tobacco products	12,212	23,775	2,681

Source: MONSTAT

- **non-alcoholic beverages – soft drinks and mineral water**

Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union, stating the main countries of origin

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

b) Exports (by volume and by value) to the EU and other countries

- **Beer and malt industry**

B: Trade/ Exchange of goods**Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union, stating the main countries of origin**

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

b) Exports (by volume and by value) to the EU and other countries

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

- **spirituous beverages**

¹⁰ Data were processed according to a special-relax trading system

¹¹ Data for 2007 and 2008 were processed according to a special trading system

B. Trade/ Exchange of goods

Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union, stating the main countries of origin

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

b) Exports (by volume and by value) into the EU and other countries

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

- **confectionery and chocolate products**

The Statistical Office of Montenegro does not have the data requested.

- **biscuits, bakery and pastry products**

B. Trade/Exchange of goods

Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union, stating the main countries of origin

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

b) Exports (by volume and by value) to the EU and other countries

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

- **Pasta**

The Statistical Office of Montenegro does not have the data requested.

- **Ice-cream**

The Statistical Office of Montenegro does not have the data requested.

- **Other food products**

B: Trade/Exchange of goods

Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union, stating the main countries of origin

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

Exports (by volume and by value) to the EU and other countries

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. **See question 104-a.**

- **tobacco products**

B: Trade/Exchange of goods

Imports (including temporary imports) by volume and by value, from the rest of the world and from the European Union, stating the main countries of origin

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

b) Exports (by volume and by value) to the EU and other countries

The Statistical Office of Montenegro has no data available at this level. Data are available only at the sectoral level. See question 104-a.

C. Structural features

a) Turnover and Gross Value Added (GVA), percentage of industry total

The Statistical Office has no data available at this level.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
Production of food products and beverages	411	437	444
Production of tobacco products	2	2	2

Source: MONSTAT

c) Number of jobs, percentage of total number of jobs in industry

Number of employees

Title	2006	2007	2008
Production of food products and beverages	4368	4544	4745
Production of tobacco products	998	974	940

Source: MONSTAT

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises according to classes

Class/year	2006	2007	2008
Micro	334	359	365
Small-sized	53	54	55
Medium-sized	23	23	23
Large-sized	3	3	3

Source: MONSTAT

e) Foreign capital and technology

The Statistical Office of Montenegro does not have the data requested.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office of Montenegro does not have the data requested.

g) Production and marketing monopolies

As regards food products, there are no monopolies in either production or trade of food products.

h) Productivity per employee and per hour worked

The Statistical Office of Montenegro does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

Wages in EUR

Production of food products and beverages	405	389	438
Production of tobacco products	379	430	451

Source: MONSTAT

non-alcoholic beverages – soft drinks and mineral water

a) Turnover and Gross Value Added (GVA), percentage of industry total

The Statistical Office has no data available at this level.

b) Number of enterprises

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

c) Number of jobs, percentage of total number of jobs in industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use.

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Foreign capital and technology

The Statistical Office of Montenegro does not have the data requested.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office does not have the data requested.

g) Production and marketing monopolies

As regards food products, there are no monopolies in either production or trade of food products.

h) Productivity per employee and per hour worked

The Statistical Office does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

malt and beer industry

a) Turnover and Gross Value Added (GVA), percentage of industry total

The Statistical Office has no data available at this level.

b) Number of enterprises

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

c) Number of jobs, percentage of total number of jobs in industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment for the past five years; plant and machinery; plant and machinery in active use

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Foreign capital and technology

The Statistical Office does not have the data requested.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office does not have the data requested.

g) Production and marketing monopolies

As regards food products, there are no monopolies in either production or trade of food products.

h) Productivity per an employee and per work hour

The Statistical Office does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

spirituous beverages

a) Turnover and Gross Value Added (GVA), percentage of industry total

The Statistical Office has no data available at this level.

b) Number of enterprises

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

c) Number of jobs, percentage of total number of jobs in industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Foreign capital and technology

The Statistical Office does not have the data requested.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office does not have the data requested.

g) Production and marketing monopolies

As regards food products, there are no monopolies in either production or trade of food products.

h) Productivity per employee and per hour worked

The Statistical Office of Montenegro does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Confectionery and chocolate products

The Statistical Office does not have the data requested.

f) Biscuits, bakery and pastry products

production of biscuits, bakery and pastry products

a) Turnover and Gross Value Added (GVA), percentage of total industry value

The Statistical Office has no data available at this level.

b) Number of enterprises

The Statistical Office has no data at this level. Data are available only at the sectoral level. See question 104-a.

c) Number of jobs, percentage of total number of jobs in industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plants and machinery; plant and machinery in active use

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Foreign capital and technology

The Statistical Office of Montenegro does not have the data requested.

f) Which are the chief enterprises in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office of Montenegro does not have the data requested.

g) Production and market monopolies

As regards food products, there are no monopolies in either production or trade of food products.

h) Productivity per employee and per hour worked

The Statistical Office of Montenegro does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

pasta

The Statistical Office of Montenegro does not have the data requested.

ice-cream

The Statistical Office of Montenegro does not have the data requested.

other food products

a) Turnover and Gross Value Added (GVA), percentage of total industry value

The Statistical Office has no data available at this level.

b) Number of enterprises

The Statistical Office has no data at this level. Data are available only at the sectoral level. See question 104-a.

c) Number of jobs, percentage of total number of jobs in industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Foreign capital and technology

The Statistical Office of Montenegro does not have the data requested.

f) Which are the chief enterprises in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office of Montenegro does not have the data requested.

g) Production and market monopolies

As regards food products, there are no monopolies in either production or trade of food products.

h) Productivity per employee and per hour worked

The Statistical Office of Montenegro does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

tobacco products

a) Turnover and Gross Value Added (GVA), percentage of total industry value

The Statistical Office has no data available at this level.

b) Number of enterprises

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

c) Number of jobs, percentage of total number of jobs in industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

d) Structure of enterprises: size distribution; production – degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

e) Foreign capital and technology

The Statistical Office of Montenegro does not have the data requested.

f) Which are the chief enterprises in terms of employment? In terms of physical output? Are they publicly or privately owned?

The Statistical Office of Montenegro does not have the data requested.

g) Production and market monopolies

As regards food products, there are no monopolies in either production or trade of food products

h) Productivity per employee and per hour worked

The Statistical Office of Montenegro does not have the data requested.

i) Wage and salary costs and costs of materials used in the industry

The Statistical Office has no data available at this level. Data are available only at the sectoral level. See question 104-a.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the area of food products, a total of 98 European standards have been adopted at the national level and distributed into sectors as follows:

- a) Food sector as a whole – 9 standards
- b) Non-alcoholic beverages – soft drinks and mineral water – 7 standards
- c) Malt and beer industry – 0 standards
- d) Spirituous beverages – 0 standards
- e) Confectionery and chocolate products – 0 standards
- f) Biscuits, bakery and pastry products – 0 standards
- g) Pasta – 0 standards
- h) Ice-cream – 2 standards
- i) Other food products – 81 standards
- j) Tobacco products – 0 standards

In accordance with the Agenda for 2010, the Institute for Standardization of Montenegro plans to adopt 110 European standards from the food products area. Quality, labelling and testing (control) of quality of agricultural-food products are defined by technical regulations-rulebooks on quality and other requirements for individual products and groups of products. The Law on Technical Requirements for Products and Estimating Product Conformity to Prescribed Requirements (Official Gazette of the Republic of Montenegro 14/08) lays down the procedure for prescribing product technical requirements, procedure for assessing product conformity to the prescribed requirements, adoption of technical regulations, record of technical regulations, manner of adopting technical regulations, manner of supervising the fulfilment of requirements from technical regulations, validity of conformity documents and conformity certificates issued abroad. Until the adoption of technical regulations based on this law and other laws, technical regulations adopted and assumed pursuant to the Law on Standardization (Official Gazette of Serbia and Montenegro 30/96, 59/98, 70/01 and 8/03) and of the Law on Technical Requirements for Products and Conformity to the Proscribed Requirements (Official Gazette of Serbia and Montenegro 44/05) shall be applied. There are no special technical regulations for the food sector which lay down environmental requirements, but the regulation on environmental protection that refer to the Law on Veterinary Sector (Official Gazette of the Republic of Montenegro no 11/04 and 27/07) are used.

The following technical regulations are in effect:

Rulebook on Quality and Other Requirements for Aromas for Foodstuffs (Official Gazette of Serbia and Montenegro 21/2006)

Rulebook on Quality and Other Requirements for Salt for Human Consumption and Foodstuff Production (Official Gazette of Serbia and Montenegro 31/2005 of 27 July, 2005)

Rulebook on Quality and Other Requirements for Enzyme Preparations for Food Products (Official Gazette of the Federal Republic of Yugoslavia 12/2002. Provisions relating to additive usage conditions ceased to have effect – see: Article 41, item 2 of the Rulebook – Official Gazette of Serbia and Montenegro. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7-)

Rulebook on Quality and Conditions of Additive Usage in Foodstuffs and on Other Requirements on Additives and Additive Mixtures (Official Gazette of Serbia and Montenegro 56/2003, 5/2004 and 16/2005. Provisions relating to labelling of pre-packed foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality and Other Requirements for Additives in Production of Food Products (Official Gazette of the Federal Republic of Yugoslavia 62/2002 of November 11, 2002. Provisions relating to additive usage ceased to have effect – see: Article 41, item 4 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality of Starch and Starch Products Used in Nutrition (Official Gazette of the Federal Republic of Yugoslavia 33/95. Provisions relating to additive usage ceased to have effect – see: Article 41, item 32 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality of Protein Products and Mixtures of Protein Products Used in Food Industry (Official Gazette of the Socialist Federal Republic of Yugoslavia 41/85 of August 9, 1985. Provisions that relating to additive usage ceased to have effect – see: Article 41, item 18 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2 Provisions relating labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality and Other Requirements for Baker's Yeast (Official Gazette of the Federal Republic of Yugoslavia 9/2002 of February 15, 2002. Provisions relating to additive usage ceased to be have effect – see: Article 41, item 11 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Labelling of Prepacked Foodstuffs (Official Gazette of Serbia and Montenegro 4/2004, 12/2004 and 48/2004)

Rulebook on Quality and Other Requirements for Soft Drinks (Official Gazette of Serbia and Montenegro 18/2006)

Rulebook on Quality and Other Requirements for Natural Mineral Water, Natural Spring Water and Bottled Water (Official Gazette of Serbia and Montenegro 53/2005)

Rulebook on Quality of Fruit Juices, Concentrated Fruit Juices, Fruit Nectars, Powder Fruit Juices and Related Products (Official Gazette of the Federal Republic of Yugoslavia 33/95. Provisions relating to additive usage ceased to have effect – see: Article 41, item 30 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality of Alcoholic and Non-Alcoholic Beverages, Ice and Vinegar (Official Gazette of the Socialist Federal Republic of Yugoslavia 31/63, 25/65, 45/71, 48/71, 59/72, 41/73, 25/75, 18/77, 53/78, 2/82, 34/82. See: Article 1 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 13/78-394. See: Article 22 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 58/78-2360. See: Article 61 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 52/83-1471. See: Article 77 of the Rulebook Official Gazette of the Federal Republic of Yugoslavia 16/88-466. Provisions relating to quality of vinegar and diluted ten-percent acetic acid ceased to have effect – see: Article 20 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 24/89-679. Provisions relating to quality of beer and non-alcoholic beverages ceased to have effect – see: Article 16 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 91/91-1439.)

Rulebook on Quality and Other Requirements for Wine (Official Gazette of the Federal Republic of Yugoslavia 54/99 and 39/2002. Provisions relating to additive usage ceased to have effect – see: Article 41, item 6 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2.)

Rulebook on Quality and Other Requirements for Vinegar (Official Gazette of the Federal Republic of Yugoslavia 17/2002. Provisions relating to additive usage ceased to have effect – see: Article 41, item 12 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2.)

Rulebook on Quality and Other Requirements for hops and hops products (Official Gazette of Serbia and Montenegro 54/2005)

Rulebook on Quality and Other Requirements for Beer (Official Gazette of Serbia and Montenegro 36/04 and 39/05)

- Rulebook on Quality and Other Requirements for Alcoholic Beverages (Official Gazette of Serbia and Montenegro 24/04)
- Rulebook on Quality and Other Requirements for Candy Products (Official Gazette of Serbia and Montenegro 63/04)
- Rulebook on Quality and Other Requirements for Cacao-Products, Chocolate Products, Products Similar to Chocolate and Cream-Products (Official Gazette of Serbia and Montenegro 1/05)
- Rulebook on Quality and Other Requirements for Raw Coffee, Coffee Products and Coffee Surrogates (Official Gazette of the Federal Republic of Yugoslavia 35/2001 and 49/2001. Provisions relating to additive usage ceased to have effect – see: Article 41, item 7 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)
- Rulebook on Quality and Other Requirements on Grains, Mill and Bakery Products, Pasta and Fast Frozen Pastry (Official Gazette of the Federal Republic of Yugoslavia 52/59. Provisions relating to additive usage ceased to have effect – see: Article 41, item 28 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)
- Rulebook on Quality and Other Requirements for Fine Bakery Products, Breakfast Grains and Snack Products (Official Gazette of Serbia and Montenegro 12/2005)
- Rulebook on Quality and Other Requirements for Milk, Dairy Products, Composite Dairy Products and Starter Cultures (Official Gazette of the Federal Republic of Yugoslavia 26/2002 and Official Gazette of Serbia and Montenegro 5/2004. Provisions relating to additive usage ceased to have effect – see: Article 41, item 13 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)
- Rulebook on Quality and Other Requirements for Honey, Other Bee Products, Honey-based Products and Other Bee Products (Official Gazette of Serbia and Montenegro 45/2003)
- Rulebook on Quality of Sugar (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/92. provisions relating to additive usage ceased to have effect – see: Article 41, item 22 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)
- Rulebook on Quality of Soups, Sauces, Meal Supplements and Related Products (Official Gazette of the Federal Republic of Yugoslavia 41/93. Provisions relating to additive usage ceased to have effect – see: Article 41, item 24 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)
- Rulebook on Quality of Spices, Spice Extracts and Spice Mixtures (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/85 and 84/87. Provisions relating to additive usage ceased to have effect – see: Article 41, item 17 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)
- Rulebook on Quality and Other Requirements for Tea, Herbal Tea and Instant Tea (Official Gazette of Serbia and Montenegro 51/2005)
- Rulebook on Quality and Other Requirements for Edible Vegetable Oils and Fats, Margarine and Other Table Spreads, Mayonnaise and Related Products (Official Gazette of Serbia and Montenegro 23/2006)
- Rulebook on Quality and Other Requirements for Edible Olive Oil and Edible Olive Mash (Official Gazette of the Federal Republic of Yugoslavia 54/99. Provisions relating to additive usage ceased to have effect – see: Article 41, item 5 of the Rulebook – Official Gazette of the Federal Republic of

Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality of Fruits, Vegetables and Mushrooms (Official Gazette of the Socialist Federal Republic of Yugoslavia 29/79 and 53/87. Provisions relating to mushrooms ceased to have effect – see: Article 75 of the Rulebook – Official Gazette of Serbia and Montenegro 31/2003-6. Provisions relating to additive usage ceased to have effect – see: Article 41, item 16 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality and Other Requirements for Edible Mushrooms and Products for Edible Mushrooms (Official Gazette of Serbia and Montenegro 31/2003. Provisions relating to additive usage ceased to have effect – see: Article 41, item 15 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality of Products from Fruits, Vegetables and Mushrooms and Pectin Preparations (Official Gazette of the Socialist Federal Republic of Yugoslavia 1/79, 20/82, 74/90 and 58/95. See: Article 362 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 39/89-965. see: Article 79 of the Rulebook – Official Gazette of the Socialist Federal Republic of Yugoslavia 46/91-712. see: Article 41 of the Rulebook Official Gazette of the Federal Republic of Yugoslavia 33/95-4. Provisions relating to additive usage ceased to have effect – see: Article 41, item 27 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7. See: Article 51 of the Rulebook – Official Gazette of Serbia and Montenegro 12/2005-25.)

Rulebook on Quality and Other Requirements for Mustard (Official Gazette of the Federal Republic of Yugoslavia 3/2001 of January 1, 2001. Provisions that refer to additive usage ceased to have effect – see: Article 41, item 8 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality and Other Requirements for Fish, Crabs, Shellfish, Sea-urchins, Sea-cucumbers, Frogs, Turtles, Snails and Their Products (Official Gazette of the Federal Republic of Yugoslavia 6/2003 of January 31, 2003. Provisions relating to additive usage ceased to have effect – see: Article 41, item 14 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality of Eggs and Egg Products (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/89 of September 15, 1989. Provisions relating to additive usage ceased to have effect – see: Article 41, item 20 of the Rulebook – Official Gazette of the Federal Republic of Yugoslavia 56/2003-2. Provisions relating to labelling of prepacked foodstuffs ceased to have effect – see: Article 34 – Official Gazette of Serbia and Montenegro 4/2004-7.)

Rulebook on Quality and Other Requirements for Meat Products (Official Gazette of Serbia and Montenegro 33/2004) – answer from the Veterinary Directorate in Food Safety section.

Rulebook on Quality of Seeds of Agricultural Plants (Official Gazette of the Socialist Federal Republic of Yugoslavia 47/87, 60/87, 55/88 and 81/89, Official Gazette of the Federal Republic of Yugoslavia 16/92, 8/93, 21/93, 30/94, 43/96, 10/98, 15/2001 and 58/2002)

E. Incentives**a) To investments**

Partially answered within question 123 c)

The Plan on using funds for stimulating development of agriculture and fisheries in 2009, i.e. Agrobudget also includes funds for co-financing investments in agriculture in compliance with the basic principles of IPARD co-financing and according to the following programmes:

RURAL DEVELOPMENT**2.1. Axis 1: (EUR)**

Measures for strengthening agricultural competitiveness	
2.1.1 41714139 Supporting investments in agricultural equipment and mechanisation	550,000
4139 Supporting investments in cattle farms	670,000
2.1.3 4412 4139 Supporting growing perennial plants	630,000
2.1.4 4412 4139 Supporting construction and equipping protected areas	200,000
2.1.5 4412 4139 Supporting investments related to land policy	300,000
2.1.6 4171 4139 Supporting investments in animal product processing	670,000
2.1.7 4171 4139 Supporting investments in storing, packing and processing plant products	670,000
Supporting investments into processing in family households	70,000
2.1.9 4171 Supporting producers' organisations	145,000
2.1.10 4171 Improving product quality	241,000
2.1.11 4171 Promotion of agricultural products	95,000
TOTAL AXIS	4,241,000

Source: Agrobudget 2009

2.2 Axis 2: (EUR)

Measures for sustainable management of natural resources	
2.2.1 4139 Preservation of genetic resources in agriculture	80,000
2.2.2 4139 4412 Organic agriculture	165,000
2.2.3 4412 Sustainable usage of mountain pastures	380,000
TOTAL AXIS 2	625,000

Source: Agrobudget 2009

2.3 Axis 3: (EUR)

Measures for improving life quality and extending economic activities in rural areas	
2.3.1 4412 4171 Diversification of economic activities in rural areas	80,000
2.3.2 4412 Renewal and development of villages and construction of rural infrastructure	1,000,000
TOTAL AXIS 3	1,080,000

Source: Agrobudget 2009

TOTAL RURAL DEVELOPMENT MEASURES (2.1 + 2.2 + 2.3) – EUR 5,946.000

These axes have been proposed to be decreased by a certain percentage (most likely about 20%) in the draft amending budget of Montenegro, as a result of the global economic and financial crisis.

b) To export

There are no direct incentives for export of agricultural products.

c) Other

There are no other incentives.

F. Rules on foreign investment

The answer is given within question 116 (e,f,g).

G. Trading system

Montenegro does not apply quantity limitations on exports and imports, or other non-customs measures (such as licences or contingents) which ban or limit trade in any other way.

H. Likely developments, and time-scale

- a) Planned investments (public sector, private sector, foreign investments)
- b) Current or envisaged plans for restructuring or modernization

I. Approximation of national legislation to Community legislation

Previous agriculture reforms

The transition process that the Montenegrin economy has been undergoing for the last two decades was also present in the agricultural sector. The most important changes took several directions: introduction of market principles, along with the elimination of state interventionism and abandoning the earlier concept of agricultural policy which was predominantly directed at the development of the social sector; a turn in support to agricultural development towards family households and improving life conditions in rural areas; adjustment of policy of foreign trade protection to developmental needs of agriculture and processing industry, along with its gradual adjustment to the principles of the World Trade Organization (WTO); introduction of technological innovations into production, raising professional and educational level of producers and professional services in agriculture; strengthening institutional support to the agricultural sector through the following: forming professional services, modernization of the existing and forming new labs, reform of veterinary service and overall promotion of human resources.

Parallel to the above stated reform processes, agriculture has lately been characterized by intensive international integration processes: negotiations on accession to the World Trade Organisation. The regional agreement CEFTA 2006 was signed and it entered into force. Negotiations conducted within the stated treaties have shown that economy is a very complex, delicate and extremely demanding sector.

The key document for the further development of agriculture is the new strategy: Montenegro's Agriculture and the EU – Food Production and Rural Development Strategy, which was adopted in

mid 2006. It was jointly implemented by the Ministry of Agriculture, Forestry and Water Management and the European Agency for Reconstruction (EAR). The Strategy represents a platform for the adjustment of agricultural policy, legislation and institutional agriculture support to the principles and requirements of the EU association process.

With the new Strategy Montenegro opted for the concept of sustainable agricultural development, which implies achieving full balance between economic development, need for environment preservation and the social aspect. The developmental concept arises from the role of agriculture or its multi-functionality, putting it into a significantly wider context than its significance with respect to its share in the total GDP. The Strategy defines the following developmental goals:

- sustainable resource management;
- stable and acceptable supply of safe food;
- providing appropriate life standard for rural population;
- increasing competitiveness of food producers.

In the general agricultural policy set out by the Strategy, the most important measures are the measures of rural development, aimed at three basic directions:

- increasing competitiveness;
- sustainable resource management;
- providing the quality of life and development of economic activities in the rural areas.

The strategy gives frameworks for further restructuring and development of a modern role of the state, which should provide for getting closer to the EU.

The confirmation of implementation of agriculture reforms, on the basis of the new Strategy, can also be found in the European Commission Montenegro Progress Report for 2007 and 2008, which states that a progress has been made in meeting priorities of the European Partnership and improving administrative capacities for managing agriculture policy. Also, the Report points out that in the area of agricultural policy, the support measures and programmes for the agricultural sector are being adjusted to the new reform of Common Agricultural Policy (CAP), especially rural development policies. Efforts are put into improving administrative capacities of the Ministry, with regard to institutional development, training and equipping inspections and labs.

Textiles and clothing, leather, footwear, furniture, toys

105 Textiles and clothing:

A. Production and Consumption

Installed capacity and utilisation rate

Capacity utilisation (by %)

Name	Installed capacity tonnes/year	2006	2007	2008
17 Production of textiles and textile products	100	6.0	2.0	-

Source: MONSTAT

Present production (in tonnes)

Name	Unit of measure	2006	2007	2008
Cotton yarn	t	-	-	-
Woollen yarn	t	6	2	-
Raw cotton fabrics	Thousand m ²	-	-	-
Woollen fabrics	Thousand m ²	60	23	2

Source: MONSTAT

Realisation value in thousands of euros

Name	2006	2007	2008
Cotton yarn	-	-	-
Woollen yarn	10	4	-
Raw cotton fabrics	-	-	-
Woollen fabrics	300	135	10

Source: MONSTAT

B. Trade

- a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports from the European Union, presented in kilograms

Name	2006	2007	2008
18	356 502	722 484	1 303 508

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
18	6 325	14 545	25 209

Source: MONSTAT

Overview of Montenegrin import from the rest of the world, presented in kilograms

Name	2006	2007	2008
18	293 969	1 560 856	2 298 935

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
18	9 818	15 299	26 995

Source: MONSTAT

Overview of imports by country for the period from 2006 to 2008

Name	Country
18	China, Serbia, Turkey, Italy, Slovenia, Spain, France, Germany

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destinations**Overview of Montenegrin exports to the European Union, presented in kilograms**

Name	2006	2007	2008
18	303 859	61 893	47 459

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of Euro

Name	2006	2007	2008
18	487	392	441

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
18	73 079	48 491	90 572

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
18	280	236	466

Source: MONSTAT

Overview of exports by country for the period from 2006 to 2008

Name	Country
18	Italy, Spain, Germany, Serbia, Bosnia and Herzegovina, Albania

Source: MONSTAT

c) Exports/production and imports/production ratios

	2006	2007	2008
export/ production	2.007	0.88	0.08
import/ production	42.26	41.74	4.70

C. Structural features**a)** Turnover and gross value added (GVA), percentage of industry total**b)** Number of enterprises

Number of enterprises

	2006	2007	2008
18 production of clothing	43	47	47

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry**Number of employees**

	2006	2007	2008
Production of clothing and fur	391	575	602

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use**Number of enterprises by class**

Class/year	2006	2007	2008
Micro	34	38	38
Small	6	6	6
Medium	3	3	3
Large	-	-	-

Source: MONSTAT

e) Foreign capital and technology

We do not have the data requested.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

No company can be singled out in terms of required indicators, i.e. in these companies there are no significant differences in employing procedure, value of physical output and for the most part they are privately-owned micro and small enterprises.

g) Production and marketing monopolies

Marketing and production monopolies do not exist in Montenegro.

h) Productivity per employee and per hour worked**i) Wage and salary costs and costs of materials in the industry****Wages in euros**

	2006	2007	2008
Production of clothing and fur	119	155	144

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the areas of **textiles and clothing** 98 standards have been adopted at national level, out of which:

- a)** 15 standards account for textiles (geotextiles)

b) 79 standards account for clothing industry (protective equipment)

In accordance with the Agenda for 2010, the Institute for Standardisation of Montenegro plans to adopt **20** European standards in the area of textiles.

Textiles and clothing:

- a)** textiles: please specify main activities (including knitwear)
- b)** clothing industry
 - 1) Order on mandatory wool certification (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/84)
 - 2) Order on mandatory cotton certification (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/84, 44/88)
 - 3) Rulebook on mandatory certification of jute and on requirements which must be met by associated labour organizations authorized for certification of these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/91)
 - 4) Order on textile products which must be accompanied by quality certificate in trade (Official Gazette of the Federal Republic of Yugoslavia 14/92)

The following JUS standards with mandatory application regarding textiles are currently in effect:

- Rulebook on Yugoslav standards for wool and textiles, Official Gazette of the Socialist Federal Republic of Yugoslavia 2/86-41. See: Rulebook – Official Gazette of Serbia and Montenegro 19/2005-5,
- Rulebook on Yugoslav standards for examining raw materials composition of textiles and fibres; Official Gazette of the Federal Republic of Yugoslavia 16/92-211,
- Rulebook on Yugoslav standards for textiles; Official Gazette of the Federal Republic of Yugoslavia 83/94-1301.35/95-5,
- Rulebook on Yugoslav standards for textiles and feathers; Official Gazette of the Socialist Federal Republic of Yugoslavia 9/92-109,
- Rulebook on Yugoslav standards for textiles in health care industry; Official Gazette of the Socialist Federal Republic of Yugoslavia 48/84-1142. See: Article 1 of the Rulebook - Official Gazette of Serbia and Montenegro 23/2004-1,
- Rulebook on Yugoslav standards for textile glass fibres; Official Gazette of the Socialist Federal Republic of Yugoslavia 9/92-107,
- Rulebook on Yugoslav standard for textile testing; Official Gazette of the Federal Republic of Yugoslavia 24/96-2,
- Rulebook on Yugoslav standard for textiles; Official Gazette of the Federal Republic of Yugoslavia 77/94-927,
- Rulebook on Yugoslav standard for textiles; Official Gazette of the Federal Republic of Yugoslavia 27/93-596,
- Rulebook on Yugoslav standard for textiles; Official Gazette of the Federal Republic of Yugoslavia 83/93-1753. 18/94-190,
- Rulebook on Yugoslav standard for textiles; Official Gazette of the Federal Republic of Yugoslavia 11/96-10,
- Decision on Yugoslav standards for methods of testing colour fastness of textiles and textile colours; Official Gazette of the Federal People's Republic of Yugoslavia 21/56. See: item 1 of the Decision – Official Gazette of the Federal Republic of Yugoslavia 62/2001-2,
- Decision on Yugoslav standards in textile industry; Official Gazette of the Socialist Federal Republic of Yugoslavia 24/75-785. Official Gazette of Serbia and Montenegro 14/2004-4,
- Decision on Yugoslav standards in the area of textile industry; Official Gazette of the Socialist Federal Republic of Yugoslavia 49/71-919. See item 1 of the Decision – Official Gazette of Serbia and Montenegro 23/2004-2
- Decision on Yugoslav standards in the area of textile industry; Official Gazette of the Socialist Federal Republic of Yugoslavia 24/75-785. See: Decision – Official Gazette of the State Union of Serbia and Montenegro 19/2005-3,
- Decision on establishing Yugoslav standards for geotextiles; Official Gazette of the Federal Republic of Yugoslavia 15/2001-44,

- Decision on establishing Yugoslav standards for geotextiles; Official Gazette of Serbia and Montenegro 10/2003-1,
- Decision on establishing Yugoslav standards for geotextiles and geotextile-related products; Official Gazette of Serbia and Montenegro 59/2004-2,
- Decision on establishing Yugoslav standards for geotextiles and geotextile-related products; Official Gazette of Serbia and Montenegro 6/2005-2,
- Decision on establishing Yugoslav standards for geotextiles and geotextile-related products; Official Gazette of Serbia and Montenegro 17/2005-1,
- Decision on establishing Yugoslav standards for geotextiles and geotextile-related products Official Gazette of Serbia and Montenegro 52/2005-3,
- Decision on establishing Yugoslav standards for textiles; Official Gazette of the Federal Republic of Yugoslavia 26/97-8,
- Decision on establishing Yugoslav standards for textiles; Official Gazette of the Federal Republic of Yugoslavia 62/2001-2,
- Decision on establishing Yugoslav standards for textiles; Official Gazette of Serbia and Montenegro 15/2003-1,
- Decision on establishing Yugoslav standards for textile floor coverings; Official Gazette of Serbia and Montenegro 54/2003-1,
- Decision on establishing Yugoslav standards for textiles; Official Gazette of Serbia and Montenegro 13/2004-1,
- Decision on establishing Yugoslav standards for textiles; Official Gazette of Serbia and Montenegro 19/2004-1,
- Decision on establishing Yugoslav standards for textiles and textile floor coverings; Official Gazette of Serbia and Montenegro 13/2005-5. 19/2005-3,
- Decision on establishing Yugoslav standards for textile floor coverings; Official Gazette of Serbia and Montenegro 54/2005-22,
- Decision on establishing Yugoslav standards for textiles; Official Gazette of Serbia and Montenegro 2/2006-1,
- Decision on establishing Yugoslav standard for geotextiles; Official Gazette of the Federal Republic of Yugoslavia 7/2003-27,
- Decision on establishing Yugoslav standard for textiles; Official Gazette of the Federal Republic of Yugoslavia 50/97-2,
- Decision on establishing Yugoslav standard for textiles; Official Gazette of the Federal Republic of Yugoslavia 53/97-7,
- Decision on establishing Yugoslav standard for textile floor coverings; Official Gazette of Serbia and Montenegro 59/2004-3. 13/2005-4.

Certain requirements, i.e. prohibitions on using certain substances in manufacturing textile products are subject to the **Law on chemicals** (Official Gazette of Montenegro, 11/07) and the secondary legislation adopted on the basis of this Law.

The issue of safety characteristics of textile products which might not be covered by the above mentioned technical regulations and mandatory standards is governed by the **Law on General Product Safety** (Official Gazette of Montenegro 48/08), which also governs general obligations of producers and distributors as well as powers of competent inspection authorities in monitoring market conditions.

E. Incentives

The answer is given within 116 E (a, b,c).

F. Rules on foreign investment

The answer is given in 116 F (a and b).

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas.

The answer is given in 116 G.

H. Likely developments, and time-scale

There are no data on envisaged investments, as well as announcements about investments in this area. In addition, there are no envisaged restructuring or modernization plans.

I. Approximation of national legislation to Community legislation

Pursuant to the Law on Technical Requirements and Assessment of Product Conformity to Prescribed Requirements (Official Gazette of Montenegro 14/8), in the second quarter of 2010 a rulebook (technical regulation) will be adopted, by means of which directives for technical requirements for textiles (31996L0074; 31997L0037; 32004L0034; 31996L0073; 31973L0044; 32007L0004; 32007L0003; 32006L0002; 32003L0003) will be transferred to the national legal framework.

106 Leather and leather products**A. Production and Consumption**

We do not have statistical data available.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports from European Union, presented in kilograms

Name	2006	2007	2008
19 Leather and leather products processing	98 677	537 941	687 167

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
19 Leather and leather products processing	5 685	11 772	16 493

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
19 Leather and leather products processing	808 294	1 842 310	1 966 179

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
19 Leather and leather products processing	11 956	17 324	23 965

Source: MONSTAT

Overview of imports by country for the period from 2006 to 2008

Name	Country
19 Leather and leather products processing	Italy, Slovenia, China, Bosnia and Herzegovina, Croatia, Serbia,

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegrin exports to the European Union, presented in kilograms**

Name	2006	2007	2008
19 Leather and leather products processing	10 115	56 497	71 575

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
19 Leather and leather products processing	216	215	210

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
19 Leather and leather products processing	10 306	15 011	15 630

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
19 Leather and leather products processing	226	210	409

Source: MONSTAT

Overview of exports by country for the period from 2006 to 2008

Name	Country
19 Leather and leather products processing	Italy, Germany, Bulgaria, Serbia,

Source: MONSTAT

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

b) Number of enterprises

	2006	2007	2008
19 Leather and leather products processing	16	16	16

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

	2006	2007	2008
19 Leather and leather products processing	881	625	335

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by class

Class/year	2006	2007	2008
Micro	11	11	11
Small	2	2	2
Medium	2	2	2
Large	1	1	1

Source: MONSTAT

e) Foreign capital and technology

We do not have the data requested.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

No company can be singled out in terms of required indicators, i.e. in these companies there are no significant differences in employing procedure and value of physical output.

g) Production and marketing monopolies

Marketing and production monopolies do not exist in Montenegro.

h) Productivity per employee and per hour worked

i) Wage and salary costs and costs of materials in the industry

Wages in euros

	2006	2007	2008
19 Leather and leather products processing	155	111	-

Source: MONSTAT

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Standards regarding leather and leather products have not been adopted at the national level. In accordance with the Agenda for 2010, the Institute for Standardisation of Montenegro plans to adopt 50 European standards in the area of leather and leather products.

E. Incentives

The answer is given within 116 E (a,b,c).

F. Rules on foreign investment

The answer is given in 116 F (a and b).

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

The answer is given in 116 G.

H. Likely developments, and time-scale

There are no data on envisaged investments, as well as announcements about investments in this area. In addition, there are no envisaged restructuring or modernization plans.

I. Approximation of national legislation to Community legislation

See answer 106 D.

107 Footwear

The answer is given in A-I.

A. Production and Consumption

Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Name	Installed capacity thousands of pairs/year	2006	2007	2008
193 footwear production	40	25.0	45.0	82.5

Source: MONSTAT

Present production (presented in thousands of pairs)

Name	2006	2007	2008
Male leather shoes	6	10	31
Female leather shoes	4	8	2

Source: MONSTAT

Realisation value, presented in thousands of euros

Name	2006	2007	2008
Male leather shoes	16	194	602
Female leather shoes	22	148	37

Source: MONSTAT

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports from the European Union, presented in kilograms

Name	2006	2007	2008
19	98 677	573 941	687 167

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
19	5 685	11 773	16 493

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world

Name	2006	2007	2008
19	808 294	1 842 310	1 966 179

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
19	11 946	17 324	23 965

Source: MONSTAT

Overview of imports by country from 2006 to 2008

Name	Country
19	Italy, Slovenia, Germany, China, Serbia, Bosnia and Herzegovina, Croatia

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination

Overview of Montenegrin exports to the European Union, presented in kilograms

Name	2006	2007	2008
19	10 115	56 497	71 575

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
19	216	215	210

Source: MONSTAT

Overview of Montenegrin exports to the rest of the rest of the world

Name	2006	2007	2008
19	10 306	15 011	15 630

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
19	226	210	409

Overview of exports by country for the period from 2006 to 2008

Name	Country
19	Italy, Germany, Serbia, Bosnia and Herzegovina, Kosovo

Source: MONSTAT

C. Structural features

a) Turnover i gross value added (GVA), percentage of industry total

b) Number of enterprises

Number of enterprises

	2006	2007	2008
193 footwear production	20	20	20

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
Leather, leather items and footwear production	881	625	335

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by class

Class/year	2006	2007	2008
Micro	11	11	11
Small	5	5	5
Medium	3	3	3
Large	1	1	1

Source: MONSTAT

e) Foreign capital and technology

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

g) Production and marketing monopolies

Production and marketing monopolies do not exist in Montenegro.

h) Productivity per employee and per hour worked

i) Wage and salary costs and costs of materials in the industry

Wages in euros

	2006	2007	2008
Leather, leather items and footwear production	155	111	0

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Footwear – 0 standards

As regards products which fall under the category of footwear there are no existing technical regulations specifically related to footwear. A rational approach is that all measures proposed by EU legislation should be defined through other tangential areas (e.g. textiles).

Domestic producers in this area do not exist in Montenegro and there are no announcements about interest in investing in that area. No body for conformity assessment is authorized to carry out conformity assessments in this area. While performing market supervision there was no empirical data regarding discovering unsafe products in this area. Market supervision is performed in accordance with measures governed by the Law on General Product Safety (Official Gazette of Montenegro 48/08) particularly with respect to assessment of an unsafe product.

Notwithstanding the above mentioned facts, the competent Ministry of Economy performs the analysis of legislation requirements in this area, and if the analysis shows that, barriers in trading

these kinds of goods may appear in this area, necessary regulations in this area will be adopted by the end of the second quarter of 2010 (as provided for by the National Programme for Integration).

E. Incentives

The answer is given within 116 E (a, b, c).

F. Rules on foreign investment

The answer is given in 116 F (a and b).

G. Trading system

a) Non-tariff measures affecting imports and exports, such as licences and quotas

The answer is given in 116 G.

H. Likely developments, and time-scale

There are no data on envisaged investments, as well as announcements about investments in this area. In addition, there are no envisaged restructuring or modernization plans.

I. Approximation of national legislation to Community legislation

See answer 107 D.

108 Furniture

The answer is given in A-I.

A. Production and Consumption

a) Installed production capacity and its utilisation rate

Capacity utilisation (in %)

Name	Installed capacity pieces/year	2006	2007	2008
361 furniture production	4150	87.8	57.7	62.9

Source: MONSTAT

b) Present production (by volume/quantity and by value)

Current production (in pieces)

Name	2006	2007	2008
Upholstered furniture	368	390	310
Tables, wardrobes, China cabinets, other beds	2 300	1 829	2113
Other small home furniture	979	176	188

Source: MONSTAT

Realisation value in thousands of Euro

Name	2006	2007	2008
Upholstered furniture	52	55	44
Tables, wardrobes, China cabinets, other beds	195	155	179
Other small home furniture	239	43	46

Source: MONSTAT

c) Domestic demand, present and forecast (for the next three years)

There are no data available.

d) Indicator of national self supply ratio

(production – export) / (production + import – export)

Name	2006	2007	2008
furniture	-1.089366256	-2.003588517	-1.231817731

Source: MONSTAT, Processing ME

Note: The indicator has been calculated on the basis of the ratio between production at the level of a group of selected products and total imports and exports.

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports from the European Union, presented in kilograms

Name	2006	2007	2008
36	3 049 417	5 798 233	6 628 209

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
36	17 086	23 398	36 175

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
36	9 493 299	21 463 227	24 060 042

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
36	35 808	44 822	55 621

Source: MONSTAT

Overview of imports by country for the period from 2006 to 2008

Name	Country
36	Italy, Slovenia, Austria, Croatia, Serbia, China

Source: MONSTAT

b) Exports (by volume and by value) to the EU and other countries of destination**Overview of Montenegrin exports to the European Union, presented in kilograms**

Name	2006	2007	2008
36	16 879	96 455	34 589

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
36	265	682	318

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
36	196 702	639 132	745 398

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
36	791	911	1 608

Source: MONSTAT

Overview of exports by country for the period from 2006 to 2008

Name	Country
36	Germany, Austria, Slovenia, Italy, Serbia, Bosnia and Herzegovina

Source: MONSTAT

c) Exports/production and imports/production ratios

Exports/production, %

Name	2006	2007	2008
furniture	217.28	629.64	515.24

Source: MONSTAT, Processing ME

Imports/production, %

Name	2006	2007	2008
furniture	10 883.54	26 964.43	34 124.91

Source: MONSTAT, Processing ME

Note: The indicator has been calculated on the basis of the ratio between production at the level of a group of selected products and total imports and exports.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

The Statistical Office does not have data available at this level. Data are available only at the sectoral level. See answer to the question 73.

b) Number of enterprises

Number of enterprises

	2006	2007	2008
361 furniture manufacture	50	57	60

Source: MONSTAT

c) Number of jobs, percentage of total of jobs in industry

Number of employees

	2006	2007	2008
Production of furniture and similar products	533	520	619

Source: MONSTAT

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Number of enterprises by class

Class/year	2006	2007	2008
Micro	40	47	50
Small	7	7	7
Medium	3	3	3
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

We do not have data available.

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Company name	Number of employees
D.o.o Javorak Nikšić	191
D.o.o MI-RAI Nikšić,	72
D.o.o Kurti Ulcinj	21
D.o.o Velko Danilovgrad	15
D.o.oBrijest Plav	10
D.o.o Loris Nikšić	10

g) Production and marketing monopolies

Marketing and production monopolies in the areas of manufacture and trade in furniture do not exist in Montenegro

h) Productivity per employee and per hour worked

The Statistical Office does not have the data requested.

i) Wage and salary costs and costs of materials in the industry

Wages in euros

	2006	2007	2008
furniture and similar products production	203	236	308

Source: MONSTAT

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Montenegro has not adopted standards in this area. The provisions of standards that were in effect in Yugoslavia (JUS standards) are applied.

A part of the answer which refers to sector-related requirements for environmental protection is given within answer 116 D.

E. Incentives

See 116 E.

F. Rules on foreign investment

See 116 F.

G. Trading system

See 116 G.

H. Likely developments, and time-scale

The privatization of business organizations specialising in furniture processing has been carried out by the Programme for Recovery and Development of Forestry and Wood Processing Industry. This Government's programme has produced impressive results. All enterprises from the former public sector have been privatized. Today, they are privately owned. New owners settle obligations assumed by the Purchase Agreement. They have drawn up their business plans and their implementation is going in that direction.

I. Approximation of national legislation to Community legislation

Activities regarding the analysis of the applicable national legislation as well as the analysis of regulations for transposition of harmonised EU legislation in this area are underway. In the meantime, by the implementation of the plan envisaged by the National Programme for Integration, measures laid down by the Law on General Product Safety with respect to inspection control and putting products in use will be applied.

109 Toys

See answers A-I.

A. Production and Consumption

a) Installed production capacity and its utilisation rate

Installed capacities for toy production do not exist in Montenegro.

b) Present production (by volume/quantity and by value)

Installed capacities for toy production do not exist in Montenegro.

c) Domestic demand, present and forecast (for the next three years)

d) National self-supply ratio (production – export) (production + import – export)

There are no data available.

B. Trade**a) Imports (including temporary imports) from the rest of the world and from the European Union (EU), by quantity and by value, stating the main countries of origin****Overview of Montenegrin imports from the European Union, presented in kilograms**

Name	2006 ¹²	2007 ¹³	2008
365 Production of games and toys	37 242	182 518	264 851

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
365 Production of games and toys	837	1 975	5 959

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
365 Production of games and toys	33 888	670 798	774 603

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
365 Production of games and toys	659	3 056	3 984

Source: MONSTAT

Overview of imports by country for the period from 2006 to 2008.

Name	Country
365 Production of games and toys	Slovenia, Italy, Great Britain, Austria, China, Russia, Serbia, Croatia, Turkey

Source: MONSTAT

b) Exports to the EU and other countries (by volume and by size)**Overview of Montenegrin exports to the European Union, presented in kilograms**

Name	2006	2007	2008
365 Production of games and toys	5 600	2 734	1 215

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
365 Production of games and toys	120	110	196

Source: MONSTAT

¹² Data processed by special relax system¹³ Data for years 2007 and 2008 processed by special trade system.

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
365 Production of games and toys	7 425	6 707	16 992

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
365 Production of games and toys	38	29	98

Source: MONSTAT

Overview of exports by country for the period from 2006 to 2008

Name	Country
365 Production of games and toys	Slovenia, Germany, Serbia, Albania, Croatia, Bosnia and Herzegovina

Source: MONSTAT

C. Structural features

In Montenegro there are no installed production capacities and therefore it is impossible to give answers to certain sub-questions from this area.

g) Production and marketing monopolies in the area of production and trade in toys do not exist in Montenegro.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection**Standards:**

In Montenegro, nine standards regarding toys have been adopted so far. The Ministry of Health – Service for Health and Sanitary Inspection supervises production, import and trade in toys by applying the following legislation:

Law on Health Safety of Food and Objects of General Use (Official Gazette of the Federal Republic of Yugoslavia 37/02) and secondary legislation adopted on the basis of this law.

- Rulebook on conditions regarding health safety of objects of general use which can be put into circulation (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91) ;
- Rulebook on conditions related to professional personnel, premises and equipment which healthcare and other organisations that perform analyses and super-analyses of food and objects of general use must meet (Official Gazette of the Federal Republic of Yugoslavia 60/02);
- Instruction on procedure for taking samples for performing analyses and super-analyses of food and objects of general use (Official Gazette of the Socialist Federal Republic of Yugoslavia 60/1978);
- Law on Health Monitoring of Food and Objects of General Use (Official Gazette of Serbia and Montenegro 4/88) and secondary legislation adopted on the basis of this law;
- Rulebook on conditions and procedures for testing food and objects of general use during their production and manner of keeping records of performed tests. (Official Gazette of Montenegro 8/75);

In Montenegro, the testing of the quality and health safety of toys is performed in two laboratories:

- Institute of Public Health of Montenegro in Podgorica (microbiological and physicochemical testing),
- Centre for Ecotoxicological Research in Podgorica (physicochemical testing).

E. Incentives

The answer is given in 116 E (a-c).

F. Rules on foreign investment

See answer 116 F (a and b).

G. Trading system

See answer 116 G.

H. Likely developments, and time-scale

There are no data regarding likely developments and time-scale.

I. Approximation of national legislation to Community legislation

The existing legislation in this area is not harmonised with Community legislation.

- a) The National Plan for Integration of Montenegro into the EU provides for drawing up the Rulebook on Health Safety of Toys which will be harmonised with the Toy Safety Directive 88/378/EEC.
- b) The Rulebook is planned to be drawn up and adopted by the end of 2011.

Pharmaceutical products

110 Medicinal products for human use

A. Production and Consumption

- a) Installed production capacity and its utilisation rate
 - 1) Producer GALENIKA A.D – 300 000 to 400 000 packages per month. Capacity utilisation amounts from 85% to 95%. Annual production plan amounts from 2 500 000 to 3 000 000 packages. Service value amounts from EUR 725 000 to EUR 870 000 per year.

- 2) Producer NOVIT-PHARM D.O.O. – from 500 000 to 2 500 000 packages per year. Currently, it has low utilisation rate (circa 30%), but with realistic plan of up to 75% in the next year.

2 000 000.00 of Cephalosporin bottles at annual level and their utilisation rate is 50%.

- 3) Producer HEMOMONT D.O.O. – 21m packages – 56%.

Source: Producers

b) Present production (by volume/quantity and by value)

- 1) GALENIKA – 370,000 packages on a monthly basis amounting to EUR 216 500.00.
 2) NOVIT-PHARM – 180 000 bottles of Ceftriaxone on a monthly basis amounting to circa EUR 200 000.00.
 3) HEMOMONT – 9.8m packages amounting to EUR 8.6m.

Source: Producers

c) Domestic demand, present and forecast (for the next three years)

- 1) GALENIKA – currently 300 000 packages per year, forecast production of 900 000 packages for the next three years.
 2) NOVIT-PHARM – 465 000 bottles of Cephalosporin on tender and forecast production of circa 1500 000 bottles of Cephalosporin (for the next three years).
 3) HEMOMONT – 1.50m packages – EUR 1.10m; 1.54m packages – EUR 1.13m; 1.59m packages – EUR 1.16m; 1.64m packages – EUR 1.19m.

Source: Producers

d) National self-supply ratio

- 1) GALENIKA – we do not have data available
 2) NOVIT-PHARM – (production – export) 100%
 (production + import – export) 75%
 3) HEMOMONT – 100% (self-programme)

(production – exports)

91% (by quantity and by value)

(production + imports – exports)

Source: Producers

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the European Union (EU), stating the main countries of origin

Overview of Montenegrin imports from the European Union, presented in kilograms

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	101 421	128 100	201 423

Source: MONSTAT

Overview of Montenegrin imports from the European Union, presented in thousands of euros

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	14 309	9 395	12 832

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in kilograms

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	687 240	1 191 544	1 224 434

Source: MONSTAT

Overview of Montenegrin imports from the rest of the world, presented in thousands of euros

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	28 721	33 956	32 453

Source: MONSTAT

Overview of imports by country for the period from 2006 to 2008

Name	Country
244 Production of pharmaceutical products, medical chemicals and plant products	Italy, France, Great Britain, Switzerland, Serbia, Bosnia and Herzegovina, Croatia, Macedonia

Source: MONSTAT

a) Exports (by volume and by value) to the EU and other countries

Overview of Montenegrin exports to the European Union, presented in kilograms

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	390	32	8 065

Source: MONSTAT

Overview of Montenegrin exports to the European Union, presented in thousands of euros

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	16	15	56

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in kilograms

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	1 357 340	1 133 244	1 224 434

Source: MONSTAT

Overview of Montenegrin exports to the rest of the world, presented in thousands of euros

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	10 334	7 343	32 453

Source: MONSTAT

Overview of exports by country for the period from 2006 to 2008

Name	Country
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244 Production of pharmaceutical products, medical chemicals and plant products	Italy, Slovenia, Great Britain, Serbia, Bosnia and Herzegovina, Russia, Ukraine, Albania, Macedonia
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Source: MONSTAT and producers

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

The Statistical Office does not have data at the requested level.

b) Number of enterprises

Name	2006	2007	2008
244 Production of pharmaceutical products, medical chemicals and plant products	6	6	6

Source: MONSTAT

Production of pharmaceutical products 2008 : **3**

c) Number of jobs, percentage of total of jobs in industry:

One producer has 167 employees; we do not have data from other producers.

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Investments – EUR 2 million (source 1 producer), The Office does not have data from other producers.

Number of enterprises by class

Class/year	2006	2007	2008
Micro	3	3	3
Small	1	1	1
Medium	2	2	2
Large	0	0	0

Source: MONSTAT

e) Foreign capital and technology

71.02%; 100% (source 1 producer), the Office does not have data from other producers

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

g) Production and marketing monopolies

Production and marketing monopolies do not exist in this area.

h) Productivity per employee and per hour worked

The Statistical Office does not have data requested.

i) Wage and salary costs and costs of materials in the industry

Wage and salary costs – EUR 2.03m; costs of materials – EUR 2.97m (source: 1 producer), the Office does not have data from other producers.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

In the area of medical products for human use, medical devices and equipment including active medical equipment and in vitro, 109 European standards have been adopted at national level and pursuant to directives 90/385 EEC, 98/79 EC, 93/42/EEC.

The Institute for Standardisation of Montenegro plans to adopt 70 European standards regarding health and medical equipment.

- 1) Order on mandatory wool certification (Official Gazette of the Socialist Federal Republic Of Yugoslavia 65/84)
- 2) Order on mandatory cotton certification (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/84, 44/88)
- 3) Rulebook on mandatory certification of jute and on requirements which must be met by associated work organisations authorized for certification of these products (Official Gazette of the Socialist Federal Republic of Yugoslavia 8/91)
- 4) Order on textile products which must be accompanied by quality certificate in trade (Official Gazette of The Federal Republic of Yugoslavia 14/92)

E. Incentives

- a) For investment
- b) For exports
- c) Other

The answer is given in 116 E (a, b, c)

F. Rules on foreign investment

The answer is given in 116 F (a and b).

G. Trading system

The answer is given 116 G.

H. Likely developments, and time-scale

- a) Investment envisaged (public sector, private sector, foreign)
- b) Current or envisaged restructuring or modernization plans

EUR 5 million (2010-2012) (source – one producer), the Office does not have data from other producers.

I. Approximation of national legislation to Community legislation

Communities

- a)** List of measures, either planned or already adopted

Valid legislation

- 1) Law on Medicines (Official Gazette of Montenegro 80/04 and Official Gazette of Montenegro 18/08)
- 2) Law on Medicines (Official Gazette of Montenegro 80/04) and amendments to the Law on Medicines (Official Gazette of Montenegro 18/08)

The Law has been partially harmonized with the European Union directives: 2001/83/EC, 2003/63/EC, 2004/24/EC, 2004/27/EC, 2001/20/EC, 2003/94/EC, 2001/82/EC

The following acts are planned to be adopted:

- 1) Amendments to the Law on Medicines (November – December 2009)

Harmonisation with directives and regulations: 2001/83/EC, 2004/27/EC, EC/726/2004, 2004/28/EC, 2001/82 EC

- 2) Rulebook on conditions that must be met by legal persons producing medicines.
- 3) Guidelines for good production practice (first half of 2010)

Harmonisation with directives: 2003/94/EC, 91/412/EEC

- b)** Timetable - first half of 2010.

111 Veterinary medicinal products

A. Production and Consumption

- a) Installed production capacity and its utilisation rate

It does not exist

- b) Present production (by volume and by value)

It does not exist

- c) Domestic demand, present and forecast (for the next three years)

It does not exist

- d) National self-supply ratio

(production – exports)

(production + imports – exports)

B. Trade

- a)** Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Overview of Montenegrin imports, presented in euros and kilograms

	Euro	Kilos
Imports of veterinary medicinal products, medical chemicals and plant products	937 315.12	44 614.92

Overview of imports by country for the year 2008: Serbia and Croatia

b) Exports (by volume and by value) to the EU and other countries of destination

c) Exports/production and imports/production ratios

imports/production: 100

C. Structural features

Production of veterinary drugs does not exist in Montenegro.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Standards regarding veterinary medicinal products have not been adopted at national level. In accordance with the Agenda for 2010, the Institute for Standardisation of Montenegro plans to adopt 25 European standards regarding veterinary medical products.

E. Incentives

The answer is given in 116 E.

F. Rules on foreign investment

The answer is given in 116 F.

G. Trading system

The answer is given in 116 G.

H. Likely developments, and time-scale

Production of veterinary drugs does not exist in Montenegro.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

Applicable legislation

List of measures, either planned or already adopted

- 1) Law on Medicines (Official Gazette of the Republic of Montenegro 80/04 and Official Gazette of Montenegro 18/08)
 - Appendix 1 (Law on Medicines, Official Gazette of the Republic of Montenegro 80/04 and amendments to the Law on Medicines, Official Gazette of Montenegro 18/08)
 - The Law has been partially harmonised with the European Union directives: 2001/83/EC, 2003/63/EC, 2004/24/EC, 2004/27/EC, 2001/20/EC, 2003/94/EC, 2001/82/EC
- 2) Veterinary law (Official Gazette of the Republic of Montenegro 11/04 and Official Gazette of the Republic of Montenegro 27/07)

Adoption of the following acts is planned.

- 1) Amendments to the Law on Medicines (November – December 2009)
- 2) Harmonisation with the directives and regulations: 2001/83/EC, 2004/27/EC, EC/726/2004, 2004/28/EC, 2001/82 EC
- 3) Rulebook on requirements which must be met by legal persons producing medicines.
- 4) Guidelines for good production practice (first half of 2010)

Harmonisation with directives: 2003/94/EC, 91/412/EEC

b) Timetable – first half of 2010.

Defence products

The Law on Defence (Official Gazette of the Republic of Montenegro 47/07), Article 16, paragraph 2 lays down that objects and services of special importance for defence (products needed for defence) are established by the Government of Montenegro.

Based on the Decision of the Government of Montenegro (Official Gazette of the Republic of Montenegro 15/08), large technical systems important for defence as well as technical devices important for the functioning of these systems in the areas of telecommunications, information technology, traffic, power engineering, water supply and other areas important for defence have been established.

In accordance with provisions of the Law on Defence, the Government has also adopted the Decision on defining objects and services of special importance for defence (Official Gazette of the Republic of Montenegro 15/08).

In cooperation with other state administration bodies, the Ministry of Defence has prepared the list of legal persons and entrepreneurs in Montenegro who produce objects and provide services of special importance to defence, specified by the quoted Government's decision. Activities regarding drawing up appropriate acts (agreements, etc.) which define rights and obligations of all entities producing objects and providing services needed for defence in a state of war or state of emergency as well as the manner of their financing are underway.

After regulating these relations, the line ministry will consider production capacities of all entities and define conditions and manner of harmonisation of technical systems for defence needs, mutual contractual obligations as well as installation capacities for defence needs.

The Ministry of Defence of Montenegro does not have its own production capacities and three enterprises (Poliex Berane, Tara Mojkovac and Optel Pljevlja), represent the basis of defence

industry, i.e. production of weapons and military equipment. Twenty enterprises have been registered for import and export of weapons, military equipment and dual-use goods.

112 Land sector

See answers A-I.

A. Production and Consumption

a) Installed production capacity and its utilisation rate

1) TARA-Aerospace and Defence Products

This company has equipment with the capacity of 30 000 quota hours per year. In 2008 capacity utilisation rate amounted to 18% of the capacity.

The company has the following production capacities for the purposes of the land sector:

- Production of fuses for mortar ammunition, hand grenades
- Production of special illuminating grenades
- Production of pyrocartridges for infantry combat vehicles and tanks
- Production of training devices, pyrotechnical devices
- Technical inspection and ammunition repair

2) 2 POLIEX Berane

The company has equipment and capacities for production of the following devices:

- Plastic explosives
- Semi-plastic explosives,
- Commercial powder explosives,
- Hand grenades,
- Electric detonators,
- Polinel detonators,
- Delaboration of ammunition for the needs of the Military of Montenegro,
- The company has defence test station and range for testing different mine devices.

For the purposes of the Military of Montenegro, in 2009 the company has performed the neutralisation of ammunition surplus using 50% of its capacity. Fifty per cent of the capacity is used for the production of commercial explosives and detonators for the purposes of civil sector.

3) OPTEL Plievlia

The company has equipment and capacity for the production of the following devices:

- Infantry radars,
- Laser range finders,
- Radio-relay devices and aerials for radio-relay devices.

The company has been in bankruptcy since January 2008 due to the loss of market.

This factory, the only one in the Balkans, has anechoic chamber as well as devices for radar testing and radio-relay devices testing. Thus, it is expected, *inter alia*, that its capacities can be used for production of telecommunication equipment and systems for border control.

4) 4. Montenegro Defence Industry Podgorica

Montenegro Defence Industry is the only publicly owned enterprise specialising in import and export of weapons, military equipment and dual-use goods in Montenegro. Installed production capacities do not exist.

b) Present production (by volume/quantity and by value)

5) POLIEX Berane

For the year 2009: Production of explosives TNT and PEP and explosive mixtures, in the quantity of 371 tonnes and amounting to EUR 410 000.

c) Domestic demand, present and forecast (for the next three years)

Production of explosives TNT and PEP and explosive mixtures, in the quantity of 350 tonnes and amounting to EUR 360 000.

d) National self-supply ratio**6) TARA-Aerospace and Defence Products**

It completely covers national needs amounting to 2-3% of total production.

7) POLIEX Berane

It completely covers national needs amounting to 90-95% of total production.

B. Trade**a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin**

ENTERPRISE		2007	2008
POLIEX Berane	volume (000kg)	405	193
	value (EUR 000)	181	291
Montenegro Defence Industry Podgorica ¹⁴	volume (kg)	-	-
	value (EUR 000)	150	1 092

Countries of import are USA, EU countries: Germany, Austria, France, Slovenia, Czech Republic and European countries: Croatia and Serbia.

b) Exports (by volume and by value) to the EU and other countries of destination

ENTERPRISE		2007	2008
POLIEX Berane ¹⁵	volume (000 kg)	33	63
	value (EUR 000)	48	59
Montenegro Defence Industry Podgorica ¹⁶	volume (kg)	-	-
	value (EUR 000)	3510 ¹⁷	14 463

Countries of export are: USA, EU countries: Germany, Spain, European countries: Serbia, Bosnia and Herzegovina and other countries: Iraq, Afghanistan, Cameroon, Equatorial Guinea, Kyrgyzstan, Burundi, Israel.

¹⁴ Import of new weapons and military equipment for the purposes of the Military of Montenegro

¹⁵ Almost all capacities are used for the purposes of the domestic market. Exports are insignificant.

¹⁶ Export of old weapons and military equipment of the Military of Montenegro

¹⁷ Re-export amounting to EUR 1 932 000 in 2007 and EUR 13 463 000 in 2008.

c) Exports/production and imports/ production ratios

YEAR	imports	exports ¹⁸	exports	Ratio (%)		Ratio (%)	
				imports	exports	imports	exports
2007	331	3 558/	48	8.7	91.5	87.3	12.7
2008	1 092	14 522/	59	7.0	93.0	95	5.0

C. Structural features**a) Turnover and gross value added (GVA), percentage of industry total**

Enterprise		2007	2008
POLIEX Berane ¹⁹	volume (000 pieces)	491	263
	value (EUR 000)	249	361
Montenegro Defence Industry Podgorica ²⁰	volume (kg)	-	-
	value (EUR 000)	3 760	15 455

b) Four**c) Number of jobs, percentage of total of jobs in industry**

	Number of jobs
TARA-Aerospace and Defence Products	24
POLIEX Berane	48
Montenegro Defence Industry Podgorica	13
OPTEL Pljevlja	30

d) Enterprise structure**TARA-Aerospace and Defence Products**

Plants and machinery are actively used for the following activities:

- Production of fuses for mortar ammunition, hand grenades
- Production of special illuminating grenades
- Production of pyrocartridges for infantry combat vehicles and tanks
- Production of training devices, pyrotechnical devices
- Technical inspection and ammunition repair

POLIEX Berane**The most important plants**

- Plant for the production of explosives

¹⁸ Export of old weapons and surplus of weapons and military equipment from the depot of the Military of Montenegro are included.

¹⁹ Almost all capacities are used for the needs of domestic market. Export is insignificant.

²⁰ Export of old weapons and military equipment of the Army of Montenegro.

- Plant for drying raw materials
- Plastics plant
- Plant of initial and mine-explosive devices

The most important machines

- Homogeniser for explosives Gostol
- Homogeniser for explosives HKSGermany
- Homogeniser for explosives 50 litres Gostol
- Homogeniser for explosives 20 litres
- Laboratory equipment for testing of explosives 4 pieces
- Press for explosive production
- Kilns with the volume of 1500 kilograms 3 pieces
- Air condition chambers for explosive examination 2 pieces

Plants and machinery are actively used for the following activities:

- Commercial powder explosive,
- Delaboration of ammunition surplus for the needs of the Army of Montenegro.

e) **TARA-Aerospace and Defence Products**

The Company BT International from Switzerland owns 32% of the company shares.

POLIEX Berane

The Government owns 46.4% of the company shares.

OPTEL Pljevlja

State capital amounted to 81.43%, and the factory was sold to the company Vektra from Podgorica by means of a public notice.

Montenegro Defence Industry Podgorica

The State of Montenegro owns 100% of the company shares.

- f) There are no data.
- g) The companies do not have production or marketing monopolies.
- h) Productivity per employee and per hour worked/ data does not exist
- i) Wage and salary costs and costs of materials in the industry/ data does not exist

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Land sector – 0 standards

Standards and technical regulations

The company adopts its own internal standards and technical regulations on product quality.

Environmental protection performed in accordance with the applicable legislation in Montenegro.

E. Incentives

- a) There are no incentives to investment.
- b) There are no incentives to exports.
- c) There are no incentives to other investments.

F. Rules on foreign investment

- a) A foreign investor may only have a 49% stake in a company specialising in production of weapons and military equipment.
- b) Guarantees are in accordance with the international regulations.

G. Trading system

Imported materials may be exempted from customs duties; quotas and licences for products are not required.

H. Likely developments, and time-scale

- a) Investment envisaged

TARA-Aerospace and Defence Products

Apart from the existing programmes, the preparation for production of barrels for light arms (from cal 5.56 mm to cal 12.7 mm) in the factory has been completed in accordance with NATO standards. Production capacity will be 25 000 barrels per year.

- b) Present or envisaged restructuring or modernisation plans.

They are not envisaged.

I. Approximation of national legislation to Community legislation

- a) National legislation regarding national checklist of weapons, military equipment and dual-use goods has been harmonised with Community legislation.

Montenegro has adopted the Law on Foreign Trade in Weapons, Military Equipment and Dual-use Goods (Official Gazette of Montenegro 80/08) which entered into force on 1 July 2009. Production of weapons and military equipment is governed by the Law on Production and Trade in Weapons and Military Equipment (Official Gazette of the Federal Republic of Yugoslavia 41/96 and Official Gazette of the State Union of Serbia and Montenegro 07/05)

- b) Timetable

The Law on Production and Trade in Weapons and Military Equipment – time limit for drafting a new law has not been defined.

113 Naval sector

See answers A-I

A. Production and Consumption

a) Installed production capacity and its utilisation rate

1. TARA-Aerospace and Defence Products

- Production of pyro-cartridges, propellant charges and rocket engines for pilot seat ejection
- Production of pyro-cartridges for general use in aircraft, helicopter and space rocket appliances,
- Signal set for pilot rescue.

Capacity utilisation rate is 60%.

b) Present production (by volume/quantity and by value)

TARA-Aerospace and Defence Products

For the year 2009: - 11 714 pieces of pyro-cartridges for pilot seat ejection, amounting to EUR 776 363.65.

c) Domestic demand, present and forecast (for the next three years)

TARA-Aerospace and Defence Products

Currently executed/signed Agreements related to domestic market are expressed in the quantity of 1940 pieces of pyro-cartridges, amounting to EUR 13 624.65.

d) National self-supply ratio

TARA-Aerospace and Defence Products

It fully covers national needs, amounting to 2-3% of total production per year on average.

B. Trade

• Imports

TARA-Aerospace and Defence Products

For the year 2007:

In 2007 the enterprise imported raw materials for the manufacture of pyro-cartridges amounting to EUR 285 000.

For the year 2008:

In 2008 the enterprise imported raw materials for the manufacture of pyro-cartridges amounting to EUR 321 000.

Montenegro Defence Industry Podgorica

For the year 2007:

In 2007 the enterprise imported equipment for the needs of the Ministry of Defence – Aviation Sector amounting to EUR 70 000.00.

For the year 2008:

In 2008 the enterprise imported equipment for the needs of the Ministry of Defence – Aviation Sector amounting to *EUR 227 000.00*. The countries of import are EU countries: the Czech Republic, European countries: Croatia, Bosnia and Herzegovina.

- **Exports**

TARA-Aerospace and Defence Products

For the year 2007:

3 288 pieces of pyro-cartridges and sets amounting to EUR 784 217.50;

For the year 2008:

14 622 pieces of pyro-cartridges, amounting to EUR 815 202.30;

Montenegro Defence Industry Podgorica

For the year 2007:

In 2007 the enterprise exported, for the needs of the Ministry of Defence – Aviation Sector, Weapons and Military Equipment amounting to *EUR 110 000.00*.

For the year 2008:

In 2008 the enterprise exported, for the needs of the Ministry of Defence – Aviation Sector, Weapons and Military Equipment amounting to amounting to *EUR 386 000.00*. The countries of export: EU states: Sweden, other European countries: Ukraine, Serbia, Bosnia and Herzegovina, and other countries: Libya, Equatorial Guinea, Kyrgyzstan, Turkmenistan, Belarus.

- **Exports/production and imports/production ratios**

YEAR	Imports	Exports ²¹	Exports	Ratio (%)		Ratio (%) ²²	
				Imports	Exports	Imports	Exports
2007	355	894	784	39	61	45.2	54.8
2008	548	1201	815	45.6	54.4	32.8	67.2

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

ENTERPRISE	ACTIVITY	2007	2008
Adriatic Shipyard Bijela	Turnover (ship repair) (EUR 000)	25 240	25 511
	Turnover (ship repair-defence) (EUR 000)	400	250
Montenegro Defence Industry Podgorica	volume (000kg)	-	-
	value (EUR 000)	361	458

²¹ Import of unpromising and redundant armament and defence equipment from the storage of Armed Forces of Montenegro included

²² Sale of unpromising armament and defence equipment is not included

b) Three

c) Number of jobs, percentage of total of jobs in industry

	Number of jobs
TARA-Aerospace and Defence Products.	24
Adriatic Shipyard Bijela	671
Montenegro Defence Industry Podgorica	13

d) Structure of enterprises

Adriatic Shipyard Bijela

<i>Main features of docks</i>	<i>DOCK-6</i>	<i>1 DOCK 12</i>
Deadweight in tonnes	10 000	33 000
Portal cranes 5 -25 tonnes		9
Travelling cranes in workshops 2,5 – 40 tonnes		14
Mobile cranes 8 – 50 tonnes		3
Total number of tugs		3

Liquid oxygen –reservoir: 50 m³, 2 evaporators with 1 00m/h, 6 - 9 bars;

Acetylene - 60 Nm³/h, 0,3 - 0,8 bars;

Compressed air -175 m³/min., 7 bars;

Saturated steam - 2 x 1 500 kg/h;

Electric power- 5,6 MVA

Workshop halls are equipped with machines and devices (plane Škoda) for automatic processing of ship shafts with the sharp point range of 12 m and possibility of processing shafts of 450 kN. Boring machine with spindle 110 – 90 mm. Automatic machines for plate-cutting. Cylinders for plate bending with the range of 9 m and thrust of 9000 kN, etc.

e) Adriatic Shipyard Bijela

The State owns 61.57% of the Shipyard shares.

Montenegro Defence Industry Podgorica

The State of Montenegro owns 100% of the Company shares.

TARA-Aerospace and Defence Products

The company BT International from Switzerland owns 32% of the company shares.

f) There are no data

g) These companies do not have production or marketing monopolies

h) Productivity per employee and per hour worked/there is no data

i) Wage and salary costs and costs of materials in the industry/there are no data.

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Naval sector – 0 standards

Enterprises adopt their own internal standards and technical regulations for product quality. Environmental protection is performed in accordance with the applicable legislation in Montenegro.

E. Incentives

- a) There are no incentives to investment.
- b) There are no incentives to exports.
- c) There are no incentives to other investments.

F. Rules on foreign investment

- a) A foreign investor may have a 49% stake in the enterprise which produces weapons and military equipment.
- b) Guarantees are in accordance with international regulations.

G. Trading system

- a) Imported materials may be exempted from customs duties; quotas and licences for products are not required.

H. Likely developments, and time-scale

- a) Investment envisaged
New investments are not envisaged.
- b) Present or envisaged restructuring or modernisation plans
They are not envisaged.

I. Approximation of national legislation to Community legislation

- a) National legislation regarding national checklist of weapons, military equipment and dual-use goods has been harmonised with Community legislation. Montenegro has adopted the Law on Foreign Trade in Weapons, Military Equipment and Dual-Use Goods. (Official Gazette of Montenegro 80/08) which entered into force on 1 July 2009. Production of weapons and military equipment is governed by the Law on Production and Trade in Weapons and Military Equipment (Official Gazette of the Federal Republic of Yugoslavia 41/96 and Official Gazette of Montenegro 07/05)
- b) Timetable

The Law on Production and Trade in Weapons and Military Equipment – time limit for drafting a new law has not been defined.

114 Air sector

Please refer to answers under A to I.

A. Production and Consumption

a) Installed production capacity and its utilisation rate

1. TARA-Aerospace and Defence Products

- Production of pyro-cartridges, propellant charges and rocket engines for pilot seat ejection
- Production of pyro-cartridges for general use in aircraft, helicopter and space rocket appliances,
- Signal set for pilot rescue.

Capacity utilisation rate is 60%.

b) **Present production** (by volume/quantity and by value)

TARA-Aerospace and Defence Products

For the year 2009: - 11 714 pieces of pyro-cartridges for pilot seat ejection, amounting to EUR 776 363.65.

c) **Domestic demand, present and forecast** (for the next three years)

TARA-Aerospace and Defence Products

Currently executed/signed Agreements related to domestic market are expressed in the quantity of 1940 pieces of pyro-cartridges, amounting to EUR 13 624.65.

d) **National self-supply ratio**

TARA-Aerospace and Defence Products

It fully covers national needs, amounting to 2-3% of total production per year on average.

B. Trade

• **Imports**

TARA-Aerospace and Defence Products

For the year 2007:

In 2007 the enterprise imported raw materials for the manufacture of pyro-cartridges amounting to EUR 285 000.

For the year 2008:

In 2008 the enterprise imported raw materials for the manufacture of pyro-cartridges amounting to EUR 321 000.

Montenegro Defence Industry Podgorica

For the year 2007:

In 2007 the enterprise imported equipment for the needs of the Ministry of Defence – Aviation Sector amounting to *EUR 70 000.00*.

For the year 2008:

In 2008 the enterprise imported equipment for the needs of the Ministry of Defence – Aviation Sector amounting to *EUR 227 000.00*. The countries of import are EU countries: the Czech Republic, European countries Croatia, Bosnia and Herzegovina.

- **Exports**

TARA-Aerospace and Defence Products

For the year 2007:

3 288 pieces of pyro-cartridges and sets amounting to *EUR 784 217.50*;

For the year 2008:

14 622 pieces of pyro-cartridges, amounting to *EUR 815 202.30*;

Montenegro Defence Industry Podgorica

For the year 2007:

In 2007 the enterprise exported, for the needs of the Ministry of Defence – Aviation Sector, Weapons and Military Equipment amounting to *EUR 110 000.00*.

For the year 2008:

In 2008 the enterprise exported, for the needs of the Ministry of Defence – Aviation Sector, Weapons and Military Equipment amounting to *EUR 386 000.00*. The countries of export: EU states: Sweden, other European countries: Ukraine, Serbia, Bosnia and Herzegovina, and other countries: Libya, Equatorial Guinea, Kyrgyzstan, Turkmenistan, Belarus.

Exports/production and imports/production ratios

YEAR	Imports	Exports ²³	Exports	Ratio (%)		Ratio (%) ²⁴	
				Imports	Exports	Imports	Exports
2007	355	894	784	39	61	45.2	54.8
2008	548	1201	815	45.6	54.4	32.8	67.2

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

ENTERPRISE		2007	2008
TARA-Aerospace and Defence Products	Quantity (pieces)	3 288	14 662
	Value (EUR 000)	791	831
Montenegro Defence Industry Podgorica	Quantity (kg)	-	-
	Value (EUR 000)	600	1 287

b) Two

c) Number of jobs, percentage of total of jobs in industry

²³ Import of unpromising and redundant armament and defence equipment from the storage of Armed Forces of Montenegro included

²⁴ Sale of unpromising armament and defence equipment is not included

	Number of jobs
TARA-Aerospace and Defence Products	24
Montenegro Defence Industry Podgorica	13

d) Enterprise structure:**TARA-Aerospace and Defence Products**

- Laboratory for entry control of materials
- Vibrator with a random vibrations setting and control device (aviation vibrations)
- Pressure test bench
- Test station for testing and attestation of pyro-technical devices

Montenegro Defence Industry Podgorica

It is not a manufacturing enterprise.

e) Montenegro Defence Industry Podgorica

It is 100% state-owned enterprise.

TARA-Aerospace and Defence Products

Thirty-two per cent of the company shares are owned by the company BT International from Switzerland.

f) There are no available data.

g) The companies have no production or marketing monopolies.

h) Productivity per employee and per hour worked/ no data available

i) Wage and salary costs and costs of materials in the industry / no available data

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

Air Sector - 0 standards

The enterprises adopt their own internal standards and technical regulations on the quality of products; environmental protection is carried out in accordance with the applicable legislation in Montenegro.

E. Incentives

- a) There are no incentives to investments.
- b) There are no incentives to exports.
- c) There are no incentives to other investments.

F. Rules on foreign investment

- a) A foreign investor may own 49% of shares in the enterprises specialising in production of weapons and military equipment.
- b) Guarantees are in compliance with the international regulations.

G. Trading system

a) Imported materials may be exempted from customs duties, product quotas and licences are not required.

H. Likely developments, and time-scale

a) Investment envisaged

TARA-Aerospace and Defence Products

The adoption of IC-3 decoys for protection from anti-aircraft missiles is under way.

b) Present or envisaged restructuring or modernisation plans

We do not have available data.

I. Approximation of national legislation to Community legislation

a) Harmonisation of national legislation with the Community legislation has been performed with regard to the national control list of weapons and military equipment and dual use goods. Montenegro has adopted the Law on Foreign Trade in Weapons, Military Equipment and Dual Use Goods (Official Gazette of Montenegro 80/08) which entered into force on 1 July 2009. The Decision on establishing national control list of weapons and military equipment is published in the Official Gazette of Montenegro 41/09. The manufacture of weapons and military equipment has been regulated by the Law on Manufacture and Trade in Weapons and Military Equipment (Official Gazette of the Federal Republic of Yugoslavia 41/96 and Official Gazette of Serbia and Montenegro 07/05).

b) Time scale

The Law on Manufacture and Trade in Weapons and Military Equipment – deadline for drafting new Law has not been defined yet.

Tourism

115 Tourism

The answer is given in the continuation (A-I).

A. Production and Consumption

a) Installed production capacity and its utilisation rate

Installed production capacity in tourism is comprised of:

hospitality facilities: - hospitality facilities for accommodation (basic and complementary) and - hospitality facilities for food and beverages and facilities for nautical tourism.

The table review in respect to the particular types of capacities is given below:

Type of facility for accommodation	Number of business units			
	2005	2006	2007	2008
Hotels and apartment hotels	190	202	219	236
Holiday village	12	12	13	13
Camps	30	30	30	29
Households renting rooms/ apartments/houses	3 375	4 037	5 086	8 429
Other accommodation facilities	111	114	109	119
Total	3 718	4 395	5 457	8 826

Source: Statistical Office of Montenegro

Type of facility for accommodation	Number of beds			
	2005	2006	2007	2008
Hotels and apartment hotels	31 397	32 454	33 235	32 714
Holiday villages	9 235	8 679	8 571	8 168
Camps	10 152	10 016	9 674	5 547
Private accommodation	55 174	65 631	79 691	92 356
Other accommodation facilities	14 346	14 213	13 975	17 953
Total	120 304	130 993	145 146	156 738

Source: Statistical Office of Montenegro

NOTE: The shown capacities relate to the number of total beds (permanent and auxiliary), status as of 31 August.

Number of accommodation capacities increases year after year, namely as a result of investments in construction of new and renovation of the existing accommodation facilities. In addition to the increase of the number of accommodation facilities and beds, improvement of the level of their quality has been achieved, i.e. there has been an increase of the share of hotel capacities of higher categories into the total number of hotel capacities.

The Montenegrin Tourism Development Strategy until 2020 envisages an increase in the number of hotel facilities and facilities similar to them to the level of 125 000 beds, namely there will be around 100 000 beds in the Coastal Area, around 10 000 beds in the central part and around 15 000 beds in the northern part of Montenegro.

ACCOMMODATION CAPACITIES BY REGIONS - status as of 31 August

Regional breakdown	Number of beds (total)			
	2005	2006	2007	2008
Podgorica - Capital	1 064	1 048	1 186	1 149
Coastal towns	115 195	125 511	139 529	151 066
Mountain towns	2 012	2 223	2 257	2 442
Other towns	2 033	2 211	2 259	2 081

20 Enterprise and industrial policy

Total	120 304	130 993	145 231	156 738
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Source: Statistical Office of Montenegro

Viewed from the regional aspect, the majority of accommodation capacities (around 95%) are located in the Coastal Area, while 2% of capacities are in the mountainous part of Montenegro.

Having regard to the implemented, but also to the envisaged investment activities, primarily through the development of private entrepreneurship, an increase in the number of accommodation capacities is expected in the forthcoming period, both in the central and northern part of Montenegro.

NUMBER OF HOSPITALITY FACILITIES (status as of 31 August)

type	2002	2003	2004	2005	2006
Restaurants	204	455	809	521	523
Coffee-shops	1 042	409	536	779	546
Buffets	153	61	135	21	51
Bars	33	564	569	737	476
Other	234	701	485	612	814
Total	1 666	2 190	2 534	2 670	2 410

Source: Statistical Office of Montenegro

CAPACITIES OF MARINAS

CAPACITIES OF MARINAS	2003	2004	2005	2006	2007	2008
Number of marinas	6	6	6	6	6	6
Number of sea berths	490	490	495	726	1 184	1 229
Number of shore-based berths	275	290	290	300	320	337

Source: Marinas: Bar, Herceg Novi, Prcanj, Budva, Kotor and Zelenika

In recent years Montenegrin Coast has become an increasingly more attractive destination for yachts and other naval vessels, primarily due to its geographical position. In the existing ports that are classified as the ports of nautical tourism - marinas, works on improvement of the offer are under way, primarily taking into account logistic, economic and ecological criteria as well the need for establishing their balance in respect to the sustainable development. Moreover, the modern marina "Porto Montenegro" in Tivat (whose construction is under way) represents an inception in development of the new type and standard of marinas for mega-yachts in the Mediterranean.

Utilisation rate of the accommodation capacities and ports for nautical tourism is given below, but there are no relevant statistical or other data for the utilisation rate of the hospitality facilities.

UTILISATION OF THE ACCOMMODATION FACILITY CAPACITIES

Type of the accommodation facility	number of overnight stays per bed			
	2005	2006	2007	2008
Hotels and apartment hotels	60.3	63.4	72.1	73.3
Holiday villages	64.2	62.9	68.6	67.0
Camps	9.4	6.6	6.1	23.0

20 Enterprise and industrial policy

Private accommodation	34.0	40.9	45.1	42.6
Other accommodation facilities	52.3	33.7	47.1	44.1
Total	43.3	45.3	50.3	49.7

Source: Statistical Office of Montenegro

Utilisation of the accommodation capacities, measured with respect to the days of their full utilisation, has been increasing continuously, primarily due to the faster growth of the number of tourists and overnight stays in relation to the increase in the tourism capacities. Satisfactory growth of the tourism turnover i.e. increased interest of tourists, has resulted from, inter alia, a better offer, in respect to the diversity aspect, as well as to the aspect of increasing the quality level of tourism products.

UTILISATION OF THE ACCOMMODATION CAPACITIES BY REGIONS

Regions	Number of overnight stays per bed			
	2005	2006	2007	2008
Podgorica - Capital	50.6	70.8	88.5	96.8
<i>Coastal towns</i>	43.6	45.3	49.9	49.4
<i>Mountain towns</i>	26.6	30.8	46.9	41.8
<i>Other towns</i>	40.4	46.1	54.1	58.2
T o t a l	43.3	45.3	50.2	49.7

Source: Statistical Office of Montenegro

Considering the fact that utilisation of capacities by regions depends also on the type of accommodation capacities, it is expected that, due to the future more diversified tourism offer, there will be extension of the duration of the main summer tourism season and more visits to the tourism resorts in the northern part of Montenegro during the summer months as well.

UTILISATION OF THE NAUTICAL TOURISM PORT CAPACITIES - number of vessels per berth

CAPACITIES OF MARINAS	2003	2004	2005	2006	2007	2008
Number of marinas	6	6	6	6	6	6
Number of vessels per sea berth	605	651	1 267	1 805	2 205	2 429
Number of vessels per shore-based berth	7	10	10	15	40	40

Source: Statistical Office of Montenegro

With a view to providing conditions for the quality development of the nautical tourism, the programme for marina classification will be implemented soon.

Utilisation rate of the capacities of the nautical tourism ports (measured by the number of vessels per berth) has been increasing continuously.

b) Present production (by volume/quantity and by value)

The following tables herein show data on the production volume, i.e. tourism turnover in the accommodation facilities, as well as in the nautical tourism ports.

TOURISM TURNOVER (number of tourists and overnight stays)

	2005	%	2006	%	2007	%	2008	%
TOURISTS	820 457	100	953 928	100	1 133 432	100	1 187 492	100

20 Enterprise and industrial policy

Domestic	548 452	67	576 130	60	148 294	13	156 667	13
Foreign	272 005	33	377 798	40	984 138	87	1 030 825	87
OVERNIGHT STAYS	5 211 847	100	5 936 270	100	7 294 530	100	7 793 280	100
Domestic	3 628 337	70	3 740 179	63	851 045	12	828 525	10
Foreign	1 583 510	30	2 196 091	37	6 443 485	88	6 964 755	90

Source: Statistical Office of Montenegro

Note: Since 2007, tourists from Serbia have been registered as foreign tourists

Tourism turnover has a tendency of positive growth in the observed period in terms of both number of tourists and overnight stays. Since 2007, tourists from Serbia have been registered as foreigners, thus the share of foreigners in the total turnover ranges even up to 90%. Tourists from Montenegro account for about 10% in the total turnover and this share does not have a significant impact on the overall results.

TOURISM TURNOVER BY FACILITY TYPE - tourists

Type of the accommodation facility	Number of tourists			
	2005	2006	2007	2008
Hotels and apartment hotels	353 677	395 220	476 296	481 216
Holiday villages	98 941	85 447	102 875	90 889
Camps	12 095	7 773	9 018	20 087
Private accommodation	278 514	403 569	474 439	498 331
Other accommodation facilities	77 232	61 919	70 804	96 969
Total	820 457	953 928	1 133 432	1 187 492

Source: Statistical Office of Montenegro

TOURISM TURNOVER WITH RESPECT TO THE FACILITY TYPE- overnight stays

Type of the accommodation facility	Number of overnight stays			
	2005	2006	2007	2008
Hotels and apartment hotels	1 894 781	2 057 789	2 396 066	2 397 406
Holiday village	593 279	545 613	588 028	547 187
Camps	95 591	65 969	58 721	127 415
Private accommodation	1 878 002	2 687 443	3 593 897	3 929 936
Other accommodation facilities	750 194	579 456	657 818	791 336
Total	5 211 847	5 936 270	7 294 530	7 793 280

Source: Statistical Office of Montenegro

TOURISM TURNOVER BY REGIONS - NUMBER OF OVERNIGHT STAYS

Municipalities	Number of overnight stays			
	2005	2006	2007	2008
Podgorica - Capital	53 886	74 169	104 986	111 271
Coastal towns	5 022 260	5 691 770	6 961 444	7 458 816
Mountain towns	53 577	68 424	105 892	101 987
Other towns	82 124	101 907	122 208	121 206
T o t a l	5 211 847	5 936 270	7,294,530	156,738

Source: Statistical Office of Montenegro

The major part of the tourism turnover is achieved in the Coastal Area, where the majority of the accommodation capacities are located. Year after year, the municipality of Budva has been achieving the most overnight stays, followed by Herceg Novi, Bar and other.

By opening new accommodation facilities with the accompanying facilities, the offer of tourism towns in the North has been broadened, and thus the revenue during the last two years has increased. Its further increase is expected with respect to the development plans.

FOREIGN TOURIST TURNOVER

TOURISTS	2005	2006	2007	2008
EU	124 130	175 392	266 970	257 528
Region	82 555	107 583	563 975	590 308
Russia	41 011	61 092	102 350	117 680
Other European countries	11 352	14 909	29 919	23 291
Outside Europe	12 957	18 822	20 924	22 018
t o t a l	272 005	377 798	984 138	1 010 825

OVERNIGHT STAYS	2005	2006	2007	2008
EU	784 499	1 060 863	1 651 568	1 548 090
Region	427 149	559 580	3 737 444	4 151 248
Russia	253 178	455 502	789 497	897 921
Other European countries	78 487	66 392	201 905	303 378
Outside Europe	40 197	53 754	63 071	64 118
t o t a l	1 583 510	2 196 091	6 443 485	6 964 755

A positive characteristic of the turnover structure, achieved by the foreign tourists in the recent years is reflected in increasingly bigger share of tourists from the European Union countries – accounting for more than 20% of the total number of overnight stays. Tourists coming from the area of Russia and former member countries of USSR have a significant share in the foreign turnover, accounting for about 12%. Tourists from Serbia, which have been registered as foreign tourists since 2007, account for about 40%, and tourists from the area of the former Yugoslavia (except Slovenia) account for slightly above 10%.

In the forthcoming period a further increase in the number of tourists is expected, with the increased EU market share in the turnover.

c) Domestic demand, present and forecast (for the next three years)

Domestic demand does not have a significant impact on the results of this sector due to the small participation in the total turnover. No significant changes are expected to occur with respect to the forthcoming period, since the domestic market, as well as its purchasing power, is limited.

d) National self-supply ratio

Most of the tourist turnover in Montenegro is achieved by foreign tourists, and thus tourism generates the so-called "invisible export".

Tourism industry is supplying most of its inputs from the domestic sources, and the rest of its needs are provided by imports.

Imports by particular activities, presented in thousands of euros

Activity ²⁵	2005	2006	2007	2008
Hotels and motels with restaurants	9 767	17 269	18 385	11 675
Hotels and motels without restaurants	9	48	250	44
Restaurants	933	1 324	2 730	3 414
Bars	669	995	1 393	1 698
Business activities of travel agencies	618	584	1 583	1 634
Marina business activities	66	90	177	276

Source: Statistical Office of Montenegro

B. Trade

This question does not refer to tourism.

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

The following tables give data on the turnover values, i.e. revenues of the enterprises generated from tourism and hospitality sector.

Turnover in the hospitality industry, with gross value added - in Euro

Turnover	2002	2003	2004	2005	2006
Hotels and similar facilities, camps and recreation centres	36 474 574	42 068 407	42 550 379	47 914 676	67 331 355
Restaurants and similar facilities	34 789 739	31 169 864	55 225 885	55 244 401	37 442 249
Other	17 044 816	33 259 184	22 766 559	31 940 715	58 401 101
Total- hospitality industry	88 309 129	106 497 455	120 542 823	135 099 792	163 174 705
Turnover - total in Montenegro	1090628000	1198951000	1349428000	1467101000	1937317000

²⁵ Classification of business activities

20 Enterprise and industrial policy

% percentage of hospitality industry in the total turnover of Montenegro	8.1	8.9	8.9	9.2	8.4
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Source: Statistical Office of Montenegro

Turnover in the hospitality industry represents book value of the rendered hospitality services (accommodation, food and beverages) and other services performed within the hospitality industry. Data refer to the enterprises of all ownership types.

Revenues of the hospitality enterprises have been continuously increasing year after year, thanks to the increase in the number of facilities, as well as constant improvement of the total offer quality.

b) Number of enterprises

The following table shows a review of the number of hotel enterprises and restaurants

Hospitality business units by types:

Number of enterprises	2002	2003	2004	2005	2006
Hotels and similar facilities, camps and recreation centres	97	88	96	98	322
Restaurants and similar facilities	1 666	2 190	2 534	6 670	2 410
Other	330	19	17	18	110
T o t a l	2 093	2 297	2 647	2 786	2 842

Source: Statistical Office of Montenegro

NUMBER OF HOSPITALITY FACILITIES (status as of 31 August)

Type	2002	2003	2004	2005	2006
Restaurants	204	455	809	521	523
Coffee-shops	1 042	409	536	779	546
Buffets	153	61	135	21	51
Bars	33	564	569	737	476
Other	234	701	485	612	814
T o t a l	1 666	2 190	2 534	2 670	2 410

Source: Statistical Office of Montenegro

c) Number of jobs, percentage of /total jobs in Montenegro

The following table gives data on the number of employees in the hospitality sector:

Number of jobs	2002	2003	2004	2005	2006
Hotels and similar facilities, camps and recreation centres	6 225	6 065	6 060	5 928	8 977
Restaurants and similar facilities	5 708	4 342	6 721	8 109	4 864
Other	1 234	2 676	2 437	2 655	2 967
Total in the hospitality industry	13 167	13 083	15 218	16 692	16 808
Total number of employees in Montenegro	113 827	111 968	143 479	144 340	150 800
% of hospitality industry employees in the total number	11.6	11.7	10.6	11.6	11.2

Source: Statistical Office of Montenegro

Growth of the number of employees in the hospitality industry is a consequence of the increased number of hospitality facilities and accompanying facilities, as an effect of the development of tourism activities, being one of priorities in the development of the overall economy of Montenegro.

World Travel and Tourism Council (WTTC) estimates that tourism industry in Montenegro will be creating conditions for around one thousand new jobs each year in the next ten-year period, thereby providing the increase of more than 20% of total employment in Montenegro by 2019.

d) Structure of enterprises: hotels and restaurants

- Division by size into large, medium-sized and small enterprises:

Hotels and restaurants	2006	2007	2008
Small	1 398	1 528	1 562
Medium-sized	25	26	26
Large	6	6	6
Total	1 429	1 560	1 549

Small enterprises dominate in the structure of hotels and restaurants, while the number of medium-sized and large enterprises is stagnating.

Further stagnation of the number of large and medium-sized enterprises is expected in the upcoming period, but also the increase of small enterprises due to the development plans, especially in central and northern parts of Montenegro.

INVESTMENTS into fixed assets of hotels and restaurants:

HOTELS AND RESTAURANTS - IMPLEMENTED INVESTMENTS INTO FIXED AND NEW FIXED ASSETS BY TECHNICAL STRUCTURE, thousands of Euro				
			In fixed assets	In new fixed assets
2005	TOTAL		37 022	-
	TECHNICAL STRUCTURE	Construction works	32 083	-
		Equipment with mounting	4 295	-
		Other	644	-
2006	TOTAL		115 342	118 535
	TECHNICAL STRUCTURE	Construction works	103 745	107 927
		Equipment with mounting	9 255	9 194
		Other	2 342	1 414
2007	TOTAL		111 613	102 155
	TECHNICAL STRUCTURE	Construction works	93 524	89 967
		Equipment with mounting	11 166	11 147
		Other	6 923	1 041

Source: Statistical Office of Montenegro

e) Foreign capital and technology

HOTELS AND RESTAURANTS - UNITS OF CLASSIFICATION BY THE ORGANISATION FORM, TYPE OF PROPERTY AND ORIGIN OF THE CAPITAL			
YEAR	2005	2006	2007
TOTAL	1 356	1 697	2 096
Form of organisation			
Partnership companies	164	165	165
Limited partnership	10	10	10
Joint-stock companies	37	40	40
Limited liability companies	306	380	475
Single member limited liability companies	794	1053	1346
Community organisations	1	2	2
Associations of citizens	40	42	43
Institutions	3	3	3
Other forms	1	2	12
Type of ownership			
Private	1 272	1 608	1 996
Joint	39	40	40
State	3	3	2
Social	-	-	1
No ownership indication	42	46	57
Origin of the capital			
Domestic	1 207	1 434	1 681
Foreign	77	180	307
Joint	30	37	51
No capital origin indication	42	46	57

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

According to the Law on Statistics, the Statistical Office of Montenegro is not able to disclose individual data on companies, since in that way they would directly breach the confidentiality principle of the statistical data. In that regard, based on the Report of the Tax Administration on the total amount of collected tax payments, the review of the largest companies is given below:

THE MOST IMPORTANT COMPANIES IN TOURISM

	2005	2006
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20 Enterprise and industrial policy

1.	HIT MONTENEGRO HOTELS, CASINOS, TOURISM, LIMITED LIABILITY COMPANY, BUDVA	HTP BUDVANSKA RIVIJERA A.D. BUDVA
2.	HTP BUDVANSKA RIVIJERA A.D. BUDVA	D.O.O. FOR PRODUCTION AND TRADE VEKTRA MONTENEGRO - PODGORICA
3.	D.O.O. FOR PRODUCTION AND TRADE VEKTRA MONTENEGRO- PODGORICA	COMPANY HOTELS GROUP MONTENEGRO STARS D.O.O. BUDVA
4.	COMPANY HOTELS GROUP MONTENEGRO STARS D.O.O. BUDVA	HIT MONTENEGRO HOTELS, CASINOS, TOURISM, LIMITED LIABILITY COMPANY, BUDVA
5.	A.D. UTIP CRNA GORA- PODGORICA	HOTEL-TOURISM ENTERPRISE ULCINJSKA RIVIJERA- JOINT STOCK COMPANY ULCINJ
6.	HOTEL-TOURISM ENTERPRISE ONOGOST A.D. NIKSIC	HOTEL-TOURISM ENTERPRISE QUEEN OF MONTENEGRO LIMITED LIABILITY COMPANY BUDVA
7.	HOTEL-TOURISM ENTERPRISE QUEEN OF MONTENEGRO D.O.O. BUDVA	A.D. UTIP CRNA GORA- PODGORICA
8.	HOTEL-TOURISM ENTERPRISE KORALI A.D. BAR	SAMCOMMERC COMPANY FOR PRODUCTION AND TRADE OF GOODS AND SERVICES D.O.O. TIVAT
9.	HOTEL-TOURISM ENTERPRISE PRIMORJE JOINT-STOCK COMPANY-TIVAT	HOTEL ENTERPRISE FJORD JOINT-STOCK COMPANY- KOTOR
10.	HOTEL-TOURISM ENTERPRISE MIMOZA A.D. TIVAT	JOINT-STOCK COMPANY FOR RENDERING HOTEL AND TOURISM SERVICES ALBATROS ULCINJ
11.	H.K. ŽELJEZARA NIKŠIĆ M.M.K.STANDARD A.D. COMPANY NIKSIC	HOTEL-TOURISM ENTERPRISE PRIMORJE JOINT-STOCK COMPANY TIVAT
12.	COMPANY FOR WORKERS' ORGANISATION, LEISURE AND RECREATION, HOSPITALITY AND TOURISM EPSTURS D.O.O. BELGRADE, TOURISM CENTRE BUDVA	D.O.O. BEPLER & JACOBSON MONTENEGRO BUDVA
13.	HOTEL ENTERPRISE FJORD JOINT-STOCK COMPANY KOTOR	COMPANY FOR TOURISM, TRADE AND PRODUCTION EXPORT-IMPORT VST TREND D.O.O. NIKŠIĆ
14.	SAMCOMMERC COMPANY FOR PRODUCTION AND TRADE OF GOODS AND SERVICES D.O.O. TIVAT	HOTEL-TOURISM ENTERPRISE MILOCER LIMITED LIABILITY COMPANY BUDVA
15.	A.D. FOR HOTEL SERVICES AND TOURISM VEKTRA BOKA HERCEG NOVI	HOTEL-TOURISM ENTERPRISE KORALI JOINT A.D. BAR

	2007	2008
1.	HTP BUDVANSKA RIVIJERA A.D. BUDVA	COMPANY HOTELS GROUP MONTENEGRO STARS D.O.O. BUDVA
2.	COMPANY HOTELS GROUP MONTENEGRO STARS D.O.O. BUDVA	HIT MONTENEGRO HOTELS, CASINOS, TOURISM, LIMITED LIABILITY COMPANY, BUDVA
3.	HIT MONTENEGRO HOTELS, CASINOS, TOURISM, LIMITED LIABILITY COMPANY, BUDVA	HTP "BUDVANSKA RIVIJERA" A.D. BUDVA
4.	HOTEL-TOURISM ENTERPRISE QUEEN OF MONTENEGRO D.O.O. BUDVA	D.O.O. FOR PRODUCTION AND TRADE VEKTRA MONTENEGRO- PODGORICA
5.	COMPANY FOR TOURISM, TRADE AND SERVICES BELLEVUE HOTELS GROUP D.O.O. BUDVA	COMPANY FOR TOURISM, TRADE AND SERVICES BELLEVUE HOTELS GROUP D.O.O. BUDVA
6.	HOTEL-TOURISM ENTERPRISE PRIMORJE JOINT-STOCK COMPANY TIVAT	SAMCOMMERC COMPANY FOR PRODUCTION AND TRADE OF GOODS AND SERVICES D.O.O. TIVAT
7.	D.O.O. BEPLER & JACOBSON MONTENEGRO BUDVA	HOTEL-TOURISM ENTERPRISE KORALI A.D. BAR
8.	MAPRENAT- COMPANY FOR PRODUCTION, TRADE OF GOODS AND SERVICES LIMITED LIABILITY COMPANY TIVAT	A.D. FOR HOTEL SERVICES AND TOURISM VEKTRA BOKA HERCEG NOVI
9.	SAMCOMMERC COMPANY FOR PRODUCTION AND TRADE OF GOODS AND SERVICES D.O.O. TIVAT	A.D. UTIP CRNA GORA PODGORICA
10.	HOTEL-TOURISM ENTERPRISE ONOGOST A.D. NIKŠIĆ	HOTEL-TOURISM ENTERPRISE PRIMORJE JOINT-STOCK COMPANY TIVAT
11.	A.D. UTIP CRNA GORA PODGORICA	D.O.O. BEPLER & JACOBSON MONTENEGRO- BUDVA
12.	HOTEL-TOURISM ENTERPRISE KORALI A.D. BAR	HOTEL-TOURISM ENTERPRISE QUEEN OF MONTENEGRO D.O.O. BUDVA
13.	D.O.O. HUNGUEST HOTELS MONTENEGRO FOR HOSPITALITY AND TOURISM HERCEG NOVI	HOTEL-TOURISM ENTERPRISE ULCINJSKA RIVIJERA JOINT STOCK COMPANY ULCINJ
14.	D.O.O. FOR PRODUCTION AND TRADE VEKTRA MONTENEGRO- PODGORICA	UNIPROM COMPANY FOR PRODUCTION, TRADE OF GOODS AND SERVICES, FOREIGN TRADE, TRANSPORT AND TOURISM SERVICES D.O.O. NIKŠIĆ
15.	HOTEL-TOURISM ENTERPRISE MIMOZA A.D. TIVAT	HOTEL-TOURISM ENTERPRISE MIMOZA A.D. TIVAT

Source: Tax Administration

g) Production and marketing monopolies

Considering the fact that tourism in Montenegro mostly depends on the international tourism market which is governed by the high level of competition, with increasingly bigger share of individual tourism demand, it may be concluded that there is not much monopoly in Montenegrin tourism.

h) Productivity per employee and per hour worked

Productivity, that is, the number of overnight stays per employee is given in the following table.

Number of overnight stays per employee:

Productivity per employee	2002	2003	2004	2005	2006
Hotels and similar facilities, camps and recreation centres	483	476	521	562	361

Number of jobs	2002	2003	2004	2005	2006
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20 Enterprise and industrial policy

Hotels and similar facilities, camps and recreation centres	6 225	6 065	6 060	5 928	8 977
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Number of overnight stays	2002.	2003.	2004.	2005.	2006.
Hotels and similar facilities, camps and recreation centres	3007197	2888529	3159921	3333845	3248827

Source: Statistical Office of Montenegro

i) Wage and salary costs and costs of materials used in tourism

The following tables give data related to the wage and salary costs, as well as to the costs of materials used in tourism:

EMPLOYEES COSTS IN TOURISM						
	Hotels and motels with restaurants	Hotels and motels without restaurants	Camps	Restaurants	Business activities of travel agencies	Business activities of marinas
2005	18 666 170	125 715	6 170	2 271 151	1 589 243	60 382
2006	26 025 999	2 979 435	8 650	2 922 837	1 784 958	236 614
2007	36 011 338	1 321 822	23 146	3 563 838	3 164 766	392 437
2008	36 853 099	1 181 781	109 213	9 020 984	4 324 599	568 422

* Source: Central Bank of Montenegro

COSTS OF MATERIAL USED IN TOURISM, expressed in Euro							
		Hotels and motels with restaurants	Hotels and motels without restaurants	Camps	Restaurants	Business activities of travel agencies	Business activities of marinas
2005	Raw material expended	19 403 314	962 936	6 911	10 866 164	7 655 730	155 086
	Depreciation	5 215 693	75 071	3 005	718 480	360 125	23 280
	Depreciation of real estates, plants and equipment	239 853	0	0	21 675	305 372	0
2006	Raw materials	26 079 885	2 979 435	3 462	14 411 074	8 849 959	168 777
	Depreciation	7 058 735	366 711	3 061	908 789	1 057 441	35 989
	Depreciation of real estates, plants and equipment	3 205 184	0	0	15 141	549	0
2007	Raw materials	34 333 803	6 396 201	43 561	26 080 101	18 404 228	1 139 161
	Depreciation	11 721 851	818 476	4 385	1 095 877	895 647	392 437
	Depreciation of real estates, plants and equipment	2 742 133	0	0	71 463	58	53 743
2008	Raw materials	46 638 533	3 226 399	204219	33 985 991	30 770 862	5 606 233
	Depreciation	17 371 709	561 760	14 863	1 986 530	1 271 481	171 884
	Depreciation of real estates, plants and equipment	5 107 899	0	0	532 570	465 545	39 260

* Source: Central Bank of Montenegro

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

The Montenegrin Tourism Development Strategy is based on the principles of sustainable development, since the preserved environment is the most valuable tourism resource. Environmental protection requirements in tourism activities, as well as in other segments of economy, are governed by the following laws: Law on Environment (Official Gazette of the Republic of Montenegro 48/08), Law on Air Quality (Official Gazette of the Republic of Montenegro 48/07), Law on Waste Management (Official Gazette of the Republic of Montenegro 80/05), Law on Nature Protection (Official Gazette of the Republic of Montenegro 51/08), as well as by regulations adopted on the basis of the above stated laws. In addition, in January 2007, the Government of Montenegro adopted the National Sustainable Development Strategy of Montenegro.

The Decree on projects that require assessment of the impact on the environment (Official Gazette of the Republic of Montenegro 20/07) was adopted on the basis of the Law on Environment

Pursuant to the above mentioned Decree, facilities that may require assessment of the impact on the environment, related to the "recreation and tourism" activities, are the following:

- ski slopes, ski lifts and funiculars, as well as ancillary facilities,
- marinas with ancillary facilities,
- weekend villages, tourism villages and hotel resorts, as well as their accompanying facilities,
- permanent camping and camp trailers sites with ancillary facilities,
- specific-purpose parks (entertainment, sport, recreational, golf courses, etc.) with ancillary facilities.

In the tourism sector, all 9 European standards that are part of the Technical Committee for Tourism CEN/TC 329, were adopted at the national level.

Standards and technical regulations of the tourism sector are based on the Tourism Law (Official Gazette of the Republic of Montenegro 21/09).

Minimal requirements/ standards are set forth for the certain types of accommodation and hospitality facilities, and they are categorised pursuant to the following regulations of the Ministry of Tourism:

- Rulebook on classification, minimal requirements and categorisation of hospitality facilities (Official Gazette of the Republic of Montenegro 33/07),
- Rulebook on minimal - technical requirements, types and manner of providing hospitality services in movable facilities (Official Gazette of the Republic of Montenegro 022/03-11),
- Rulebook on the concept, minimal requirements, categorisation requirements and the manner of categorisation for the tourism rural households and the concept of the own prevailing production (Official Gazette of the Republic of Montenegro 023/03-2),
- Rulebook on the minimal- technical requirements regarding equipping the travel agency business premises (Official Gazette of the Republic of Montenegro 009/03-24),
- Rulebook on types of nautical tourism facilities, minimal technical requirements and their categorisation (Official Gazette of the Republic of Montenegro 9/2003).

In addition, all hospitality and accommodation facilities should comply with the hospitality facility fire prevention standards.

E. Incentives

Through programmes for the tourism development incentives, the goal of Ministry of Tourism was to create an environment that would be a stimulus for tourism development and that would encourage establishing of new and development of the existing facilities in this industry, their successful operations and market positioning. In addition, incentive measures were aimed at improving the quality of the tourism offer, better realisation of the quantitative indicators, job creation, tourism season extension and raising citizens' awareness regarding the advantages of and possibilities for the development of tourism in Montenegro, which is the strategic development branch.

a) To investments

Incentives to the investments were implemented by following projects:

- Subsidising credit interests with the commercial banks for the investment projects in the tourism sector,
- Business plan development and expert assessment for the small and medium-sized enterprises in the tourism sector,
- Development of information memorandums and feasibility studies for new investments,

- Promotional activities aimed at attracting investors.

b) To exports

The Ministry of Tourism provides no special incentives.

c) Other

Other types of incentives to promoting the offer and turnover in the tourism sector

- Incentive measures for the organised tourism turnover sector,
- Support to the implementation of projects of non-governmental sector,
- Support to the preparation of the tourism seasons, as well as to the organisation of tourism, entertainment and cultural events,
- Joint presentation of the private accommodation renters,
- Reviving the spirit of entrepreneurship and conceiving the new tourism offer, and
- Education and further training of the human resources.

F. Rules on foreign investment

a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

b) Guarantees

a) and b) Foreign investors in Montenegro have the same treatment as domestic investors.

General rules and benefits that apply to all foreign entities investing in Montenegro, also apply to the investments into tourism.

G. Trading system

This question does not refer to tourism.

H. Likely developments, and time-scale

a) Investments envisaged (public sector, private sector, foreign investments)

Upon the successful implementation of the privatisation of the existing hotel capacities, the need for tourism valorisation of a series of greenfield locations that are state-owned is implied as the next step. Resolving the issues of tourism valorisation of the greenfield locations, defined by the Decision of the Privatisation Council, would have multiple positive effect on the economic development of the country, as well as on the positioning of Montenegro as an upscale tourism destination.

In this respect, several attractive locations for this type of foreign investments have been defined:

- **LONG-TERM LEASE OF THE LAND ON THE LUSTICA PENINSULA, TIVAT** (tender procedure finished) – The selected bidder plans to construct eight hotels, golf courses, exclusive villas, three moorings, city and trade centre and hospitality facilities. Aggregate planned value for the project implementation: EUR 1.1 billion. New 10 000 jobs will be created, 9 000 of which are exclusively related to hotel operations;

- **ISLAND ADA BOJANA, ULCINJ** - Island Ada is entirely owned by the State of Montenegro. It is envisaged for the future complex to have one or more hotels that are designed and that will operate in accordance with the international standards for four plus or five stars, and which will be

managed by reputable international tourism operators. In addition, the possibilities for construction of villas and other residential accommodation for the long-term lease, as a part of one integral plan, will be considered;

- **VALDANOS, ULCINJ** - The hotel is going to have hotel capacities with facilities for recreation and it will operate in compliance with the international standards for four plus and five stars, and will be managed by international tourism operators;

- **OSTRVO CVIJEĆA, TIVAT** - Future complex should have hotel capacities with recreational facilities - four plus and five stars, and will be managed by international tourism operators;

- **KUMBOR, HERCEG NOVI** – The complex is going to have tourism, nautical and commercial capacities with recreational facilities - four plus and five stars, management team- international tourism operator or operators;

- **VELIKA PLAZA, ULCINJ** - The intention is to implement the agreement on long-term lease of the Velika Plaža area, providing for the development and management of a unique upscale tourism complex, which offers a range of activities for leisure and recreation. The proposed project should present a model for high level sustainable development;

- **BIGOVO** – The future complex should have hotel capacities with recreation facilities, under the international standards for four plus and five stars and will be managed by reputable international tourism operators;

- **COMPLEX MEDITERAN, ŽABLJAK** - Natural surroundings of the National Park Durmitor impose the concept of constructing an exclusive hotel complex whose facilities are to be constructed in harmony with the location, offering a wide range of recreational activities at the same time. The complex is expected to be an example where the natural surroundings and leisure facilities coexist and are complementary to each other.

The biggest investment in the nautical tourism represents the project on construction of the marina for mega yachts „Porto Montenegro“, whose implementation will create conditions for the positioning Montenegro as an attractive destination for nautical tourism too.

Moreover, for the purpose of further development and investing, as well as for the valorisation of potentials by defining the area-specific tourism product, which would become competitive with tourism products offered in the region and wider by its diversity, authenticity and quality, the development of specific-purpose spatial plans for the area of Bjelasica and Komovo, as well as for Durmitor area has commenced.

For the preparation of the above stated specific-purpose spatial plans, the recommendations provided by the Montenegro Tourism Development Strategy to 2020 were taken into account, as well as Spatial Plan of Montenegro until 2020.

b) Present or envisaged restructuring or modernisation plans

In the previous period the privatisation process for hotel-tourism industry in Montenegro has been mostly completed - 24 state-owned hotels were privatised, as well as parts of the company assets, and 4 hotel enterprises were privatised through the sale of control package of shares. Thanks to this process, number of foreign tourist has been increasing year after year, especially from the markets of Western and Central Europe, which significantly contributed to the fact that the planned incomes in tourism for this year are in large extent exceeded in comparison to the planned incomes.

In addition, privatisation of the hotel industry also ensured the participation of strategic partners, through the private-public partnership (Aman resorts, Kempinski, Banyan Tree, Iberostar, Hunguest, Adriatic star and others) in the tourism industry of Montenegro, contributing thereby to the further improvement of the overall tourism offer quality.

Moreover, a part of the investors' undertakings was successfully implemented in the previous period, whereby the Montenegrin tourism offer became richer thanks to a large number of new and repaired hotels with standards of 5 and 4 stars. Most of these capacities have also included new congress, wellness & spa capacities in their offer, thus improving their competitiveness at the increasingly demanding international market.

Pursuant to the strategic development plans, construction of new capacities, as well as reconstruction and modernisation of the existing facilities, is expected in the field of small, family hotels and boarding-houses, especially in the northern part of Montenegro, with an emphasis on the development of selective forms of tourism (hiking & biking, eco-tourism, health tourism, congress tourism, wellness & spa tourism, cultural tourism, adventures, etc.).

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

b) Timetable

a) and b) connected: see detailed explanations that refer to the consumers' protection and applications of the Directive 2008/12/EC and Directive 90/314/EEC for hospitality and tourism activities.

116 Data to be provided for all the above listed sectors and sub-sectors

Refer to the answers to the questions A-I

A. Production and Consumption

a) Installed production capacity and its utilisation rate

Refer to the answers under A to the questions from 78 to 115

b) Present production (by volume and by value)

Refer to the answers under A to the questions from 78 to 115

c) Domestic demand, present and forecast (for the next three years)

MONSTAT does not have the data.

d) National self-supply ratio (production – exports) (production + imports - exports)

Refer to the answers under A to the questions from 78 to 115

B. Trade

a) Imports (including temporary imports) by volume and by value from the rest of the world and from the EU, stating the main countries of origin

Refer to the answers under B to the questions from 78 to 115

b) Exports (by volume and by value) to the EU and other countries of destination

Refer to the answers under B to the questions from 78 to 115

c) Exports/production and imports/production ratios

Refer to the answers under B to the questions from 78 to 115

C. Structural features

a) Turnover and gross value added (GVA), percentage of industry total

The Statistical Office has no data available at this level. Data are available only at the sector level.

Refer to the answer to the question 73.

b) Number of enterprises

Refer to the answers under C to the questions from 78 to 115

c) Number of jobs, percentage of total of jobs in industry

Refer to the answers under C to the questions from 78 to 115

d) Structure of enterprises: size distribution; production - degree of concentration (by turnover) of the sector; annual investment over the past five years; plant and machinery; plant and machinery in active use

Refer to the answers under C to the questions from 78 to 115

e) Foreign capital and technology

Refer to the answers under C to the questions from 78 to 115

f) Which are the chief companies in terms of employment? In terms of physical output? Are they publicly or privately owned?

Refer to the answers under C to the questions from 78 to 115

g) Production and marketing monopolies

There are no marketing monopolies in Montenegro.

For all industrial sectors and sub-sectors refer to the answers under C to the questions from 78 to 115.

h) Productivity per employee and per hour worked

MONSTAT is not in possession of data

i) Wage and salary costs and costs of materials in the industry

Refer to the answers under C to the questions from 78 to 115

D. Sector specific standards and technical regulations, including sector related requirements for environmental protection

The list of technical regulations for the industrial sectors follows, while technical regulations and standards for particular sectors are given within the previous answers (78-115).

In the area of construction, seven relevant requirements under the Law on Spatial Development and Construction of Structures (Official Gazette of the Republic of Montenegro 51/08), govern general requirements that must be fulfilled by construction products, including environment protection:

- mechanical strength and stability,
- fire and explosion prevention,
- hygiene and health protection,
- environment conservation,
- safety of the use of structure,
- noise protection,
- energy savings and energy efficiency and others.

Article 74 of this Law lays down that technical regulations, standards, technical norms and quality norms in the area of construction of structures need to, in accordance with European legislation principles, elaborate, or prescribe requirements for: stability and durability of constructions, aseismic design and construction of structures; health protection, environmental and spatial protection; protection against natural and technical-technological hazards; protection against fire, explosion and industrial incidents, thermal protection; economically efficient energy use and energy efficiency; noise and vibration protection.

Technical regulations referred to in the paragraph 1 are defined by the Ministry, or ministry competent for the affairs for which the technical regulation is being adopted.

The list of Laws and Rulebooks that we use during project audit, technical inspections and structures construction supervisions

Architecture

Law on the Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/2008);

Law on Safety at Work (Official Gazette of the Republic of Montenegro 79/2004);

Rulebook on manner of keeping and contents of building log, building book and inspection book (Official Gazette of Montenegro 81/2008);

Rulebook on manner of conducting audit of conceptual design and main project (Official Gazette of Montenegro 81/2008);

Rulebook on manner of conduct of technical inspection (Official Gazette of Montenegro 33/2008);

Rulebook on manner of preparing and contents of technical documentation (Official Gazette of the Republic of Montenegro 22/2002);

Rulebook on content of study on preparatory construction works (Official Gazette of Montenegro 80/2008);

Rulebook on detailed conditions and method of adjusting the structure for access and movement of persons with reduced mobility (Official Gazette of Montenegro 10/2009);

Rulebook on detailed conditions for establishment of institutions in field of teaching and education (Official Gazette of the Republic of Montenegro 40/2006);

Decree on spatial planning and development, construction, reconstruction and maintenance of military facilities in military circle (Official Gazette of Montenegro 48/2008);

Rulebook on technical standards for construction of shelters and manner of maintenance and use of shelters (Official Gazette of Montenegro 44/2008);

Rulebook on classification, minimal requirements and categorization of hospitality facilities (Official Gazette of the Republic of Montenegro 33/2007);

Rulebook on requirements that must be fulfilled by companies conducting wholesale trade in medical products and medical devices (Official Gazette of the Republic of Montenegro 35/2002);

Decision on amendments of the decision on requirements that must be fulfilled by health care institutions regarding space, human resources and equipment and manner of implementation of special social interest (Official Gazette of the Republic of Montenegro 44/1993);

Rulebook on minimal technical requirements for construction of apartments (Official Gazette of the Socialist Federal Republic of Yugoslavia 15-7132/1969);

Rulebook on manner of application of sources of ionizing radiation in medicine (Official Gazette of the Federal Republic of Yugoslavia 32,33,34/1998);

Rulebook on requirements that must be fulfilled by veterinarian stations, veterinarian stations for pets and veterinarian clinics for conduct of veterinary practices (Official Gazette of the Republic of Montenegro 77/2004);

Rulebook on technical measures and requirements for final construction works in construction industry (Official Gazette of the Socialist Federal Republic of Yugoslavia 12213/1970);

Rulebook on technical measures and requirements for construction of buildings under the system of modular coordination (Official Gazette of the Socialist Federal Republic of Yugoslavia 15-7133/1969);

Rulebook on technical measures and requirements for hydrocarbon hydro-isolation for roofs and terraces (Official Gazette of the Socialist Federal Republic of Yugoslavia 15-7131/1969);

Rulebook on general measures and norms for safety at work in construction facilities used as working and ancillary premises (Official Gazette of the Socialist Federal Republic of Yugoslavia 49/2-9/1967);

Rulebook on technical measures and requirements for thermal protection of constructions (Official Gazette of the Socialist Federal Republic of Yugoslavia 9624/1/1970);

Rulebook on technical measures and requirements for ventilation in buildings (Official Gazette of the Socialist Federal Republic of Yugoslavia 9225/1/1970);

Rulebook on technical measures and requirements for noise protection in buildings (Official Gazette of the Socialist Federal Republic of Yugoslavia 9623/1/1970);

Rulebook on technical measures and requirements for thermal energy in buildings (Official Gazette of the Socialist Federal Republic of Yugoslavia 7-5132/1/1970);

Rulebook on technical measures and requirements for construction of premises and devices for collection and removal of waste materials in buildings (Official Gazette of the Socialist Federal Republic of Yugoslavia 15-7881/1/1970);

Rulebook on general minimal technical requirements for devices and equipment of business premises, commercial enterprises, commercial stores and commercial business units (Official Gazette of the Federal People's Republic of Yugoslavia 065613/2-59/1960);

Rulebook on general technical and professional requirements for establishment and start of work of institutions of social protection (Official Gazette of the Socialist Republic of Serbia 26161/1/1967);

Rulebook on special minimal technical requirements, devices and equipment for business premises of enterprises for trade in waste and their business units (Official Gazette of the Federal People's Republic of Yugoslavia 06-4664/2-59/1960);

Rulebook on technical requirements for construction and reconstruction of bakeries (Official Gazette of the Federal People's Republic of Yugoslavia 2959/1/1960);

Rulebook on regulation of industrial slaughterhouses and organisation of work in them (Official Gazette of the Federal People's Republic of Yugoslavia 737/1956);

Rulebook on technical requirements, devices and equipment in commercial enterprises for trade in raw leather and wool, fur, animal waste and hair (Official Gazette of the Socialist Federal Republic of Yugoslavia 3115/1/1967);

Rulebook on professional staff, equipment and construction structures for establishment, start of work and conduct of activities of certain health care institutions (Official Gazette of the Socialist Republic of Serbia 011-106/1969);

Rulebook on minimal technical and hygiene-technical requirements for business premises, equipment and devices in recreational centers (Official Gazette of the People's Republic of Serbia 13469/1954);

Rulebook on construction of plants for liquefied petroleum gas and on storage and load of liquefied petroleum gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 223-225/30/1971);

Rulebook on construction of premises for flammable liquids and on storage and load of flammable liquids (Official Gazette of the Socialist Federal Republic of Yugoslavia 22-57/14/1971);

Rulebook on construction of stations for motor vehicle fuel supply and on storage and load of fuel (Official Gazette of the Socialist Federal Republic of Yugoslavia 22-21/17/1971);

Construction

Law on Standardization (Official Gazette of the Socialist Federal Republic of Yugoslavia 57/88, 23/91, 55/91);

Temporary technical regulations on load of buildings – only point 213 Snow load and Chapter 3 Supplementary Loading (Official Gazette of the Socialist Federal Republic of Yugoslavia 61/48);

Rulebook on technical standards for construction of supporting structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 26/88);

Rulebook on technical standards for determining load of bridges (Official Gazette of the Socialist Federal Republic of Yugoslavia 1/91);

Rulebook on technical standards for determining size of load and categorization of railway bridges, passages and other facilities on railroads (Official Gazette of the Socialist Federal Republic of Yugoslavia 23/92);

Rulebook on technical standards for shelters (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/83);

Rulebook on temporary technical regulations for construction in seismic areas - does not apply to the building construction - (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/64);

Rulebook on technical standards for building construction in seismic areas (Official Gazette of the Socialist Federal Republic of Yugoslavia 31/81, 49/82, 29/83, 21/88 and 52/90);

Rulebook on technical standards for repair, strengthening and reconstruction of building constructions damaged by earthquakes and for reconstruction and revitalization of building constructions (Official Gazette of the Socialist Federal Republic of Yugoslavia 52/85);

Rulebook on technical standards for engineering design and calculation of engineering facilities in seismic areas (1986) – Draft – ;

Seismic maps - Rulebook on technical standards for construction of structures in seismic areas;

Rulebook on technical standards for concrete and reinforced concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/71);

Rulebook on technical measures and requirements for prestressed concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 51/71);

Rulebook on technical standards for concrete and reinforced concrete made of natural and artificial easy-aggregated filler (Official Gazette of the Socialist Federal Republic of Yugoslavia 15/90);

Rulebook on engineering design, production and construction of structures with prefabricated elements of non-reinforced and reinforced cellular concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 14/89);

Rulebook on technical standards for concrete and reinforced concrete in buildings exposed to aggressive environment influence (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/92);

Rulebook on technical standards for steel wires, bars and ropes for prestressing constructions (Official Gazette of the Socialist Federal Republic of Yugoslavia 41/85 i 21/88);

Rulebook on technical standards for supporting steel constructions (Official Gazette of the Socialist Federal Republic of Yugoslavia 61/86);

Technical regulations for simple building constructions with support steel structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/65);

Technical regulations for quality of welded junctions for supporting steel structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 41/64);

Technical regulation for tolerance of measures and shapes for supporting steel structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 41/64);

Rulebook on technical measures and requirements for protection of steel structures against corrosion (Official Gazette of the Socialist Federal Republic of Yugoslavia 32/70);

Rulebook on technical measures and requirements for steel structures setting (Official Gazette of the Socialist Federal Republic of Yugoslavia 29/70);

Technical regulation for inspection and testing of supporting steel structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/65);

Technical regulations for maintenance of steel structures during exploitation with supporting steel structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/65);

Rulebook on contents of documentation pertaining hydrological and engineering-geological basis (Official Gazette of the Socialist Federal Republic of Yugoslavia 26/1984);

Rulebook on manner of keeping and processing geological documentation (Official Gazette of the Socialist Federal Republic of Yugoslavia 28/1984);

Rulebook on technical standards for founding construction structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 15/1990);

Rulebook on technical measures and requirements for conducting research works in construction of large structures (Official Gazette of the Socialist Federal Republic of Yugoslavia 3/1970);

Rulebook on technical standards and requirements for design and construction of railroad tunnels (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/1973);

Rulebook on technical standards and requirements for design and construction of road tunnels (Official Gazette of the Socialist Federal Republic of Yugoslavia 59/1973);

Rulebook on technical standards for surface exploitation of mineral resources deposits (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/1986 and 62/1987);

Rulebook on technical standards for surface exploitation of architectonic-construction stone (decorative stone), technical stone, pebble and sand and for architectonic-construction stone processing (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/1986);

JUS standards for construction materials and building construction.

Water supply and sewage system

Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/2008);

Law on Waters (Official Gazette of the Republic of Montenegro 16/1995);

Decree on classification and categorization of waters (Official Gazette of the Republic of Montenegro 14/1996);

Rulebook on manner of determining and maintaining zones and areas of sanitary protection of water sources and limitations within such zones (Official Gazette of Montenegro 8/1997);

Rulebook on quality of waste waters and manner for their discharge in public sewage system and natural recipients (Official Gazette of Montenegro 10/1997);

Rulebook on criteria for selection of location, method and procedure for waste disposal (Official Gazette of Montenegro 56/00);

Rulebook on hygienic regularity of drinking water (Official Gazette of the Federal Republic of Yugoslavia 42/1998);

Rulebook on manner of development and contents of technical documentation (Official Gazette of the Republic of Montenegro 22/02);

Rulebook on quality and sanitary-technical requirements for discharge of waste waters into natural recipient and public sewage system, method and procedure for examining quality of waste waters, minimum number of examinations and contents of determined waste waters quality - natural recipient, water body II and III (Official Gazette of the Republic of Montenegro 45/08);

Mechanical engineering

Rulebook on measures and standards of safety at work regarding work tools (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91);

Rulebook on technical standards for low voltage electrical installations (Official Gazette of the Federal Republic of Yugoslavia 28/95);

Rulebook on technical regulations for production and use of steam pots, steam vessels, steam heaters and water heaters (Official Gazette of the Socialist Federal Republic of Yugoslavia 56, 61/72);

Rulebook on technical standards for pumps and compressors (Official Gazette of the Socialist Federal Republic of Yugoslavia 32/74);

- Rulebook on technical standards for cranes (Official Gazette of the Federal Republic of Yugoslavia 65/91);
- Rulebook on construction of flammable liquid facilities and on storage and load of flammable liquids (Official Gazette of the Socialist Federal Republic of Yugoslavia 23/71);
- Rulebook on technical standards for lightning rods (Official Gazette of the Federal Republic of Yugoslavia 11/96);
- Rulebook on construction of liquefied petroleum gas facilities and load of liquefied gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 24, 26/71);
- Rulebook on technical standards for electricity powered lifts for vertical transport of persons and cargo (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/86);
- Rulebook on construction of motor vehicle fuel supply stations and on storage and load of fuel (Official Gazette of the Socialist Federal Republic of Yugoslavia 32/70);
- Rulebook on technical standards for stable pressure vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/83);
- Rulebook on means of personal safety at work and personal safety equipment (Official Gazette of the Socialist Federal Republic of Yugoslavia 35/69);
- Technical regulations for special protection of electrical energy plants against fire (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/66, 58/72, 24, 75);
- Regulation on technical measures for operation and maintenance of electrical energy plants (Official Gazette of the Socialist Federal Republic of Yugoslavia 13/78);
- Law on Safety at Work (Official Gazette of the Republic of Montenegro 79/04);
- Law on Measuring Units and Measuring Instruments (Official Gazette of the Federal Republic of Yugoslavia 86/94, 83/94, 28/96 i 12/98);
- Law on Standardization (Official Gazette of the Federal Republic of Yugoslavia 30/96);
- Regulations construction of motor vehicle fuel supply stations and on storage and load of fuel (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/71);
- Regulations on construction of facilities for storage and load of flammable liquids (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/71);
- Regulation on technical standards of devices and equipment for LPG motor vehicle drive (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/84);
- Regulation on technical standards of hydrant network for fire extinguishing (Official Gazette of the Socialist Federal Republic of Yugoslavia 30/91);
- Rulebook on technical standards for shelters (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/83);
- Rulebook on technical standards for ventilation and air conditioning systems (Official Gazette of the Socialist Federal Republic of Yugoslavia 38/89);
- Rulebook on technical standards for electricity powered lifts for vertical transport of persons and cargo (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/86);
- EN 81-1,:1998 Safety rules for construction and installation of lifts for transport of persons and cargo - Part 2, Electric lifts Annex E;
- Rulebook on technical standards for electricity powered lifts for vertical cargo transport with cabin wherein access of people is not provided (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/87);
- EN 81-3,:2000 Safety rules form the construction and installation of lifts - Parts 3: Electric and hydraulic service lifts, Annex E.1.Annex E.2;

- EN 81-2:1998 Safety rules for the construction and installation of lifts for transport of persons and load - Part 2, Hydraulic lifts Annex E;
- Rulebook on technical standards for electricity powered facade lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 19/86);
- Rulebook on technical standards for electricity powered lifts for diagonal transport of persons and cargo (Official Gazette of the Socialist Federal Republic of Yugoslavia 49/86);
- Rulebook on technical standards for ski-lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 2/85), Chapter V;
- Rulebook on technical standards for electricity powered hanging scaffolds (Official Gazette of the Socialist Federal Republic of Yugoslavia 19/86) Chapter XV;
- SRPS EN 528:2001 regular cranes;
- Rulebook on technical standards for moving staircases (escalators) and moving paths for transport of persons (Official Gazette of the Federal Republic of Yugoslavia 83/94);
- Rulebook on technical standards for person cable-way (Official Gazette of the Socialist Federal Republic of Yugoslavia 29/86);
- Rulebook on technical standards for electricity powered lifts for vertical transport of persons and cargo (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/86) Chapter XXIII.
- JUS Standards in the field of mechanical engineering;
- Montenegrin standards (MEST - EN) in the field of mechanical engineering;
- Heavy Current Electrical Installations**
- Rulebook on protective measures against electricity danger in work premises and at work sites (Official Gazette of the Federal Republic of Montenegro 6/86 and 16/86);
- Rulebook on construction of flammable liquid plants and on storage and load of flammable liquids (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/71 and 23/71);
- Regulations on construction of motor vehicle fuel supply stations and on storage and load of fuel (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/71);
- Rulebook on construction of liquefied petroleum gas facilities and on storage and load of liquefied gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/71 and 26/71);
- Rulebook on technical standards for protection against static electricity (Official Gazette of the Socialist Federal Republic of Yugoslavia 62/73);
- Rulebook on technical standards for electrical plants and devices in mines with open-pit exploitation of mineral raw materials (Official Gazette of the Socialist Federal Republic of Yugoslavia 66/87);
- Rulebook on technical standards for electrical plants and devices in mines with underground exploitation of mineral raw materials (Official Gazette of the Socialist Federal Republic of Yugoslavia 21/88);
- Order on compulsory certification (homologation) of explosion prevented electric devices intended for use in areas endangered by explosive mixtures (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/81);
- Rulebook on technical measures and requirements for lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 51/70 and 16/86);
- Rulebook on technical standards for electricity powered lifts for vertical transport of persons and cargo (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/86, 28/89, 22/92 and Official Gazette of the Federal Republic of Yugoslavia 47/95);
- Rulebook on technical standards for electricity powered hanging scaffolds (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/86);

Rulebook on technical standards for electricity powered lifts for vertical cargo transport with cabin wherein access of people is not provided (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/87);

Rulebook on technical standards for ski-lifts (Official Gazette of the Socialist Federal Republic of Yugoslavia 2/85 and 11/85);

Rulebook on technical standards for cranes (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/91);

Rulebook on technical standards for moving staircase (escalators) and moving paths for transport of persons (Official Gazette of the Federal Republic of Yugoslavia 83/94);

Rulebook on technical standards for grounding of power supply plants with rated voltage above 1000 V (Official Gazette of the Socialist Federal Republic of Yugoslavia 61/95);

Rulebook on technical standards for power supply plants with rated voltage above 1000 V (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/74) ;

Rulebook on technical standards for protection of low voltage network and accompanying transformation stations (Official Gazette of the Socialist Federal Republic of Yugoslavia 13/78 and Official Gazette of the Federal Republic of Yugoslavia 37/95);

Rulebook on technical standards for protection of buildings against static discharge (Official Gazette of the Federal Republic of Yugoslavia 11/96);

Rulebook on technical standards for operation and maintenance of power supply plants and wires (Official Gazette of the Federal Republic of Yugoslavia 41/93);

Rulebook on technical standards for surge guard of power supply facilities (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/71 and 44/76);

Rulebook on technical standards for low voltage electric installations (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/88 and 54/88 and Official Gazette of the Federal Republic of Yugoslavia 28/95);

Rulebook on technical standards for construction of land power supply lines with rated voltage from 1kV to 400kVA (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/88, Official Gazette of the Federal Republic of Yugoslavia 18/92);

Rulebook on technical standards for construction of medium-head land lines by self-supporting harness (Official Gazette of the Federal Republic of Yugoslavia 20/92);

Rulebook on technical standards for construction of low voltage land lines (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/92);

Montenegrin standards (MEST EN) for the energy sector;

JUS standards for the energy sector;

Electric installations of light current

Standard DIN VDE 0888 (1st, 2nd, 3rd, 4th and 5th Part);

Standard DIN VDE 0472 (1st Part);

Standard DIN VDE 0472 (TI.211, TI.213, TI.214, TI.221, TI.222, TI.223, TI.231, TI.232, TI.233, TI.234);

ITU-T Recommendation: IEC G.652;

Recommendation IEC 793 in IEC 794 ;

Recommendation EN 187 000 in EN 188 000;

Instructions on security measures against electric power on electric-powered railroads of YR (Instruction 227, Belgrade 1978);

Law on Safety at Work (Official Gazette of the Republic of Montenegro 79/04);

Law on Spatial Planning and Construction of Structures (Official Gazette of the Republic of Montenegro 51/08);

Rulebook on requirements for development of technical documentation for telecommunication networks and telecommunication equipment (Official Gazette of the Republic of Montenegro 61/04);

Law on Telecommunications (Official Gazette of the Republic of Montenegro 59/00);

Recommendation of Montenegrin Telecom for design and construction of telecommunication systems in residential buildings;

Montenegrin standards in telecommunication MEST EN 50412-2-1:2009;

Montenegrin standards for houses and buildings from MEST EN 50090-2-1:2009 to MEST EN 50090-5-3:2009;

Rulebook on technical requirements for prevention of passenger car garages against fire and explosion (Official Gazette of Montenegro 31/05);

FIRE PREVENTION

Law on Prevention and Rescuing (Official Gazette of Montenegro 13/07);

Law on Explosive Substances, Flammable Liquids and Gases (Official Gazette of the Federal Republic of Montenegro 44/76, 49/79, 34/86, 11/88 and 29/89);

Rulebook on technical standards for turning point access roads and planned plateaus for fire vehicles in vicinity of high fire risk buildings (Official Gazette of the Federal Republic of Yugoslavia 8/95);

Rulebook on technical standards for hydrant network for fire extinguishing (Official Gazette of the Socialist Federal Republic of Yugoslavia 30/91);

Rulebook on technical standards for fire prevention of high-rise buildings (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/84);

Rulebook on construction of premises for flammable liquids and on storage and load of flammable liquids (Official Gazette of the Socialist Federal Republic of Yugoslavia 20/71 and 23/71);

Rulebook on construction of stations for motor vehicle fuel supply and on storage and load of fuel (Official Gazette of the Socialist Federal Republic of Yugoslavia 27/71);

Rulebook on storage and keeping of heating oil (Official Gazette of the Socialist Federal Republic of Yugoslavia 45/67);

Rulebook on technical standards for fire and explosion prevention when cleaning flammable liquid vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 44/83 and 60/86);

Rulebook on construction of liquefied petroleum gas facilities and on storage and load of liquefied gas (Official Gazette of the Socialist Federal Republic of Yugoslavia 24/71 and 26/71);

Rulebook on technical standards for fire and explosion prevention when cleaning flammable liquid vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 44/83 and 60/86);

Rulebook on technical standards for devices wherein coated matters are applied and dried (Official Gazette of the Socialist Federal Republic of Yugoslavia 57/85);

Rulebook on technical standards for ventilation and air conditioning systems (Official Gazette of the Socialist Federal Republic of Yugoslavia 38/89);

Rulebook on technical standards for development of self-closing doors and fire resistant flaps (Official Gazette of the Socialist Federal Republic of Yugoslavia 35/80);

Rulebook on technical standards for fire smoke and heat removal (Official Gazette of the Socialist Federal Republic of Yugoslavia 45/83);

Rulebook on technical standards for design, construction, operating and maintenance of gas boiler-room (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/90 and 52/90);

- Rulebook on technical standards for fire and explosion prevention when cleaning flammable liquid vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 44/83 and 60/86);
- Rulebook on technical standards for devices wherein coated matters are applied and dried (Official Gazette of the Socialist Federal Republic of Yugoslavia 57/85);
- Rulebook on technical standards for ventilation and air conditioning systems (Official Gazette of the Socialist Federal Republic of Yugoslavia 38/89);
- Rulebook on technical standards for development of self-closing doors and fire resistant flaps (Official Gazette of the Socialist Federal Republic of Yugoslavia 35/80);
- Rulebook on technical standards for fire smoke and heat removal (Official Gazette of the Socialist Federal Republic of Yugoslavia 45/83);
- Rulebook on technical standards for design, construction, operating and maintenance of gas boiler-room (Official Gazette of the Socialist Federal Republic of Yugoslavia 10/90 and 52/90);
- Rulebook on technical standards for stable devices for carbon-dioxide fire extinguishing (Official Gazette of the Socialist Federal Republic of Yugoslavia 44/83 and 31/89);
- Rulebook on technical requirements for fire extinguishing with pyrotechnic-generated aerosol (Official Gazette of the Federal Republic of Yugoslavia 58/99);
- Rulebook on technical standards for fire alarm stable installations (Official Gazette of the Federal Republic of Yugoslavia 87/93);
- Rulebook on technical standards for development of technical documentation that must be provided for systems, equipment and devices for fire detection and alarming (Official Gazette of the Federal Republic of Yugoslavia 30/95);
- Rulebook on technical requirements for prevention of passenger car garages against fire and explosion (Official Gazette of the Federal Republic of Yugoslavia 31/2005);
- Law on Pipeline Transport of Gas and Liquid Hydrocarbons (Official Gazette of the Federal Republic of Yugoslavia 29/97);
- Rulebook on technical requirements and standards for safe transport of liquid and gas hydrocarbons through mainline petroleum pipelines and gas pipelines and international transport petroleum pipelines and gas pipelines (Official Gazette of the Federal Republic of Yugoslavia 26/85);
- Rulebook on storage and keeping of calcium-carbide and operating with calcium-carbide (Official Gazette of the Socialist Federal Republic of Yugoslavia 9/62 and 25/69);
- Rulebook on safety at work and technical measures for acetylene developers and acetylene stations (Official Gazette of the Socialist Federal Republic of Yugoslavia 6/76, 29/67 and 27/69);
- Rulebook on technical standards for high-pressure vessels (Official Gazette of the Socialist Federal Republic of Yugoslavia 16/83);
- Rulebook on technical standards for movable closed vessels for compressed liquid and pressure dissolved gases (Official Gazette of the Socialist Federal Republic of Yugoslavia 25/80, 9/86 and Official Gazette of the Federal Republic of Yugoslavia 21/94 and 56/95);
- Rulebook on technical standards for stable high-pressure vessels for liquid atmospheric gases (Official Gazette of the Socialist Federal Republic of Yugoslavia 9/86);
- Rulebook on technical standards for setting up stable high-pressure vessels for liquid atmospheric gases (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/88);
- Rulebook on technical standards for setting up stable high-pressure vessels for liquid carbon-dioxide (Official Gazette of the Socialist Federal Republic of Yugoslavia 39/90);
- Rulebook on technical standards for stable installations for detection of explosive gases and steam (Official Gazette of the Federal Republic of Yugoslavia 24/93);

Order forbidding use of engine fuels for degrease, wash or clean of metal parts and objects made of other materials (Official Gazette of the Socialist Federal Republic of Yugoslavia 23/67);

Rulebook on technical standards for work on cleaning and degrease oxygen equipment (Official Gazette of the Socialist Federal Republic of Yugoslavia 74/90);

Rulebook on technical standards for design and set-up of distributive gas pipeline from polyethylene pipes with operating pressure up to 4 BARS (Official Gazette of the Federal Republic of Yugoslavia 20/92);

Rulebook on household gas connection with operating pressure up to 4 BARS (Official Gazette of the Federal Republic of Yugoslavia 20/92);

Rulebook on technical standards for internal gas installations (Official Gazette of the Federal Republic of Yugoslavia 20/92);

Rulebook on technical standards for high voltage electric installations (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/88 and Official Gazette of the Federal Republic of Yugoslavia 28/95);

Rulebook on technical standards for protection of power supply plants and fire prevention (Official Gazette of the Socialist Federal Republic of Yugoslavia 74/90);

Rulebook on technical standards for static electricity prevention (Official Gazette of the Socialist Federal Republic of Yugoslavia 62/73);

Rulebook on technical standards for surge guard of power supply plants (Official Gazette of the Socialist Federal Republic of Yugoslavia 7/71);

Rulebook on technical standards for protection of buildings against static discharge (Official Gazette of the Federal Republic of Yugoslavia 11/96);

Rulebook on technical standards for low voltage electric installations (Official Gazette of the Socialist Federal Republic of Yugoslavia 53/88, 54/88 and Official Gazette of the Federal Republic of Yugoslavia 28/95);

Rulebook on technical standards for construction of land power supply lines of rated voltage from 1kV to 400 kV (Official Gazette of the Socialist Federal Republic of Yugoslavia 65/88 and Official Gazette of the Federal Republic of Yugoslavia 82/92);

Rulebook on technical standards for construction of low voltage land lines (Official Gazette of the Federal Republic of Yugoslavia 6/92);

Rulebook on technical standards for operating and maintaining power supply plants and lines (Official Gazette of the Federal Republic of Yugoslavia 41/93);

Collection of JUS for fire and explosion prevention book I and book II issued by the Federal Standardization Institute of the Socialist Federal Republic of Yugoslavia;

Montenegrin standards (MEST - EN) for the fire prevention sector.

Traffic

Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/08);

Law on Roads (Official Gazette of Montenegro 42/04);

Law on Road Traffic Safety (Official Gazette of Montenegro 72/05);

Law on Public Procurement (Official Gazette of Montenegro 46/06) ;

Decision on Spatial Plan of Montenegro (Official Gazette of Montenegro 24/08);

Rulebook on basis that must be fulfilled by public roads outside settlements and their elements regarding traffic safety (Official Gazette of the Socialist Federal Republic of Yugoslavia 35/81);

Rulebook on detailed requirements and method for adjusting the facilities to access and movement of persons with reduced mobility (Official Gazette of Montenegro 10/09);

Rulebook on manner and procedure for conduct of professional supervision (Official Gazette of Montenegro 6/09);

Rulebook on manner of keeping and contents of building log, building book and inspection book (Official Gazette of Montenegro 81/08);

Decision on public parking lots and garages (municipal regulations);

Decisions of the Institute for Standardization of Montenegro on the Montenegrin standards (Official Gazette of Montenegro 16/09); JUS Standards;

Safety at Work

Law on Safety at Work of the Republic of Montenegro (Official Gazette of the Republic of Montenegro 79/04);

General rulebook on hygiene and technical protection measures at work (Official Gazette of the Federal Peoples' Republic of Yugoslavia 16/1947, 18/47 and Official Gazette of the Socialist Federal Republic of Yugoslavia 29/71-379);

Rulebook on safety at work in processing and treating the leather (Official Gazette of the Socialist Federal Republic of Yugoslavia 47/70);

Rulebook on gunpowder (Official Gazette of the Socialist Federal Republic of Yugoslavia 55/69);

Rulebook on personal safety and safety at work (Official Gazette of the Socialist Federal Republic of Yugoslavia 35/69);

Rulebook on measures and standards of safety at work against noise (Official Gazette of the Socialist Federal Republic of Yugoslavia 21/92);

Rulebook on accommodation provision (Official Gazette of the Federal Republic of Montenegro 5/86);

Rulebook on training of employees (Official Gazette of the Republic of Montenegro 79/04);

Rulebook on procedure and terms (Official Gazette of the Republic of Montenegro 79/04);

Rulebook on injury at work (Official Gazette of the Republic of Montenegro 29/90);

Rulebook on professional examination (Official Gazette of the Republic of Montenegro 79/04);

Rulebook on risk assessment (Official Gazette of the Republic of Montenegro 79/04);

Rulebook on working and ancillary premises (Official Gazette of the Federal Republic of Montenegro 27/87);

Rulebook on contents of study on construction site development (Official Gazette of the Republic of Montenegro 4/99);

Rulebook on requirements that must be fulfilled by authorized organisation (Official Gazette of the Republic of Montenegro 79/04);

Rulebook for keeping documented records on the safety at work (Official Gazette of the Republic of Montenegro 79/04);

Rulebook on safety at work in agriculture (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/68);

Rulebook on safety at work for railroads (Official Gazette of the Federal Republic of Montenegro 11/88);

Rulebook on safety at work for wood processing (Official Gazette of the Federal Republic of Montenegro 9/88);

Rulebook on safety at work for cargo loading and downloading (Official Gazette of the Federal Republic of Montenegro 13/88);

Rulebook on safety at work in metallurgy of iron (Official Gazette of the Federal Republic of Montenegro 16/87);

Rulebook on safety at work in construction industry (Official Gazette of the Socialist Federal Republic of Yugoslavia 42/68, 45/68, article 69. Law of RS 42/91-1649, article 15 Rulebook of RS 31/92-1146);

Rulebook on safety at work for working tools (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91);

Rulebooks on construction materials

- 1) Rulebook on technical measures and requirements for hydrocarbon hydro-isolation for roofs and terraces (Official Gazette of the Socialist Federal Republic of Yugoslavia 26/69);
- 2) Rulebook on technical measures and requirements for prestressed concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 51/71);
- 3) Order on compulsory certification for chipboard of general use in construction industry (Official Gazette of the Socialist Federal Republic of Yugoslavia 61/83);
- 4) Order on compulsory certification for the concrete additives (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/85);
- 5) Order on compulsory certification for prefabricated elements of cellular concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/85);
- 6) Order on compulsory certification for concrete sewage pipes long more than 1 meter (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/85);
- 7) Order on compulsory certification of the profile rubber sealing tapes for doors, blinds and movable shelter bins with hermetic shutters closing (Official Gazette of the Socialist Federal Republic of Yugoslavia 35/86);
- 8) Order on the compulsory cement certification (Official Gazette of the Socialist Federal Republic of Yugoslavia 34/85, 67/86);
- 9) Order on determining the isolation apparatus and equipment for control of isolation apparatus that may circulate only if provided with the guaranteed warranty and technical instructions and on guaranteed warranty validity and deadline provided for servicing such apparatuses and equipment (Official Gazette of the Socialist Federal Republic of Yugoslavia 4/87);
- 10) Rulebook on technical standards for concrete and reinforced concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 11/87);
- 11) Order on compulsory certification for fractional stone, aggregate for concrete and asphalt (Official Gazette of the Socialist Federal Republic of Yugoslavia 41/87);
- 12) Rulebook on technical standards for steel wires, bars and ropes for prestressing the constructions (Official Gazette of the Socialist Federal Republic of Yugoslavia 41/85 and 21/88);
- 13) Rulebook on engineering design, production and execution of construction with the prefabricated elements of non-reinforced and reinforced cellular concrete (Official Gazette of the Socialist Federal Republic of Yugoslavia 14/89);
- 14) Rulebook on technical standards for concrete and reinforced concrete made of natural and artificial easily aggregated filler (Official Gazette of the Socialist Federal Republic of Yugoslavia 15/90);
- 15) Rulebook on technical requirements for brick walls (Official Gazette of the Socialist Federal Republic of Yugoslavia 87/91);
- 16) Rulebook on technical standards for concrete and reinforced concrete in buildings exposed to aggressive environment influence (Official Gazette of the Federal Republic of Yugoslavia 18/92);
- 17) Rulebook on uniform system for steel labeling (Official Gazette of the Federal Republic of Yugoslavia 01/03);
- 18) Rulebook on technical and other requirements for ceramic tiles (Official Gazette of Serbia and Montenegro 58/04);
- 19) Rulebook on technical and other requirements for ceramic sanitary equipment (Official Gazette of Serbia and Montenegro 62/04);
- 20) Rulebook on technical and other requirements for folded clay tile roofing, concrete roofing tiles and sintered ceramic roof plates (Official Gazette of Serbia and Montenegro 53/05);
- 21) Rulebook on technical and other requirements for clay brick products and lime-silicate bricks and blocks (Official Gazette of Serbia and Montenegro 53/05);
- 22) Rulebook on technical and other requirements for facade full clay bricks, facade air bricks and clay blocks and facade lime-silicate full and air bricks and blocks (Official Gazette of Serbia

and Montenegro 53/05);

23) Rulebook on technical and other requirements for thermo-isolation materials (Official Gazette of Serbia and Montenegro 54/05);

24) Rulebook on technical and other requirements for ceramic tiles (Official Gazette of Serbia and Montenegro 01/2006);

25) Rulebook on technical and other requirements for hydro-isolation materials (Official Gazette of Serbia and Montenegro 01/06);

Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/08) prescribes that the plan documentation contains guidelines for protection of environment.

A set of regulations were passed at the national level and they have been in effect since 1 January 2008. This set of regulations fully governs the assessment of project's impact on the environment, and these are the following: Law on Environmental Impact Assessment (Official Gazette 80/05), Decree on projects that require environmental impact assessment (Official Gazette of the Republic of Montenegro 20/07), Rulebook on the content of documentation that is to be submitted with the request for the environmental impact assessment (Official Gazette of the Republic of Montenegro 14/07), Rulebook on the content of documentation that is to be submitted with the request for determining the scope and contents of the environmental impact assessment study (Official Gazette of Montenegro 14/07) and Rulebook on the contents of the environmental impact assessment study (Official Gazette of Montenegro 14/07).

The Council Directive 97/11/EC, which amended the Directive 85/337/EC on the assessment of public and private project environmental impact, was transposed into the Law on Impact Assessment. Moreover, the Directive of the European Parliament and Council 2003/35/EC, which provides public participation in process of making decisions and access to the information, was transposed into the Law. Montenegro has ratified the ESPOO Convention on the environment impact assessment in the cross-border context together with its two amendments (Official Gazette of Montenegro 8/08).

Law on Environmental Impact Assessment governs the procedure for impact assessment of projects that may have significant impact on the environment, contents of the impact assessment study, participation of interested entities and organisations and public, procedure on assessment and issuance of consent, notification on projects that may have significant impact on environment of the other country, supervision and other issues relevant for the environmental impact assessment.

Impact assessment is conducted for projects in the area of industry, mining, energy sector, transport, tourism, agriculture, forestry, water management and public utility services, as well as for all the other projects that are planned in the protected natural resources and protected surroundings of the immovable cultural heritage.

Provisions of this Law are not applicable to projects aimed at defence, elimination of consequences of elementary accidents and natural disasters – pursuant to the Directive 97/11/ EC as of 3 March 1997, which amends the Directive 85/337/EEC on the environmental impact assessment of public and private projects.

Impact assessment procedure is implemented in three phases, as follows: decision-making on the need for environmental impact assessment, determining the scope and contents of the environmental impact assessment study and issuing the approval to the environmental impact assessment study. Determining the scope and contents of the Environmental Impact Assessment Study is not binding since the Rulebook on the contents of the environmental impact assessment study was adopted pursuant to the Law.

The Decree on projects that require environmental impact assessment establishes specific projects that require compulsory environmental impact assessment and projects that may require impact assessment. Projects that require compulsory environmental impact assessment are defined in the List I that is also complied with the Appendix to the Decision III/7 ESPOO Convention and the projects that require compulsory environmental impact assessment, i.e. for which development of the Impact Assessment Study is compulsory, are listed as well. Projects for which there may be required environmental impact assessment are defined in the List II of this Decree - these are the

projects that the environmental impact assessment is implemented from case to case, by the decision of a competent authority (Environmental Protection Agency).

The Decree is submitted in the Annex to this answer ([Annex 156](#))

E. Incentives

a) For investment

For investments

Main incentives are, at the same time, the competitive advantages of Montenegro, and the following stand out: political and macro-economic stability, efficient and transparent tax system, good legal ground for foreign investors, liberalised foreign trade system, educated and qualified workforce, attractiveness of the area and preserved environment, large number of projects prepared for implementation. In the previous period, the foundations for the market economy have been established, democratic institutions have been strengthened with gradual development of capacities in the public administration, which has been continuously working on political and economic transformations. The aim of the Government of Montenegro is to continue intensive work on the reform of legislation that has impact on the attractive investment environment.

One of the biggest incentives for the investors is favourable tax system. Montenegrin legislation provides tax incentives for the profit tax payers and payers of taxes on personal income. Law on Profit Tax for legal persons provides the possibility for use of several tax incentives (for conduct of business activities in the economically underdeveloped municipalities, employment of new workers, program activities of the non-governmental organisations, investments into permanent fixed assets used for the production of renewable sources of energy and energy efficiency, etc.) *More details on tax incentives are given in the answer to the question 17, Chapter 16 - Taxation.*

Custom benefits are provided by the Customs Law (Official Gazette of the Republic of Montenegro 07/2002).

Article 119 of this Law prescribes that the following goods are to be used in the customs territory in one or more processing operations on the basis of the active inward processing procedure.

- foreign goods imported in the form of raw materials is not subject to customs duties, nor it is subject to the commercial policy measures, if it is intended for re-export in the form of finished products (suspension system);
- foreign goods released for free circulation with payment of custom duties, for which repayment or remission of custom debt may be granted where the goods are exported from the customs territory in the form of compensating products (drawback system).

Articles 184 and 188 of the Customs Law are additionally defined by the Regulation on procedure for enforcing the right on customs duty relief (Official Gazette of the Republic of Montenegro 22/02). Relief from customs duty for goods that are imported as an investment of the foreign investor is defined in the Article 43 of the Decree.

Law on Customs Tariffs (Article 1) stipulates the payment of the customs duties, but only when importing goods in the customs territory of Montenegro, while the payment of export customs is not envisaged.

b) For exports

In December 2005, the Government of Montenegro adopted the Strategy for export incentive - attached.

The Ministry of Economy has been coordinating the implementation of measures for enhancing export, whilst the Directorate for Development of Small and Medium Sized Enterprises is the main holder of the implementation of the measures defined by the Strategy. Other competent ministries in the Government of Montenegro, as well as commercial associations, participate actively in the implementation of measures for enhancing export

Detailed information, projects implemented by the Directorate, with a view to encouraging and promoting export are given in the answer to question 61, Chapter 20.

c) Other

Investment activity of the **Development Fund** started in 1995 and it is focused in two directions:

- 1) Investment activity directed towards small- and medium-sized enterprises - dates from 1996 when the first loan for implementation of the investment project was granted, and since 2002 the activity is directed exclusively towards the small- and medium-sized enterprises that receive incentive through and with the guarantee of commercial banks. Primary objectives of this activity are the following: provision of favourable financial funds for implementation of investment projects of small- and medium-sized enterprises under conditions more favourable than the market ones. Goal – rapid development, harmonisation of the regional development, opening of new jobs. Credit support is directed towards the enterprises in the following areas: tourism, food production, production activities, education, service activities, health care, information technology, energy. The priority is given to the SME projects that have: innovative idea, higher number of newly employed persons, better indicators of business operations, more significant use of domestic resources, better project assessment.
- 2) The second investment activity with the aim in implementation of infrastructural and ecological projects – financing infrastructural and ecological projects of local administration, public and private enterprises; since 2006, it has proved to be good and efficient instrument for implementation of strategically important infrastructural and ecological projects of local administrations. Loans are placed exclusively through and with the guarantee of commercial banks.

In order to create favourable business environment for development of small- and medium-sized enterprises sector, and thus to accelerate the economic development, new employment and increasing the living standard, the Program of the **Directorate for Development of Small and Medium Sized Enterprises** was adopted - "State support and aid to small- and medium-sized enterprises for 2009". According to the Report on implementation of the "State support and aid to small- and medium-sized enterprises for 2008", the credit line was realized: "Incitement of Entrepreneurship", as well as program "Grant scheme for cost reimbursements" that financially supports small- and medium-sized enterprises in their presentations at fairs, improvement of information systems, development of promotional materials and market researches. Within the Program of state support and aid to small- and medium-sized enterprises for 2008, by 25 February 2009, 70 projects worth EUR 6.7 million were approved, whereof 21 project was related to encouragement of the beginners in business – Start up, 39 projects for encouragement of the entrepreneurship for energy efficiency and renewable sources of energy, 10 projects and 37 for export marketing reimbursement of costs. These projects created conditions for opening of total 442 new jobs.

There is also possibility for certain stimulus for investors in specific type of activity **local government** determines by its policy.

F. Rules on foreign investment

a) Characteristics: Restrictions on foreign participation, financial participation in particular; tax benefits rules on profit repatriation

Foreign investors have equal treatment as domestic ones – the so called "national treatment". Pursuant to the Law on Foreign Investments (Official Gazette of the Republic of Montenegro 52/00 and 36/07– text of the law is attached to the Annex to the main table for following subtitle I. A. Chapter 4 Free Capital Movement) there is no discrimination between foreign and domestic investors. The only exception is the armaments and military equipment industry, which is defined by the Article 7 of the Law on Foreign Investments: a foreign investor may invest funds in a domestic business organization, i.e. he/she may establish a business organization solely with a domestic legal or natural person in the Republic for production and trade in armaments and military equipment. A foreign investor may not hold more than a 49% stake or ownership rights in the company referred to in the paragraph 1 of this Article.

Law on Tax on Profit of Legal Persons (Official Gazette of the Republic of Montenegro 65/01 and 80/04 and Official Gazette of Montenegro 40/08) does not stipulate limitations for foreign investments, as well as tax incentives regarding profit repatriation of legal persons (return of profit to one's home country). Profit that the resident taxpayers gained abroad, that is outside Montenegro, has equal tax treatment as profit gained by residents in Montenegro. Profit gained by the resident taxpayers in Montenegro and outside it is taxed pursuant to the Law on Tax on Profit of Legal Persons, unless otherwise stipulated international bilateral or multilateral treaties

In order to avoid double taxation when taxing the profit gained abroad, the tax credit method is applied. Resident taxpayer that gains profit outside Montenegro and pays profit tax in another country is approved with the tax credit in the amount of the tax paid in the respective country. Tax credit may not be higher than the amount that would be obtained by application of tax rate defined by the Law, to the profit made in another country (Article 33 of the Law).

b) Guarantees

There are no rules or regulations in Montenegro that prefer domestic investors to the foreign ones.

G. Trading system

a) Non tariff measures affecting imports and exports, such as licences and quotas

Foreign Trade Law (Official Gazette of the Republic of Montenegro 28/04, 37/07 – text of the law is attached to the annex to the answer to question 1, Chapter 30, External Relations) is completely harmonised with the EU and WTO standards. Articles 15 – 27 of the Law provide for the introduction of quantity limitations only in the cases stipulated by the Law. Articles 28 – 30 of the Law lay down special requirements for import of certain types of products.

In Montenegrin legislation, there are no regulations that would favour domestic products to foreign ones, that is to imported products.

H. Likely developments, and time-scale

a) Investment envisaged (public sector, private sector, foreign)

Refer to the answers under H to the questions from 78 to 115.

b) Present or envisaged restructuring or modernisation plans

Refer to the answers under H to the questions from 78 to 115.

I. Approximation of national legislation to Community legislation

a) List of measures, either planned or already adopted

Refer to the answers under I to the questions from 78 to 115.

b) Timetable

Refer to the answers under I to the questions from 78 to 115.

Section III SUPPLEMENTARY QUESTIONS (as relevant)

117 Supplementary question on the iron and steel industries (including ferro-alloys): What is the situation with regard to the competitiveness of the iron and steel industry? Is there currently a Restructuring and Conversion Programme for the Steel Industry? In the case of steel sector restructuring: Have the authorities prepared a restructuring plan that foresees a reduction of capacity based on the analysis of demand? Is implementation proceeding according to schedule, and in line with provisions of the SAA? Please describe the current state of implementation of protocol 5 of the SAA.

117. Additional questions on iron and steel industry (including ferro-alloys):

There is only one large producer of iron and steel in Montenegro – Zeljezara Niksic a.d. with production capacity of 300,000.00 tons of raw steel annually. 93.6% of the company's capital is privately owned. Largest shareholder is the Dutch company MNSS BV with 62.8% of shares, whereas the Government of Montenegro owns 6.4% of shares.

Except Zeljezara Niksic, Institut za crnu metalurgiju a.d, once part of Zeljezara Niksic, also produces special types of alloy steels. The production capacities of Institute is 2,000 tons of liquid metal, and 5,000 tons of cold rolled wire. Of 2,000 tons, 600 tons of cast steel may be produced, and 1 400 tons of steel by EPT procedure. Now, the used capacities of the Institute are 30%. The state is the owner of 51.1% of shares. The sale of state-owned block of shares is planned.

The company Technosteel HVT, which also used to be part of Zeljezara Niksic, produces welded steel tubes and cold rolled strips. Its annual production capacities are 36,000 tons of welded steel

tubes and 6,000 tons of cold rolled strips. As from February 2003, this company is in private ownership.

1) What is the situation in relation to competitiveness of iron and steel industry?

Within the past three years (2006-2008), Zeljezara Niksic exported more than 54% of its production worth around EUR 155 million. Technosteel HVT is almost 100% export-oriented company, and in the same period, it exported goods worth EUR 40 million to the markets of EU countries and the region.

The quality and prices of products of these two companies meet the requirements of buyers of importing countries, therefore it can be concluded that this field of production industry is competitive.

2) Is there currently a Restructuring and Conversion Programme for the Steel Industry?

Following the Protocol on refinancing of Zeljezara Niksic a.d., signed by the majority owner, company MNSS BV, and the Government of Montenegro, Zeljezara Niksic a.d. is obliged to prepare the restructuring programme in order to obtain the guarantee from the Government of Montenegro for a credit that would enable its restructuring implementation in accordance with the Law on State Support and Aid.

3) In the case of steel sector restructuring: Have the authorities prepared a restructuring plan that foresees a reduction of capacity based on the analysis of demand?

Having regard to the fact that Zeljezara Niksic a.d. is the only large steel producer, this programme is at the same time, the programme for steel industry restructuring, which is also one of the commitments of the Government of Montenegro pursuant to the Stabilisation and Association Agreement.

4) Is implementation proceeding according to schedule, and in line with provisions of the SAA?

The Programme has not been adopted, and upon its adoption the Government of Montenegro will carefully monitor the implementation of this programme.

5) Please describe the current state of implementation of protocol 5 of the SAA.

Protocol 5 of the Interim Agreement stipulates special rules on state aid in the steel industry. It has been recognized that state aid may be granted for restructuring purposes to steel producing firms in difficulties during five years after the entry into force of the Agreement, provided that defined conditions are met (that such aid leads to long-term sustainability of the benefiting company, that such aid is limited to what is absolutely necessary and that the aid is, where necessary, progressively reduced, and that Montenegro presents restructuring programmes which are linked to global rationalisation which includes closure of inefficient capacities).

The Government of Montenegro, through the Agreement on implementation of subsidies signed on 28 December 2007 with Zeljezara Niksic a.d., has committed to grant subsidies regarding electricity. Since the stated obligations were taken before the Stabilization and Association Agreement entered into force, Montenegro is not obliged to apply the Agreement i.e. the Interim Agreement on the stated subsidies obligations, which was acknowledged by the Report from the first meeting of Sub-Committee for internal market held in Brussels. We also note that negotiations held with the buyer were transparent and that the representatives of the European Commission were introduced and reported on the process throughout the entire course of negotiations.

Considering the fact that Montenegro has only one steelworks, and that its status has been established by the agreement on privatisation, Montenegro will not prepare the National Restructuring Programme for steel industry. In case the privatisation agreement is terminated, or in case of granting the state aid, such activity would arise from the regulations for granting the state aid.

118 Supplementary questions on the chemical industry:

The reply to this question is given below (a-e).

a) What are the regulations governing the placing on the market of detergents?

The regulations governing the placing on the market of detergents are as follows:

- Law on Health Safety of Food Products and Articles for General Use (Official Gazette of the Federal Republic of Yugoslavia 37/02) and secondary legislation adopted pursuant to this Law;
- Rulebook on conditions related to health safety of articles for general use which can be put into circulation (Official Gazette of the Socialist Federal Republic of Yugoslavia 18/91);
- Rulebook on conditions related to professional staff, premises and equipment that must be fulfilled by health care and other organisations that perform analyses and super-analyses of food and articles for general use (Official Gazette of the Federal Republic of Yugoslavia 60/02);
- Instructions on procedure of sampling for performing analyses and super-analyses of food and articles for general use (Official Gazette of the Socialist Federal Republic of Yugoslavia 60/1978);
- Law on Health Supervision of Food Products and Articles for General Use (Official Gazette of the Socialist Republic of Montenegro 4/88) and secondary legislation adopted pursuant to this Law;
- Rulebook on conditions and manner of testing food and articles for general use during their production and manner of keeping records on performed tests (Official Gazette of the Socialist Republic of Montenegro 8/75).

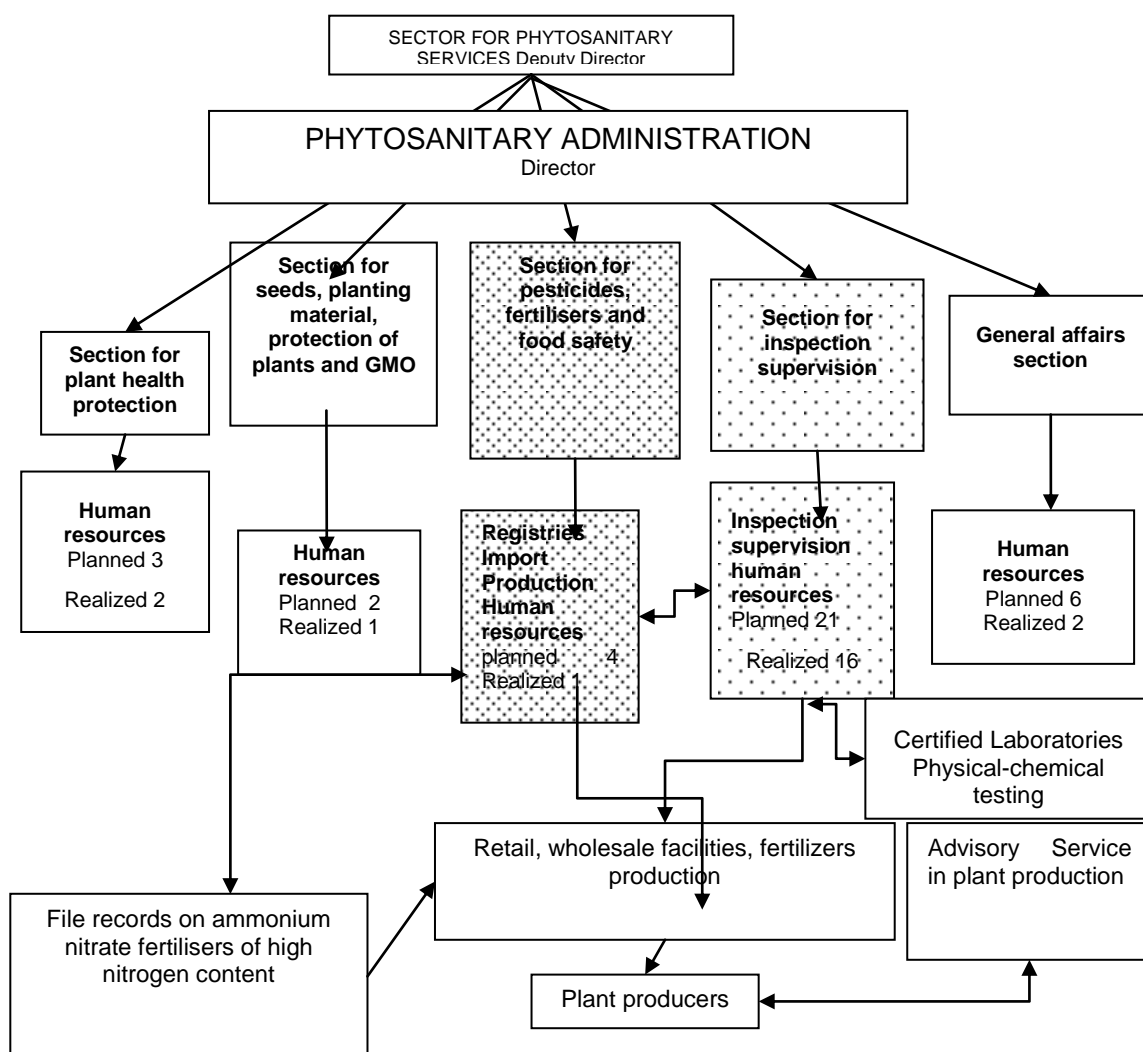
b) What are the regulations on fertilisers?

The Law on Fertilisers (Official Gazette of the Republic of Montenegro 48/2007) has been harmonized with the relevant EU regulations, more precisely with the Regulation (EC) No 2003/2003 relating to fertilisers and in part with the Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources. The adoption of this Law created foundation for transposition and harmonisation with the EU legal decisions for mineral fertilisers in Montenegro. The following secondary legislation, adopted in accordance with the previous national regulations, is in force:

- Rulebook on methods of fertiliser testing (Official Gazette of the Federal Republic of Yugoslavia 11/99);
- Rulebook on conditions for production line, circulation, import and sampling of pesticides and fertilisers (Official Gazette of the Federal Republic of Yugoslavia 12/99);
- Rulebook on types of packaging material for pesticides and fertilisers and on destruction of pesticides and fertilisers (Official Gazette of the Federal Republic of Yugoslavia 35/99);
- Rulebook on circulation, import and sampling of fertilisers (Official Gazette of the Federal Republic of Yugoslavia 59/2001);
- List of organizations authorised for testing plant protection products (pesticides) and fertilisers (Official Gazette of the Federal Republic of Yugoslavia 4/2000);
- List of fertilisers which need to have permits in order to be put into circulation (Official Gazette of the Federal Republic of Yugoslavia 29/2001).

DESCRIPTION OF CURRENT APPROVAL SYSTEM

In line with the Decree on Amendments to the Decree on Organisation and Manner of Work of the State Administration (Official Gazette of Montenegro 43/08) which establishes the Ministries and other State Administration bodies, determines the manner of work of the State Administration and defines other issues of importance for the work of State Administration, the Phytosanitary Administration was established as a unique and medium body under the supervision of the Government. In addition to the basic competence in the phytosanitary sector, the Phytosanitary Administration was also delegated the authorizations based on the Law on Fertilisers Article 8 (Official Gazette of the Republic of Montenegro 48/07). The Phytosanitary Administration performs administrative and related professional and inspection functions, and is responsible for the coordination and contacts regarding the issues related to fertilisers. The Rulebook on internal organization and job descriptions of the Phytosanitary Administration, within the Sector for phytosanitary activities, established the Section for pesticides, fertilisers and food safety. Currently at the territory of Montenegro there are no registered manufacturers of fertilisers.



PROJECTIONS (EU DIRECTIVES ADOPTION AND IMPLEMENTATION DATE)

In order to achieve gradual harmonization with the EU legislation, within the Stabilization and Association process, during 2010 the secondary legislation arising from the Law on Fertilisers shall be drafted. By the adoption of secondary legislation based on this law the necessary harmonization shall be achieved.

The main discrepancies in the field of fertilisers, after the adoption of the new Law, are the current regulations concerning mineral fertilisers' quality which are in line with the JUS (Yugoslav Standards) norms.

Additional regulations of the EU regarding the use of ammonium nitrate in the manufacture of fertilisers shall be incorporated in the secondary legislation, which will be passed, in accordance with the public safety requirements, protection of human and environment, risk reduction of the abuse of ammonium nitrate fertilisers through the introduction of measures for prevention of such method of use, and in particular it will provide the possibility of identifying such fertilisers, consumer protection, by means of introducing the quality standards and registration.

The secondary legislation, which will be adopted, will harmonize the national regulations with the EU regulations in relation to this field.

Information about the relevant regimes for products:

Short description

Article 8 of the Law on Fertilisers (Official Gazette of the Republic of Montenegro 48/07) stipulates the conditions for manufacture, trade, characteristics and application of fertilisers and well as other issues of importance for the manufacture and trade of fertilisers.

The Law stipulates that fertilisers may be manufactured, placed on the market and applied in Montenegro if they are classified by certain types of fertilisers and entered into the Register of Fertilisers.

The current regime for products is not harmonized with the EU regime because the adoption of the Law on Fertilisers (Official Gazette of the Republic of Montenegro 48/07) created the legal basis for transposing the EU regime regarding fertilisers.

The following secondary legislation, from the former system, which defines the quality on the basis of JUS standards, is still in force in Montenegro:

- Rulebook on fertilisers' testing methods (Official Gazette of the Federal Republic of Yugoslavia 11/99);
- Rulebook on conditions for production line, trade, import and sampling of pesticides and fertilisers (Official Gazette of the Federal Republic of Yugoslavia 12/99);
- Rulebook on types of packaging material for pesticides and fertilisers and on destruction of pesticides and fertilisers (Official Gazette of the Federal Republic of Yugoslavia 35/99);
- Rulebook on trade, import and sampling of fertilisers (Official Gazette of the Federal Republic of Yugoslavia 59/2001);
- List of organizations authorized for testing plant protection products (pesticides) and fertilisers (Official Gazette of the Federal Republic of Yugoslavia 4/2000);
- List of fertilisers which need to have permits in order to put into circulation (Official Gazette of the Federal Republic of Yugoslavia 29/2001)
- According to Article 8 of the Law on Fertilisers (Official Gazette of the Republic of Montenegro 48/07) the Phytosanitary Administration shall perform the inspection supervision of the implementation of the Law on Fertilisers through phytosanitary inspectors in accordance with the law.

Border phytosanitary inspection performs the control of fertilisers' shipment in trade (import and transit) at the border of Montenegro. Any enterprise or entrepreneur may import fertilisers provided that such enterprise or entrepreneur has concluded agreement with the manufacturer on distribution of fertilisers at the territory of Montenegro, and:

- possesses or leases the customs storage, which meets the conditions for the storage of fertilisers;
- employs on full time basis a person with a university degree in the field of agriculture, who is responsible for procurement, storage and handling the fertilisers;
- is entered in the Register of fertilisers importers.

The import of fertilisers may be performed through border crossings at which the inspection has been organized. Regarding the shipments subject to phytosanitary inspection, the control at the entry border crossing is obligatory and performed by a phytosanitary inspector. Importers, transit companies and their authorized representatives shall notify the border phytosanitary inspector in due time about the shipment and submit the application for which the inspection is required. The

application shall be submitted in writing and include all documents accompanying the shipment. Customs services may not begin the customs clearance procedure until the phytosanitary inspector performs the inspection of the shipment.

The inspection of fertilisers' shipment at the border crossing shall include the following:

- Inspection of documentation accompanying the shipment includes: approvals of Phytosanitary Administration, quality certificate, waybill, bill of lading, invoice, and other documents accompanying the shipment.
- The above-stated documents are inspected for the purpose of identification of shipment and other documents with marked packaging, packaging and identified contents of the shipment and inspection of fulfilment of conditions set by the Law.
- Phytosanitary inspector shall perform the control of the shipment in order to determine the fulfilment of defined conditions and to check whether the shipment is in valid state for the use as stated in the accompanying document.

Physical inspection includes:

- 1) Visual inspection of the shipment
- 2) Inspection of transport vehicle
- 3) Packaging and all markings (labels, seals, etc.)
- 4) Comparison of actual shipment weight with the weight stated in the import permit, other documents, by checking the number of packages or if necessary by weighing the shipment.
- 5) Inspection shall be performed on several different samples from the entire shipment.

Phytosanitary inspector shall assess the possible discrepancies from the stipulated requirements concerning the shipment of fertilisers with the purpose to establish the method of inspection (defining the number of packages from which the samples will be taken, number and size of samples, method of inspection, precautionary measures, etc.). In the inspection procedure during import of shipment, the phytosanitary inspector takes samples of the shipment when there is doubt that the shipment does not comply with the stipulated characteristics. If it is not possible to perform sampling at the border crossing as stipulated, the shipment shall be sent to the customs point under customs supervision where the sampling will be performed. Taken samples shall be sent to the accredited laboratory, at the importer's expense, for testing the type of fertiliser and labelled content of nutrients. The customs authorities shall not collect customs duty or send to other customs offices before the inspection is completed. Laboratory tests shall be performed in the accredited laboratories.

Shipments sent to laboratory testing shall be under customs supervision, and may not be put into circulation before obtaining the results of laboratory testing.

In case the shipment does not comply with the labelled quality the phytosanitary inspector shall prohibit the import and order the shipment to be returned to the consigner, by decision, and if the shipment was carried in by natural person, it would be seized and destroyed. "Import prohibited" shall be written on the accompanying documents.

If the shipment inspection and laboratory analysis establishes that the shipment complies with the labelled quality, phytosanitary inspector shall confirm that the inspection of shipment was performed and decide: "Import permitted".

Concerning the inspection of ship consignments in ports, the ship has to be berthed in the port, and consignments have to be onboard a ship or if approved by phytosanitary inspector in the customs warehouse, with provided conditions for inspection.

If the shipment is imported in containers at the border crossing where the inspection of containers is not performed, phytosanitary inspector shall examine only the accompanying documentation. If the phytosanitary inspector determines that the shipment is provided with valid approval and documents, he/she will approve the transport of containers under customs supervision to the point for containers inspection where the opening of containers is provided. If it is established that the shipment is not provided with valid documents or it is found, according to the documents, that the container contains shipment contrary to regulations, the phytosanitary inspector shall order the return of shipment.

Shipments transported by railroad shall be inspected at the railway station points established by the Phytosanitary Administration.

Aircraft, piece goods and post-mail shipments shall be inspected in the customs warehouse at the point determined for such actions.

Shipments in transit on the territory of Montenegro shall be also subject to mandatory inspection at the border crossing.

2. Inspection supervision in internal trade

Besides the control at the border crossings, phytosanitary inspectors shall perform the control of fertilisers in internal trade, as follows:

- fulfilment of conditions for the entry into the provided registers;
- keeping provided file registers;
- fulfilment of conditions for production, putting into circulation, trade and use of fertilisers;
- marking and labelling fertilisers;
- production and trade of fertilisers and raw materials for their production.

In addition to administrative measures and actions provided by the law which regulate the inspection supervision, when the phytosanitary inspector identifies the violation of the Law or other regulations, he/she shall also undertake the following administrative measures and actions:

- prohibit production of fertilisers, if the producer is not entered into or is deleted from the Producer's Register;
- prohibit putting into circulation fertilisers produced in Montenegro or imported in Montenegro, if they have not been entered into the Register;
- prohibit putting into circulation fertilisers that are not approved by the Phytosanitary Administration;
- prohibit putting into circulation fertilisers if the producer or importer, prior to the first putting into circulation, has not acquired approval of the Phytosanitary Administration;
- prohibit the use of marking "EC FERTILISER" if the mineral fertiliser does not fulfil the provided conditions for such marking;
- prohibit the trade of fertilisers, if its characteristics are not in line with the declaration;
- prohibit the enterprise or entrepreneur to perform the activities, if they fail to align their operations, i.e. do not remedy the defaults in terms of conditions provided under this Law and secondary legislation adopted under this Law;
- prohibit import and order resending of the shipment to the sender, if the testing results are not in line with the provided and labelled contents;
- seize and destroy fertilisers which are produced, put into circulation and applied contrary to this Law.

Fertilisers may be produced, put into circulation and applied in Montenegro, if classified into specific types of fertilisers and entered into the Fertilisers Register. Fertilisers may be produced by an enterprise or entrepreneur, entered into the Fertilisers Register. Wholesale of fertilisers may be performed by the enterprise or entrepreneur, entered into the Register of wholesale fertilisers' distributors, if they:

- employ a person with minimum IV degree of vocational agricultural school or vocational chemistry school, responsible for procurement, trade, storage and distribution of fertilisers;
- have a warehouse of adequate capacity for the storage of fertilisers, in property or in lease;
- have contract with (national) producer about the distribution of fertilisers at the territory of Montenegro;
- do not change the composition of fertilisers.

Retail of fertilisers may be performed by an enterprise or entrepreneur, entered into the Register of retail fertilisers distributors (hereinafter referred to as: Retail Distributors Register), if they:

- employ a person with minimum IV degree of vocational agricultural school or vocational chemistry school, responsible for procurement, storage and distribution of fertilisers;

- have separate section with canopy with pallets or space for the storage of large fertilisers packing (more than 5 kilograms or litres) at the sale point, which provide the maintenance of characteristics and proper and safe handling;
- have separate section or space for sale of small fertilisers packing (up to 5 kilograms or litres)

Producer of ammonium nitrate fertilisers of high nitrogen content, which are put into circulation, for the purposes of inspection and possible monitoring of ammonium nitrate fertilisers of high nitrogen content in trade, shall keep records including: name, registered office of the producer and name of the person responsible at the place where fertilisers or their main components are produced. Such file records shall be kept as long as the ammonium nitrate fertilisers are in circulation, as well as for two years after the producers end putting into circulation the ammonium nitrate fertilisers of high nitrogen content.

Fertilisers' producer, or importer, shall submit to the Phytosanitary Administration the information about the trade of fertilisers by 31 March of current year for the previous year.

- File records referred to in paragraph 1 of this Article shall contain in particular the following:
- Name and registered office of the fertilisers' producer or importer;
- Registration number in the Register of fertilisers' producers or importers;
- Type and quantity of fertilisers put into circulation;
- Procedure for putting into circulation (import, export, wholesale or retail, supplies).

Fertilisers shall have a certain minimum content of nutrients, as well as adequate chemical, physical, physiological and other characteristics. Fertilisers may be put in circulation if they meet the conditions provided by the Law, if they have been marked properly and their proper use would not harm the health of humans, animals, plants and environment. Mineral fertilisers which meet the conditions for circulation at the territory of the EU shall be marked by "EC FERTILISER".

Fertilisers shall be declared, which is done by the producer. Fertilisers shall be in line with the characteristics stated in the declaration.

Declaration shall in particular include the following information:

- Name and registered office of producer or importer;
- Trademark of fertiliser;
- Marking "EC FERTILISER", written in capital letters, if the mineral fertilisers meet the following provided conditions:
- Name and type of fertiliser;
- Name, type and contents nutrients;
- Name and contents of other substances which the fertiliser contains;
- Net weight, i.e. volume of fertilisers;
- Instruction for handling and storage of fertilisers;
- Instruction for conditions for the use of fertilisers.

Fertilisers which are put into circulation in the original package shall have printed or closely attached label in a conspicuous position. If the package has been sealed, the seal must also include the name and mark of the packager. Fertilisers in bulk which are put into circulation must be accompanied by a declaration. Packaging, i.e. seal, must be made in such manner that they cannot be opened without making visible, incorrigible changes. Declaration must be written clearly, legible in the official language in the Republic and in the manner that prevents its deletion or removal. Declaration must be separate from any other data on the packages.

Liquid fertilisers may be put into circulation if the producer provided the instructions for use, storage and dangers in application and storage. Producer, distributor of fertilisers in wholesale or retail and importer of fertilizers shall be responsible for damages arising due to improper, false or incomplete declaration. Institutions registered for scientific-research activities, may import and use samples of fertilisers that do not fulfil the provided conditions for the purposes of performing science researches and testing of new types of fertilisers under the approval of the Phytosanitary Administration.

The following information must be submitted with the approval request:

- Name and registered office of the institution;
- Type and quantity of fertilisers intended for use;
- Purpose of research;
- Area of research;
- Procedure and time of research;
- Licence.
- Records on issued approvals kept by the Phytosanitary Administration.

Laboratories:

Testing of fertilisers and raw materials for their production, with the purpose to determine their chemical and physical features and biological values, may be performed by accredited laboratories, i.e. certified institutions with accredited laboratories. Phytosanitary Administration shall perform the audit of laboratory certifications in the following period.

Future development

Main novelty actually means the introduction of provisions related to the conditions for placing on the market fertilisers bearing the marking “EC FERTILISERS”, provisions related to their marking and packing. In this stage, this was the approximation to the EU legislation in the field of fertilisers to the fullest extent possible. This Law provides the free movement of products designated “EC FERTILISERS” on the territory of Montenegro.

Montenegro has no developed manufacture of fertilisers, so in this part the focus was placed on the conditions of import, sale and monitoring. On the date of accession of Montenegro to the EU, this regulation shall be valid on the uniform principle on the territory of Montenegro in its original text with all technical provisions.

Technical specifications defined in the Regulation (EC) No 2003/2003 of the European Parliament and the Council of 13 October 2003 relating to fertilisers provided through the Annexes are planned to form part of the secondary legislation.

As EU legislation in this field is comprehensive and specialized, it is necessary to consider the possibility of the most efficient manner for transposing and adoption of the EU legislation into the national legislation in this field by means of direct assumption of texts and gradual implementation.

LEGISLATION

Act EU Legal framework	Act MNE Legal framework	Current state	Planned
Regulation (EC) No 2003/2003	Law on Fertilisers Article 8 (Official Gazette of the Republic of Montenegro 48/07)	Partly aligned	Direct assumption on the date of EU accession
Annex of Regulation (EC) No 2003/2003	Legal basis provided in the Law on Fertilisers Article 8 (Official Gazette of the Republic of Montenegro 48/07)	Not aligned	Direct assumption on the date of EU accession
Amending act(s)			
Regulation (EC) No 885/2004	Legal basis provided		Direct assumption on the date of EU accession
Regulation (EC) No 2076/2004	Legal basis provided		Direct assumption on the date of EU accession
Regulation (EC) No 1791/2006	Legal basis provided		Direct assumption on the date of EU accession
Regulation (EC) No 162/2007	Legal basis provided		Direct assumption on the date of EU accession

c) Is there production or industrial use of drug precursors? What is the law on the manufacture and marketing of drug precursors?

There is no production of drug precursors in Montenegro, they are only imported according to the import permit issued by the Agency for Pharmaceuticals and Medical Devices of Montenegro, and used in industrial and scientific research purposes. The precursors, which are imported for industrial purposes are the precursors from the third category of precursors such as: hydrochloric acid, sulphuric acid, acetone, ethyl-ether and toluene.

The following regulations regarding drug precursors are currently applicable:

- 1) Law on Medicinal Products (Official Gazette of the Republic of Montenegro 80/04 and Official Gazette of Montenegro 18/08)
- 2) Law on Production and Trade of Poisons (Official Gazette of the Socialist Republic of Montenegro 31/77 and 17/92)
- 3) Decision on the control list for import, export and transit of goods (Official Gazette of Montenegro 82/08) of the Government of Montenegro, including Appendix 1 – List of narcotic drugs and Appendix 2 – List of precursors
- 4) Ratified Conventions of the United Nations, regulating the field of narcotic drugs, psychotropic substances and precursors:
 - Single Convention on Narcotic Drugs, 1961 (As amended by the 1972 Protocol amending the Single Convention on Narcotic Drugs, 1961)
 - Convention on Psychotropic Substances 1971
 - United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988

In accordance with the applicable Law and Decision, the Agency for Pharmaceuticals and Medical Devices of Montenegro (CALIMS) is responsible for issuance of the permit for export/import/transit of precursors, which enables their import to Montenegro. Such permit enables import on a one-time basis. The permit is valid for one month. After the performed import, the importer is obliged to submit to the Agency evidence/report about the realised import within 15 days. Once a year, the Agency for Pharmaceuticals and Medical Devices of Montenegro submits the reports about imported and seized quantities of precursors in Montenegro to the International Narcotics Control Board (INCB), as well as the projections about the required quantities for the next year (the report also includes data acquired from Police Directorate of Montenegro).

The reports for 2007 and 2008 have been sent.

b) The Government of Montenegro has adopted the proposal for a Law on Drug Precursors and submitted it to the Parliament. The Law proposal has been prepared in accordance with the following EU regulations and international conventions referring to the field of narcotic drugs, psychotropic substances and drug precursors:

EC/111/2005
EC/1277/2005
EC/ 273/2004
EC/1533/2000
EC/1485/96
EEC/3677/90
2003/101/EC
92/109/EEC

- Single Convention on Narcotic Drugs, 1961 (As amended by the 1972 Protocol amending the Single Convention on Narcotic Drugs, 1961)
- Convention on Psychotropic Substances 1971
- United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988

The Law proposal provides the change of competence in this field. The Ministry of Health will issue permits for import/export/transit, except for precursors from the group of pharmacologically active substances, in which case issuance of permits will remain under the competence of the Agency for Pharmaceuticals and Medical Devices of Montenegro. The Ministry will also be competent for submission of the relevant reports to the INCB.

- The list of drug precursors will be published in the Official Gazette of Montenegro.
- Upon the adoption of the Law, the secondary legislation will be drafted.

The Law on Drug Precursors will provide monitoring in this field.

d) Is there production or industrial use of civil explosives? What are the regulations relating to the certification and transfer of explosives for civil use?

There is production of commercial explosives (i.e. explosives for civil use) in Montenegro.

There are two producers of commercial explosives (explosives for civil use), that certified their products before institutions of the Republic of Serbia.

Documents and indications on harmonisation of explosive substances which were issued in the other state are valid in Montenegro provided that the Ministry assesses that the applied procedures for harmonisation evaluation were, to the acceptable extent, in line with the equivalent technical regulations applicable in Montenegro, in accordance with the Law. Terms and manner of validation and indications on harmonisation of the documents issued in the other state are prescribed by the Ministry of Interior and Public Administration, in cooperation with the state administration body in charge of economic development.

The regulations referring to the transport of explosives for civil use are prescribed by the Law on Transport of Dangerous Goods (Official Gazette of Montenegro 5/08).

e) Is there production of pyrotechnic articles? What is the law on the manufacture and marketing of pyrotechnic articles?

There is no manufacture of pyrotechnic articles.

The Law on Explosive Substances (Official Gazette of Montenegro 49/08) prescribes the terms and conditions for manufacture of explosive substances (pyrotechnic articles). Pursuant to the provisions of the Law, manufacture means storage of raw materials with explosive characteristics, manufacturing, processing, finishing, internal transport and storage of finished explosive products with the manufacturer.

The Ministry of Interior and Public Administration issues the permit for manufacture. The Law defines terms and conditions for manufacture, according to which the manufacturer must:

- have a responsible person with university degree of relevant qualification,
- meet all conditions for handling explosive substances, as defined by the Law,
- engage persons who will handle explosive substances during the manufacture,
- have manufacture and storage facilities.

119 Supplementary questions on construction products: is there an established system for controlling construction products? If so, is there a strategy in place for further approximation with EC legislation? How are interested parties and major players (producers, testing laboratories, state bodies) involved and informed? Is there a strategy/plan for integrating the EN Eurocodes as national standards (EN1990 – EN1999), including the definition of the Nationally Determined Parameters (NDPs)?

There are two accredited laboratories for testing construction materials: AD Zavod za građevinske materijale Nikšić (the Institute for Construction Materials) and AD Građevinski nadzor i laboratorijska ispitivanja Podgorica (Construction supervision and laboratory testing). AD Građevinski nadzor i laboratorijska ispitivanja from Podgorica conducts testing of concrete, asphalt and aggregates and performs geo-mechanical tests as well.

At its session held on 29 March 2007, the Government of Montenegro adopted Decision on establishing the Standardization Institute of Montenegro (Official Gazette of the Republic of Montenegro 21/2007) as the national body for standardization in Montenegro.

Following the mission, vision, strategy and general goals, Montenegrin Standardization Institute became a Correspondent member of the International Standardization Organization (ISO), Affiliate member of the European Committee for Standardization (CEN), the Associate member of International Electrotechnical Commission (IEC) and Affiliate member of the European Committee for Electrotechnical Standardization (CENELEC). (Source: website of the Institute)

Following the draft of Elaboration on Accreditation System in Montenegro and pursuant to the Law on Accreditation of Serbia and Montenegro (Official Gazette of Serbia and Montenegro 44/05), the Government of Montenegro adopted the Decision on establishment of the Accreditation Body of Montenegro (Official Gazette of the Republic of Montenegro 21/2007) on 29 March 2007. The Decision provides the name and address of the Accreditation Body, activities, entities, financing and supervision of the work of the Accreditation Body. The Decision on establishment and the Statute define the Accreditation Body of Montenegro as a legal person, independent non-profit organisation established for the purpose of determining the competences of organisations to conduct activities of conformity assessment. (Source: website of the Accreditation Body)

National Programme for Integration of Montenegro into the EU for the period from 2008 – 2012 within chapter 3.1.3.21. Free flow of goods – Construction products, defines short-term and mid-term priorities:

Short-term priorities:

Adopted Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro 51/08);

The Strategy for Construction Development in Montenegro by 2020, which will set forth global guidelines for the future development of construction sector and industry of construction materials, will be adopted in the fourth quarter of 2009.

Mid-term priorities defined in the National Programme for Integration of Montenegro to the EU for the period 2008-2012 are defined as follows:

Legislation

Preparation and adoption of the national Law on Construction Products which will be harmonised with the EU Construction Products Directive 89/106/EEC and 93/68/EEC, as well as adoption of the set of secondary legislation (regulations and other technical regulations), by means of which this area will be completely regulated in accordance with directives on the new approach in this field.

Institutions

The following are mid-term priorities:

- Establishment and equipment of the institutions and education of personnel for carrying out construction products compliance assessment procedure;
- Establishment and equipment of the institutions and education of personnel for carrying out the inspection of construction products in the market;
- Establishment and equipment of the accredited laboratories for performing testing activities in accordance with the EU legislation;
- Adoption of the harmonised European standards;
- Education of construction products manufacturers and all participants in the process of construction of structures with the new approach in the area covered by Directives 89/106/EEC and 93/68/EEC.

In order to increase the abilities for the implementation of the future documents and regulations, the Ministry of Spatial Planning and Environmental Protection will continuously work on the strengthening of administrative capacities.

Planned activities on the implementation of mid-term priorities are the preparation of the **National Strategy on Harmonisation of Technical Regulations in the field of Construction Industry with the EU Legislation.**

Draft Strategy for Construction Industry Development in Montenegro by 2020 provides the introduction of the European standards (Eurocodes) and the rulebooks with mandatory implementation by the end of 2014.

The Ministry of Spatial Planning and Environmental Protection, Department for Construction of Structures, works on the Project for IPA 2010. This Project provides draft of the Programme for adoption of Eurocodes and the adoption of Eurocode 8 (calculation of seismic resistance of constructions)

120 Supplementary questions on motor cars (automobiles):

a) Production, registration, imports

Refer to the answers: i, ii, iii, iv.

i) Present production, by vehicle category and make in units;

There is no motor vehicles production in Montenegro.

ii) For passenger cars, total number of registered vehicles and breakdown by make and model;

Total number of registered passenger cars in Montenegro is 173 384 (source: Ministry of Interior and Public Administration). There is no official data on the number of registered vehicles by brand and type of vehicle.

iii) Main countries of origin of vehicle imports, by vehicle category, in units;

Main countries of origin of vehicles imported in Montenegro are: Germany, France, Italy, Czech Republic, Spain, Sweden and Great Britain.

iv) Non- tariff measures affecting imports and vehicle registration, such as licences and quotas, for both new and used vehicles.

The answer is provided in the answer to the question 116 G.

b) Technical requirements for new vehicles

Refer to the answers i, ii, iii.

i) Describe the present type-approval system, both for the decision making of the regulations and for its application. For the registration of new vehicles the technical requirements are established by what kinds of legislation (law, regulations) and at national or other level (local, regional....)?

Current type-approval system (regulations and application)

The highest legal basis for type-approval of vehicles, equipment and parts in Montenegro is UN/ECE Agreement concerning adoption of unique technical prescriptions for wheeled vehicles, equipment and parts which can be fitted and/or be used on wheeled vehicles and the conditions for reciprocal recognition of approvals granted on the basis of these prescriptions – Geneva, 1995 (Previous name: Agreement concerning adoption of unique conditions for type-approval and

reciprocal recognition of type-approval of equipment and parts of motor vehicles – Geneva, 1958, Official Gazette of the Federal Peoples' Republic of Yugoslavia 5/62, Appendix: International Treaties and Agreements), assumed in compliance with the Decision on Declaration of Independence of Montenegro (Official Gazette of the Republic of Montenegro 36/2006).

The following represents the legal basis for type-approval of vehicles, equipment and parts in Montenegro: Law on Technical Requirements for Products and Conformity Assessment of Products with Prescribed Requirements (Official Gazette of Montenegro 14/2008), Decree on manner and procedures for conformity assessment of the products with prescribed requirements (Official Gazette of Montenegro 71/2008) and 56 applicable decrees and orders regarding type-approval, all from the period of previous forms of state organisation of Montenegro (Federal Peoples' Republic of Yugoslavia, Socialist Federal Republic of Yugoslavia, Federal Republic of Yugoslavia, Serbia and Montenegro).

However, type-approval system still is not applied in Montenegro regarding new vehicles. This applies to both, approval of the type of vehicle as well as evaluation of conformity (harmonisation) of certain new vehicles imported in Montenegro.

On the other hand, import of second-hand (used) vehicles in Montenegro is regulated by the Decision on requirements that need to be fulfilled by used motor vehicles that are imported (Official Gazette of Montenegro 44/2007), and Rulebook on the manner of verifying the fulfilment of conditions, form and contents of certificates and amount of fee for imported used motor vehicles (Official Gazette of Montenegro 16/2008). These acts prescribe minimal type-approval: safety-technical and ecological (Euro 3) requirements for import of used vehicles of the category M (passenger cars) and N (trucks), this referring to appropriate UN/ECE rulebooks and EEC/EC directives. Authentication of fulfilment of prescribed requirements (harmonisation) of used motor vehicles imported in Montenegro is conducted by the University of Montenegro – Faculty of Mechanical Engineering in Podgorica, based on the decision of the Ministry of Transport, Maritime Affairs and Telecommunications.

In addition to the previously specified regulations, technical requirements for registration of vehicles are defined by the following: Law on Road Traffic Safety (Official Gazette of the Republic of Montenegro 72/2005) and the Road Transport Law (Official Gazette of the Republic of Montenegro 45/2005). Regarding the Law on Road Traffic Safety, key secondary legislation still are not adopted, while regarding the Road Transport Law, the number of regulations has been adopted, among others the Rulebook on special requirements for vehicles serving for public transport in road traffic and for transportation for personal needs (Official Gazette of the Republic of Montenegro 62/2006). This rulebook defines special technical and technical-exploitation requirements vehicles that serve for public transport of passengers and cargo in road traffic must fulfil. Assessment of fulfilment of prescribed requirements is conducted by the University of Montenegro – Faculty of Mechanical Engineering in Podgorica.

Special requirements for vehicles used for transportation of dangerous substances are prescribed by the Law on Transportation of Hazardous Substances (Official Gazette of Montenegro 5/2008).

All specified regulations are applicable on the national level.

ii) Number of type-approvals granted by Montenegro in 2008, by vehicle type;

No type-approval was granted in Montenegro in 2008.

iii) Explain the staffing levels for ensuring the application of the type-approval legislation; how it is ensured that it will have the necessary human resources to cope with the future implementation of the EC acquis?

So far, systems were developed and regulations were implemented regarding type-approval of vehicles in Montenegro. At the University of Montenegro – Faculty of Mechanical Engineering actively works on development of equipment for system of type-approval of vehicles. Depending on the future needs, sufficient number of human resources for implementation of type-approval legislation will be provided.

121 Approximation of national legislation to Community type-approval legislation (as last amended)

a) List of measures, either planned or already adopted for the alignment with Community type-approval legislation;

Montenegro plans to set the comprehensive national system of type-approval of vehicles (including equipment and parts of vehicles) that will be harmonised with the system of type-approval of the EU. To this end, the following has been planned, **in the first phase**: adoption of new regulations (first of all: a rulebook on type-approval of vehicles), revision and adjustment of existing legislation (first of all: the Law on Road Traffic Safety, which should represent direct legal basis for establishment of national system of type-approval), review of succeeded (from former state unions) decisions and orders through which certain UN/ECE rulebooks are transposed into the national legislation (regarding adoption of amendments of these rulebooks, taking into account improvement of level of safety and protection of environment, but also with respect real opportunities of domestic market), as well as acceptance of the new UN/ECE rulebooks and EU vehicle type-approval directives (EC vehicle type-approval directives). Along with this, rounding of institutional framework for implementation of national type-approval system is planned. In accordance with the National Programme for Integration of Montenegro into the EU (NPI – 3.1.2.1. Motor Vehicles, 3.1.2.1.2 Short-term Priorities – Institutions), carriers of the activities regarding establishment of harmonised type-approval system are: Ministry of Transport, Maritime Affairs and Telecommunications, Ministry of Interior and Public Administration, Ministry of Economy, Institute for Standardization and University of Montenegro – Faculty of Mechanical Engineering.

In the second phase, transposition and implementation of the EU directives regarding vehicle type-approval is planned, including Framework Directive on type-approval of vehicles 2007/46/EC, thus the national type-approval system in Montenegro will be completely harmonised with the regulations applicable in the EU.

b) Timetable for future alignment. By when could Montenegro be in full alignment with the EU acquis on motor vehicle type-approval, as last amended?

Establishing a consistent national type-approval system and forming a complete institutional framework for effective implementation of this system (the **first phase** of harmonization from item 121-a) – by the end of the first half of 2011.

Full harmonization of the national legislation with the *EU acquis* in the area of motor-vehicle type approval (the **second phase** of harmonization, item 121-a) – by the end of the first half of 2013.

c) Does Montenegro anticipate any problem for reaching this full alignment above?

Montenegro already has or it will develop institutional and other capacities for complete harmonisation with the EU *acquis* in the area of vehicle type-approval within planned time frames. Thereby, the possibility that is taken into account is use of the experiences from the countries in region, which are ahead of Montenegro in this area, therefore greater problems in the process of achieving complete harmonisation are not expected.

d) Is there nationwide in Montenegro sufficient availability of fuel of the right quality to meet EC emissions standards for motor vehicles?

In Montenegro, regulations regarding fuel quality, as well as manner and procedures of fuel control are in the phase of adoption. Upon adoption and implementation of these regulations (2010), it will be possible to determine if the fuel with the quality that provides meet of the EU standards regarding emissions from motor vehicles is available throughout Montenegro.

e) With regard to the accession to UNECE Regulations under the 1958 agreement, does Montenegro intend to accede to any Regulation to which EU Member States have not acceded? If so, which ones?

Pursuant to the Agreement concerning adoption of unique technical prescriptions for wheeled vehicles, equipment and parts which can be fitted and/or be used on wheeled vehicles and the conditions for reciprocal recognition of approvals granted on the basis of these prescriptions – Geneva, 1995 (Previous name: Agreement concerning adoption of unique conditions for type-approval and reciprocal recognition of type-approval of equipment and parts of motor vehicles – Geneva, 1958, Official Gazette of the Federal Peoples' Republic of Yugoslavia 5/62, Appendix: International Treaties and Agreements), assumed in compliance with the Decision on Declaration of independence of Montenegro (Official Gazette of the Republic of Montenegro 36/2006), 56 UN/ECE rulebooks (regulations), succeeded from the previous state unions, are applicable in Montenegro. Revision of the applicable regulations and potential adoption of the new ones is planned within the process of establishment of comprehensive type-approval system, whereby Montenegro does not plan to transpose any of the UN/ECE rulebooks that would be in collision with the EU vehicle type-approval system or which is not adopted in member states of the EU in its national legislation.

122 Supplementary question on taxation in the road transport sector: what are your road and registration taxes by category of vehicle?

The Law on Tax on Usage of Passenger Motor Vehicles, Vessels, Aircraft and Flying Machines (Official Gazette of the Republic of Montenegro 28/04 and 37/04) shall establish the tax payment on the use of passenger motor vehicles, vessels, aircraft and flying machines. This tax is imposed on legal and natural persons, owners of registered passenger vehicles, vessels, aircraft and flying machines. Pursuant to provisions of Article 4 of the quoted Law, the tax on the usage of passenger motor vehicles shall be paid yearly according to engine operating capacity, as follows:

1. Passenger vehicles:

Passenger vehicles	EUR
To 1300 cm ³	15
Over 1300 to 1600 cm ³	
Over 1600 to 2000 cm ³	50
Over 2000 to 2500 cm ³	150
Over 2500 to 3000 cm ³	350
Over 3000 cm ³	500

2. Motorcycles

Motorcycles	EUR
To 125 cm ³	10
Over 125 to 500 cm ³	30
Over 500 to 1100 cm ³	100
Over 1100 cm ³	200

Tax on use of passengers motor vehicles is reduced by 5% for each full ageing year of the vehicle, but total reduction may not exceed 70% of total prescribed amount of tax.

Tax on motor vehicles is paid at the occasion of registration of the motor vehicle.

123 Supplementary questions on the food industry:

The answers to these questions are provided in the items a), b) and c).

a) Please provide data on the agricultural raw materials used by the industry and intermediate products not covered by Annex 1 to the EC Treaty, broken down by product (type of product, quantities, prices, etc.).

According to the data obtained from the Statistical Office of Montenegro (hereinafter referred to as MONSTAT), the following raw materials and semi-finished products are not registered by their purpose.

Namely, there are data about the quantities of repurchased heads of cattle, produced eggs, sea salt, repurchase of fruit and vegetables, catch of fish and freshwater fish growing, repurchased milk, etc., but there are no data about whether they are further processed or placed directly on the market i.e. consumption.

According to the methodology, the repurchase of agricultural products does not define the further use of repurchased products, and methodology regarding the sale of agricultural products from production of agricultural enterprises and agricultural cooperatives includes the deliveries of processed agricultural products (dried plums, alcoholic beverages, dairy products) to other enterprises, if such processing is not performed in the production units of industry enterprises.

The following table presents the names of agricultural raw materials used in the industry, as well as semi-finished products not included in Appendix 1 of the EU Treaty, categorized by products

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Code	Title of section and class from NRMI* (NN no. 18/97)
DA	Manufacture of food, beverages and tobacco products
15	Manufacture of food products and beverages
0111	Cereals, oleaginous plants, potato, sugar beet, hops
0112	Vegetables for processing
0113	Fruit for processing
0121	Cow milk for processing
0122	Sheep and goat milk for processing
0124	Eggs for processing
0500	Sea and freshwater fish for processing
1440	Sea salt and rock salt for processing
1511	Meat for canning and processing
1512	Poultry meat for processing and canning
1513	Animal remains for processing
1520	Fish for further processing
1532	Fruit juices for further processing
1533	Fruit and vegetable for canning and further processing
1541	Raw oils for further processing
1542	Refined oils and fat for further processing
1543	Margarine and edible fat for further processing
1551	Dairy products for further processing
1561	Mill products for further processing
1562	Starch products for further processing
1571	Forage for further processing
1583	Sugar and molasses for further processing
1584	Cocoa products for further processing
1589	Yeast and additives and extracts for further processing
1591	Distilled alcoholic beverages for further processing
1592	Ethyl alcohol from fermented materials for further processing
1593	Grape wines for further processing
1597	Malt for further processing
16	Manufacture of tobacco products

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0111	Dry non-fermented tobacco
1600	Dry fermented tobacco

The table below encompasses data provided by MONSTAT, for 2006, 2007 and 2008:

Repurchase of agricultural products for year 2006

Product code	Name of the product	Unit of measure	Quantity
11190	Other cereals (buckwheat, rye and wheat mixture)	t	13
12091	Tobacco (dry leaf non-fermented)	kg	-
12092	Tobacco (fresh leaf)	kg	-
17000	Vegetables	kg	139142
20000	Fruit	kg	256440
41000	Livestock	kg	3580101
42070	Eggs (intended for human consumption)	pcs	12240
43100	Fresh cow milk	Lit.	16812937
43120	Fresh sheep milk	Lit.	-
43232	Soft cheese	kg	361

Vegetables imply rhizome plants and leguminous plants, dried.

Sale of agricultural products for year 2006

Product code	Name of the product	Unit of measure	Quantity
11190	Other cereals (buckwheat, rye and wheat mixture)	t	1
17000	Vegetables	kg	391392
20000	Fruit	kg	1523086
300100	Grape for consumption	kg	1552919
35000	Fruit and grape products	Lit.	10395
41000	Livestock	kg	53605
42070	Eggs (intended for human consumption)	pcs	10362700
43100	Fresh cow milk	Lit.	729650
43120	Fresh sheep milk	Lit.	-
43220	Cream	kg	2291
43231	Hard cheese	kg	2419

Vegetables imply rhizome plants and leguminous plants, dried.

Repurchase of agricultural products for year 2007

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Product code	Name of the product	Unit of measure	Quantity
12091	Tobacco (dry leaf, non-fermented)	kg	157744
12092	Tobacco (fresh leaf)	kg	388247
17000	Vegetables	kg	610875
20000	Fruit	kg	393255
41000	Livestock	kg	3703314
42070	Eggs (intended for human consumption)	pcs	5160
43100	Fresh cow milk	Lit.	14147137
43120	Fresh sheep milk	Lit.	214936

Vegetables imply rhizome plants and leguminous plants, dried.

Sale of agricultural products for year 2007

Product code	Name of the product	Unit of measure	Quantity
17000	Vegetables	kg	74880
20000	Fruit	kg	1181371
300100	Grape for consumption	kg	2201772
35000	Fruit and grape products (only domestic)	Lit.	17792 UKUPNO (35030+35040)
35030	Strong brandy	Lit.	3409
35040	Grape brandy	Lit.	14313
41000	Livestock	kg	37370
42070	Eggs (intended for human consumption)	pcs	14535989
43100	Fresh cow milk	Lit.	554945
43120	Fresh sheep milk	Lit.	-
70011	Sea fish	kg	7140
70020	Trout	kg	76489

Vegetables imply rhizome plants and leguminous plants, dried.

Repurchase of agricultural products for 2008

Product code	Name of the product	Unit of measure	Quantity
12091	Tobacco (dry leaf, non-fermented)	kg	-
12092	Tobacco (fresh leaf)	kg	-
17000	Vegetables	kg	1522553
20000	Fruit	kg	1039982
41000	Livestock	kg	4081611
42070	Eggs (intended for human consumption)	pcs	7890

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43100	Fresh cow milk	Lit.	15874993
43120	Fresh sheep milk	Lit.	-
43231	Cheese (hard and soft)	kg	11
60000	Other agricultural products – herbs	kg	23400

Vegetables imply rhizome plants and leguminous plants, dried.

Sale of agricultural products for year 2008

Product code	Name of the product	Unit of measure	Quantity
11190	Other cereals (buckwheat, rye and wheat mixture)	t	1
17000	Vegetables	kg	344864
20000	Fruit	kg	1065811
300100	Grape for consumption	kg	2544944
35000	Fruit and grape products - wine, strong brandy and grape brandy	Lit.	27264
41000	Livestock	kg	573609
42070	Eggs (intended for human consumption)	pcs	12288330
43100	Fresh cow milk	Lit.	607789
43120	Fresh sheep milk	Lit.	-
70011	Sea fish	kg	6241
70020	Trout	kg	58122

Vegetables imply rhizome plants and leguminous plants, dried.

Source: MONSTAT

b) What are your quality requirements for agricultural raw materials used by the cereals, sugar, dairy and egg industries to manufacture food products? Please provide a comparison with Community requirements and information on any harmonisation measures carried out. Which institution performs controls and is there a control schedule?

The requirements for the safety and quality of milk and eggs are presented in more details in the Chapter 12 – Food Safety, Veterinary and Phytosanitary Policy / Sub-chapter III, question no.20, point d) and Chapter 11 Agriculture and Rural Development / Sub-chapter II, question 11. The quality of raw materials in bread-making industry, and quality of cereals and sugar, has been defined by relevant rulebooks.

c) What are the measures that affect the prices of raw materials, especially agricultural policy measures? Also mention any compensatory measures for food products (production and export refunds).

Production and other subsidies are defined by the Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09). To that regard, we state the most important measures of agricultural production subsidies referred to in the relevant Articles of this Law:

Decree on implementation of measures of agricultural policy

Article 6

The method and dynamics of implementation of measures of agricultural policy defined by the Strategy and the National programme shall be laid down in more detail by a regulation of the Government (hereinafter referred to as: the Agro-budget) by the beginning of every fiscal year.

The Agro-budget shall include, in particular, the following:

- Planned funds by specific agricultural policy measures;
- terms and criteria for use of certain incentive measures as laid down by this Law;
- the method of control in implementation of agricultural policy measures;
- procedures for monitoring and evaluation of effects of agricultural policy measures;
- terms and procedure for granting the incentives;
- measures for remedying the irregularities identified in use of incentives.

The Agro-budget shall be published in the Official Gazette of Montenegro.

Report on implementation of the National Programme and Agro-budget

Article 7

The annual report on implementation of the National Programme and Agro-budget shall be presented by the Ministry and submitted to the Government for adoption by 31 March of the current year for the previous year.

The report referred to in the paragraph 1 of this Article shall also include the evaluation for effects of agricultural policy for the reporting year.

III AGRICULTURAL POLICY MEASURES

Article 8

Agricultural policy measures are identified in order to accomplish objectives referred to in Article 3 of this Law.

Agricultural policy measures shall include, in particular, the following:

- a) market-price policy;
- b) rural development policy;
- c) activities of public interest;
- d) social transfers to family agricultural holdings.

A. MARKET-PRICE POLICY

Article 9

Market-price policy shall be implemented through the following:

- 1) market stabilization measures;
- 2) direct payments to agricultural holdings;

In order to preserve the unity of the market and equal treatment for all producers, the market-price policy measures shall be implemented at the national level.

1. Market stabilization measures

Article 10

Market stabilization measures shall apply to:

- foreign trade
- intervention measures in internal trade.

In case of over-import or over-export of agricultural products, identification of dumping or imports of products into Montenegro that exporting countries applied export subsidies to, or if there is a risk of serious distortion of the agricultural product market, which endangers the set objectives of agricultural policy, the Government may introduce protective measures in foreign trade of

agricultural products, in line with the signed international agreements and regulations governing foreign trade.

In order to accomplish the objectives of the agricultural policy referred to in Article 3 of this Law, and upon the proposal of the Ministry, the Government may implement intervention measures of buying and selling, support storage and withdrawal of certain agricultural products from the market.

2. Direct payments to agricultural holdings

Article 11

Direct payments to agricultural holdings are measures that have a direct effect on agricultural holdings' revenues.

Direct payments can be made on the basis of the following criteria:

- a) per hectare of agricultural land;
- b) per head of livestock or livestock unit;
- c) per unit of agricultural products;
- d) per unit of inputs in agricultural production.

Based on the criteria and conditions set, direct payments may be also granted to agricultural product processors.

More detailed criteria and conditions for implementation of measures referred to in paragraph 1 of this Article shall be laid down by the Agro-budget.

B. RURAL DEVELOPMENT POLICY

Types of measures

Article 12

The rural development policy shall be implemented through implementation of the following groups of measures:

- 1) measures for strengthening the competitiveness of food producers;
- 2) measures for sustainable agricultural resources management;
- 3) measures for improving the quality of life and development of economic activities in rural areas;
- 4) leader projects for rural development.

The conditions and procedures for implementation of measures referred to in paragraph 1 items 1 to 4 of this Article, in compliance with the National Programme, shall be laid down by the Agro-budget.

1. Measures for strengthening the competitiveness of food producers

Article 13

In order to strengthen the competitiveness of food producers, the following measures shall be applied:

- a) support to investments in primary agriculture;
- b) support to modernization and restructuring of processing industry;
- c) support to investments for implementation of land policy (development of use and improvement of the quality of agricultural land, increase in size of family agricultural holdings and prevention of fragmentation);
- d) introduction of international standards and development of the quality in production and processing of agricultural products;
- e) support to establishing and connecting of producers' organizations;
- f) support to education of agricultural producers.

At the proposal of the Ministry, the Government may introduce other measures for support to competitiveness of food producers.

The conditions and procedures for implementation of measures referred to in paragraph 1 of this Article, in compliance with the National Programme, shall be laid down by the Agro-budget.

2. Measures for sustainable agricultural resources management

Article 14

Sustainable agriculture resource management shall be ensured by implementation of the following measures:

- a) Development of areas with limited opportunities for agricultural production;
- b) Agriculture programmes harmonized with the principles of environmental protection – agro-environmental measures;
- c) Agro-forestry programmes;

The criteria and method for implementation of measures referred to in paragraph 1 of this Article shall be laid down by the Agro-budget.

- a) Development of areas with limited opportunities for agricultural production

Article 15

Development of areas with limited opportunities for agricultural production shall be ensured through additional payments per hectare (ha) of agricultural land or per head of livestock.

The area with limited opportunities for agricultural production shall be determined based on the limited opportunities for use of land and significantly higher production costs induced by unfavourable conditions.

More detailed criteria referred to in paragraph 2 of this Article shall be laid down by the Agro-budget.

Based on criteria referred to in paragraph 3 of this Article, the Ministry shall determine the areas with limited opportunities for agricultural production.

- b) Agro-environmental measures

Article 16

Agriculture programmes harmonized with the principles of environmental protection shall be supported through agro-environmental measures, aimed at the following:

- protection and development of natural resources (land, water, air) with particular emphasis on development of organic and integral agriculture;
- preservation and sustainable use of genetic resources in plant and livestock production;
- preservation of natural habitats and the environment, with particular emphasis on sustainable use of mountain pastureland.

The Agro-budget may lay down other measures for support to sustainable agricultural resource management.

- c) Agro-forestry programmes

Article 17

In order to accomplish the multiple effects of joint objectives of agricultural and forestry policies, support shall be provided to setting up of plantations of appropriate agricultural or forestry cultures in areas with low vegetation, shrubbery or fire-struck areas.

The conditions and procedures for implementation of support referred to in paragraph 1 of this Article shall be laid down by the Agro-budget.

2. Measures for improving the quality of life and development of economic activities in rural areas

Article 18

In order to improve the quality of life and develop the economic activities in rural areas, the following measures shall be applied:

- development of rural infrastructure, revitalization and development of rural communities;

- support to supplemental activities in agriculture;
- support to establishing and development of small enterprises in order to encourage entrepreneurship in rural areas;
- support to development of tourism in rural areas;
- support to preservation and protection of cultural heritage.

The agro-budget may also lay down other measures that support the quality of life and development of economic activities in rural areas.

The conditions and procedure for implementation of measures referred to in paragraph 1 of this Article shall be laid down by the Agro-budget.

3. Leader projects for rural development

Article 19

The leader projects for development of rural areas shall ensure the support to the following:

- local self-governments and local action groups for preparation and implementation of rural development strategies and projects;
- local public-private partnership in order to develop the rural areas;
- implementation of projects based on participation of several entities from different local economy sectors.

The conditions and procedure for implementation of measures referred to in paragraph 1 of this Article shall be laid down by the Agro-budget.

5. Support to rural development from local governance funds

Article 20

Local self-governments may introduce rural development support measures in compliance with the Strategy, National Programme and the Agro-budget.

Local self-governments are obliged to submit the act determining rural development support measures to the Ministry for approval, prior to its adoption by the competent body of the local-self government.

124 Supplementary question on clothing: Please distinguish between domestic production and OPT (subcontracted) production of clothing products.

There is no production of clothing products relocated (subcontracted) abroad.

125 Supplementary questions on forest-based industries:

a) What is the total forest area in millions of hectares and as a percentage of the total land territory of the country?

The total territory of Montenegro is 1 381 200 ha, of which, according to the statistical indicators, 743 609 ha or 54% falls on forests and forest land, and around 60% of population is connected to the village and areas that are rich in forests.

	%
FORESTS	45
FOREST LAND	9
OTHER LAND	46

By the degree of forested area of 0.9 ha of forests per capita, Montenegro is, with Scandinavian countries, one of the most forested countries in Europe, with high values and enormous potential for recreation and tourism.

b) What is the forest ownership structure? Distinguish between natural persons, other private ownership, state forests, national parks, local authorities, other public ownership.

Forests cover 621,000 hectares of the total area, and barren forest land covers 123,000 hectares. State-owned forests and forest land cover 500,000 ha or 67%, while private forests and forest land cover 244,000 ha or 33%. Total wood stock in forests of Montenegro is estimated at around 72 million m³, of which 29.5 million m³ or 41% are conifers, and 42.5 million m³ or 59% are deciduous.

Forest ownership	%
Private	33
State -owned	67

	Conifers (m3)	Deciduous (m3)	TOTAL	%
Economic forests	26499651	26602225	53101876	89,05
Protection forests	778545	3814995	4593540	7,7
National parks	1077439	858025	1935464	3,25
State-owned forests	28355635	31275245	59630880	82,76
Private forests	1171920	11253899	12425819	17,24
TOTAL	29527555	42529144	72056699	100,00

By functions, the forests intended for the cultivation of timber cover 348,000 ha or 81% of all forests. The share of main types of cultivation and use is presented in the table below

Types of economic forests and forest lands	%
High economic forests	61
Barren forest land	14
Scrubs and macchia	13
Coppice forests	12

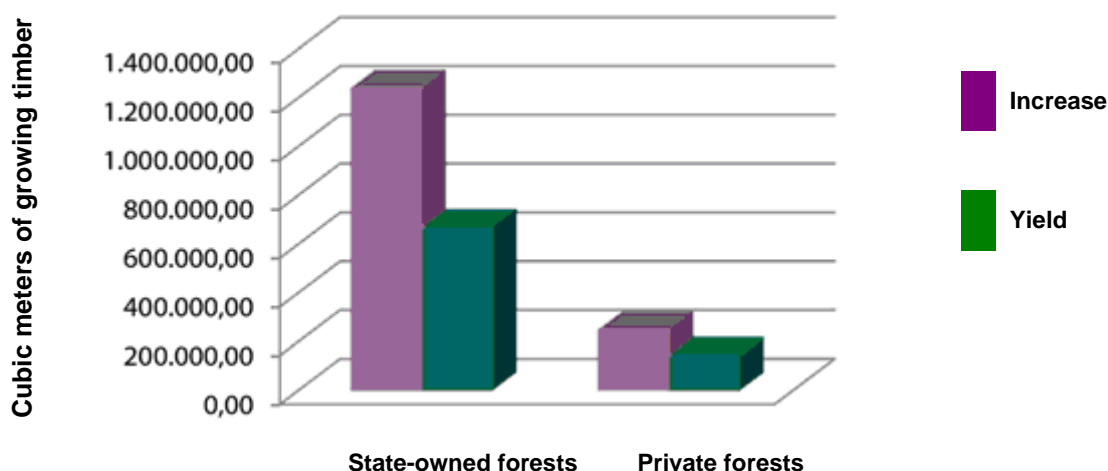
Protection forests cover 66 thousand of hectares or 16%, and forests in National Parks cover 12,975 ha or 3%. Overall growth in all forests is estimated at 1.5 million m³.

c) What is the round wood production (also as a percentage of annual forest growth)? coniferous, non-coniferous?

The Forest Administration launches a tender to grant concessions for utilization of slightly more than 400 000 m³ every year, and if we add the needs of population for fuel wood to this, as well as retail and sanitary felling, this leads to the conclusion that the annual harvesting in our forests is around 700 000 m³.

The overall harvesting is lower compared to the previous period, and it is at the level of projected quantities and allows substantial accumulation of biomass in forests.

TOTAL ANNUAL INCREASE AND YIELD



It would be interesting to add that, today, we have a substantial natural expansion of the areas covered by forests in Montenegro, which occurred as a result of not only artificial afforestation, but also from the spontaneous expansion of forest vegetation to agricultural land.

Production by type: conifers 308,512 m³; deciduous 260,980 m³; total 569,492 m³.

126 Supplementary questions on pharmaceuticals:

a) What is the regulatory framework for marketing authorisation of medicinal products?

a) Legal regulations in the field of human and veterinary medicinal products:

- 1) Law on Medicines (Official Gazette of the Republic of Montenegro 80/04 and Official Gazette of Montenegro 18/08)
 - The Law has been partially harmonised with the following EU directives: 2001/83/EC, 2003/63/EC, 2004/24/EC, 2004/27/EC, 2001/20/EC, 2003/94/EC, 2001/82/EC.
- 2) Veterinary Law (Official Gazette of the Republic of Montenegro 11/04 and Official Gazette of the Republic of Montenegro 27/07)
- 3) Rulebook on detailed conditions for issuance of permits for putting medicines into circulation (Official Gazette of the Republic of Montenegro 30/09)
 - This Rulebook has been partially harmonised with the following EU directives 2001/83/EC, 2003/63/EC

b) The following legal regulations are planned to be adopted:

- Amendments to the Law on Medicines (November – December 2009)

- Harmonisation with the Directives and Decrees: 2001/83/EC, 2004/27/EC, EC/726/2004, 2004/28/EC, 2001/82 EC

At the moment, medicines are imported to Montenegro based on the import permits issued by the Agency in compliance with the Law, and condition for obtaining such permit is the fact that such medicine is registered in the countries of the European Union, the USA, Canada, Switzerland, Norway and in countries of the former SFRY. Pursuant to the Law, such import will be enabled by March 2010. At the same time, since the end of 2008, the registration process of medicines in accordance with the Law and the Rulebook on detailed conditions for issuance of permits for putting medicinal products into circulation started. Therefore, after March 2010, only those medicines that have permit issued by the Agency for Pharmaceuticals and Medical Devices of Montenegro, and medicines that will be imported due to the emergency in accordance with the Rulebook on emergent import of medicines, will be available in the Montenegrin market.

b) What is the regulatory framework for pricing and reimbursement of medicinal products?

The legal framework in the field of pricing medicinal products

1. Law on Medicines (Official Gazette of the Republic of Montenegro 80/04 and Official Gazette of Montenegro 18/08), establishing the competences in pricing of medicines:

The Government of Montenegro establishes the criteria for formation of maximum prices for medicines, as well as the maximum prices of such medicines.

The Ministry competent for health care activities proposes the criteria for formation of maximum prices for medicinal products and maximal prices of medicines in cooperation with the Ministry competent for economy affairs.

The Ministry in charge for market activities conducts inspection supervision of the prices of traded medicines.

The Government of Montenegro adopted a Decree on determining the criteria for maximum prices of medicines (Official Gazette of the Republic of Montenegro 50/2007).

b) The Amendment to the Decree is planned, which envisages the change of competence – the Agency for Pharmaceuticals and Medical Devices will be competent for approval of prices of medicines according to the criteria defined in the Decree.

The Amendment to the Decree is expected by the end of 2009.

The Health Insurance Fund of Montenegro, pursuant to the Article 19 of the Law on Health Insurance (Official Gazette of the Republic of Montenegro 39/04), determines the List of medicines that are prescribed and issued from the resources of the Fund intended for mandatory health insurance.

The applicable List of Medicines has been established by the Decision on establishment of the list of medicines prescribed and issued from the resources of the Health Insurance Fund and the Decision on amendments to the decision on establishment of the List of medicines prescribed and issued from the resources of the Health Insurance Fund, published in the Official Gazette of Montenegro 74/05 and 13/07 that entered into force on 24 April 2009.

The persons insured at the Fund exercise their rights on medical-technical devices in accordance with the Rulebook on manner and procedure of exercising rights on medical-technical devices (Official Gazette of the Republic of Montenegro 74/06 and 28/08), whose integral part are the Lists of medical-technical devices.

c) To what extent, if at all, does the assessment of relative effectiveness of medicines (i.e. clinical and cost comparison with existing medicines on the market) play a part in the national health schemes?

Pursuant to the Article 19 of the Law on Health Insurance of Montenegro (Official Gazette of the Republic of Montenegro 39/04) the Health Insurance Fund of Montenegro establishes the List of medicines. The Commission for Medicinal Products, composed of professionals in the field of pharmaco-economy and pharmaco-therapy, based on continued monitoring of the implementation of the List of medicines, new experiences and information in therapy procedures, proposes amendments to the List of medicines, as well as based on the requests submitted by health care institutions, pharmacy manufacturers, their agents and representatives. The List of medicines is generic. JZU Montefarm (Public Healthcare Institution Montefarm) conducts the supply of medicines exclusively by international tenders, with coordination of expressed material balances of public health care institutions, and the consent of the Ministry of Health and the Health Insurance Fund of Montenegro.

International tenders are conducted annually. The Commission composed of professional representatives of the Ministry of Health, Health Insurance Fund of Montenegro, Montefarm, as well as medical experts in certain fields, decides on the eligible bidders. The Commission establishes the quality criteria that the bidders have to meet in accordance with the Law on Medicines and the Public Procurement Law.

d) What government, or government-funded, schemes exist to give information to patients/citizens about medicines?

There is no Government programme that finances such project, however the Agency for Pharmaceuticals and Medical Devices of Montenegro, pursuant to the Law on Medicines, is competent for conduct of activities regarding information and education on medicines and it provides information relevant for the implementation of measures for the rational use of medicines.

Through the process of registration and issuance of approvals for putting the medicines into circulation, the Agency approves the Instructions for patients that represents part of the solution. It is a public document, available to all interested parties. It is only with such approved instructions that the medicines may be put into circulation and put at the market in Montenegro. Through the development process of pharmacovigilance system, i.e. monitoring of side effects medicines, the patients obtain the necessary information about the medicinal products.

Through the process of quality control implemented by the Agency, as well as the information obtained from other relevant institutions, and in accordance with the legal provisions, the professional and general public are informed. The manner of providing information is the organisation of professional conferences, advisory sessions, by Agency's website and by media information.

127 Supplementary questions on aerospace industry:

a) Could you describe possible already existing participation / cooperation of companies / associations / Ministries with the EU aerospace industry (e.g. participation in EU R&D programmes, possible link of national industry association to European association etc? Which of the issues raised in LeaderSHIP 2015 do concern you and how do you intend to deal with the recommendations made?

Regarding the cooperation of the company Montenegro Airlines with the EU air industry entities, it mainly refers to several support agreements with the company Fokker Services B.V. from the Netherlands which is Type Certificate Holder for aircraft type Fokker F100 Montenegro Airlines has in its fleet, as well as with the company Austrian Airlines, which has certified workshop for technical maintenance for this aircraft type.

The mentioned agreements are as follows:

Pool Support Program ABACUS (Fokker Services B.V.), Documentation Revision Service (Fokker Services B.V.), Continued Airworthiness Support Agreement (Fokker Services B.V.), Heavy Maintenance Support Agreement (Austrian Airlines).

In addition to these agreements and cooperation with the EU air industry, Montenegro Airlines is the member of ERA (European Regions Airline Association).

Montenegro Airlines does not participate in scientific-research projects in the air industry.

There is no aerospace industry in Montenegro, and accordingly there are no associations of that kind.

128 Supplementary questions on tourism:

The reply to this question is provided under (a-d).

a) Please describe briefly the government's current strategy on tourism. Is there a formal document (law or action plan) which forms the basis of this strategy?

The strategic goal, defined by the Montenegro Tourism Development Strategy to 2020 (adopted in 2001, and innovated version was adopted in December 2008), is as follows: "By applying sustainable development principles and objectives, Montenegro will create a strong position of a global high-quality destination; tourism will provide to Montenegrin citizens sufficient jobs and increase of the living standards, and the Government will have stable and reliable revenues."

In order to attain this goal and realise the vision, which, *inter alia*, states that: "By 2020, Montenegro will become a destination with all-year round tourism, with picturesque landscapes and protected biodiversity, with preserved heritage and cherished tradition, shaped by three major cultures." Tourism Development Strategy established operational objectives and measures and their implementation will enable creation of complex, diversified and specific tourist offer, i.e. unique tourist product consisting of Montenegrin coast and the hinterland.

Tourism Development Strategy establishes the starting points for tourism development that contributes to the quality valorisation of potentials based on sustainable development, which implies adhering to the principles of economic justification, social acceptance and harmonization with the laws of the nature. In that sense, primarily owing to its natural characteristics, but also to historical and cultural heritage of Montenegro, the Tourism Development Strategy provides an insight into the potentials and opportunities for development of different tourism products, with presentation of new development concepts.

Besides, with regard to the fact that tourism, as an industry sector, has multiple effects on development of other industry sectors and services, such as trade, transport, agriculture, domestic production, handicraft business, which eventually contributes to new jobs and improvement of the living standard of the population, the Tourism Development Strategy emphasizes the necessary coordinated cooperation among the bodies that directly or indirectly create and offer tourist product, i.e. tourist workers and authorities on local and state level, representatives of private sector as well as non-governmental organisations (action plan).

Concerning the significant economic and social development potentials of tourism, the Government of Montenegro committed to improvement of tourism as one of the priorities in the entire economy development. On the other hand, considering the fact that tourism is one of those economy activities that engage a significant percentage of working population of all social, gender and age groups, on a permanent basis, which makes it an important element in fighting unemployment, the Strategy for Human Resources Development in Tourism Sector was adopted in mid May 2007. The mentioned Strategy elaborates the significance of availability of qualified and competent human resources for the tourism sector, and shows the future development of qualified services specific for tourism, and their inclusion in the current reform of general and vocational education system.

The Strategy for Human Resources Development in Tourism Sector is also aimed at improving the relation towards work and establishment of better coordination of work of all institutions in the field of human capital development, required in order to support the progress of tourism in the forthcoming period.

Also, the goal of the Strategy is to overcome the gap between the state and private sector through the implementation of the best practice experiences, harmonisation of the vocational education process with the economy requirements and international standards, as well as, promotion of career in the tourism and travel sector, attractive and preferable for greater number of young people.

The basic official documents, on which the strategic development of tourism is founded, are the Law on Tourism and its secondary legislation. In addition, the National Strategy for Sustainable Development of Montenegro represents one of the source documents for plans and development. Besides, all development strategic plans and decisions have been incorporated in the Spatial Plan of Montenegro.

b) What are the main priorities with regard to tourism development?

The main priorities, i.e. operational objectives for future tourism development have been defined in the Tourism Development Strategy in Montenegro to 2020, and they refer to:

- Creation of the required tourism and accompanying infrastructure aimed at realisation of the strategic goal,
- Formation of the specific, unique sale offer of Montenegro,
- Diversification of tourist offer aimed at creating “all-year” tourist product,
- Improvement of institutional and legal environment harmonised with the requirements of sustainable development of tourism,
- Inclusion of local population in tourism development activities.

c) Are there reliable instruments for monitoring the tourism structure, tourism flows and the performance of tourism business?

The preconditions for realistic projections of economic policy objectives, making good business decisions and objective review of achieved results represent a sound statistical basis.

With regard to this, and in order to improve the statistical methodology concerning the monitoring of tourism effects, the Ministry of Tourism established cooperation on preparing Report – Tourism Satellite Accounting for Montenegro (Tourism Satellite Accounting – TSA) with World Travel and Tourism Council (WTTC) and Oxford Forecasting Ltd – Institution for projections and forecasts in 2003. TSA is a model of calculations of total financial effects of tourism on the economy of the host country. The implementation of the TSA programme provides a standard framework for organisation of statistical data on tourism in Montenegro, as well as valid data on direct and indirect effect of tourism on the entire national economy.

Since 2005, Montenegrin hotel industry survey has been conducted in cooperation with Horwath Consulting, from Zagreb and the Faculty of Tourism, Hotel Management and Trade from Bar. The survey is aimed at analysing trends, from the general aspect of hotel industry, and from the regional aspect in Montenegro, as well as, at establishing structural trends within different segments of the hotel industry. The results of this survey enable monitoring the contribution of national hotel industry and their comparison with the results of hotel industries of other countries, and they are useful to hotel owners and managers, and to investors and other interested parties, as well. Besides, the survey results enable determining the instruments for pursuing policy oriented at strengthening the most important segment of tourism economy. The financial results of operations in the report are presented in accordance with the unique reporting methodology specialised for hotel industry, named “Uniform System of Accounts for Lodging Industry”.

Within cooperation with the German Society for Technical Cooperation (GTZ), the project related to measuring the effects of tourism on economy is in progress with the purpose to perform economic and market analysis of tourism sector, in order to meet the preconditions for decision making.

Also, in cooperation with the UN World Tourism Organization (UNWTO), the activities on determining sustainable development indicators, as one of the instruments for monitoring the tourism structure, trends in tourism and results of tourism activities, are in progress.

d) What is the place of tourism in the context of general economic development plans and in the reform of the administrative and legal framework

In line with the commitment of the Government of Montenegro the tourism development has been treated as one of the priorities in development of the entire country's economy within the context of general plans for economic development and reform of administrative and legislative framework.

129 Supplementary questions on forestry and its industrial sectors:

The answer is provided under a and b.

a) Do you have legislation concerning forestry and its industrial sectors in different fields such as wood procurement conditions, mandatory standards, trade constrains, etc.?

In the sector of forestry there are regulations defining the procurement of timber and timber trade. The main regulations are the Law on Forests (Official Gazette of the Republic of Montenegro 55/00), which in certain articles defines the manner and terms of timber procurement, and the Rulebook on timber trade (Official Gazette of the Republic of Montenegro 04/02, 34/04)

Timber procurement from state-owned forests is regulated by the Article 52 of the Law on Forests, according to which the state administration body in charge of forest management – Forest Administration gives forests for use to legal persons (forest enterprises) through contracts,

following the tender process. Forest enterprises pay a fee (concession fee) under the terms and in the manner defined by the contract. The initial fee amount is set by the Government.

The procedure of giving forests for use is launched following the open competition, including in particular:

- name of the forest area,
- name of the management unit with description of forests that are the subject of tender,
- period for which the forests are given for use,
- personnel, technical-technological and organisational conditions every bidder must meet,
- terms for performing activities that are the subject of tender,
- initial amount of concession fee, etc. as described in the Article 3.

The population in rural areas acquires timber through retail on the basis of requirements and fees, exclusively for its own needs, as firewood and lumber used in construction or reconstruction of accommodation or ancillary facilities which are in function of rural development.

With regard to forestry regulations Montenegro has not adopted standards in forestry. In respect of the classification of wood assortments and marking the border signs between state-owned and private forests, as well as the border lines between forest management units, departments and divisions, the provisions of standards valid in Yugoslavia (JUS standards) are applied, and in respect of all works in forestry (felling, establishment of forest order, extraction, acceptance, shipment and transport of assortments), they are regulated by secondary legislation i.e. Rulebooks (Official Gazette of the Republic of Montenegro 26/01, 04/02, 34/04).

Forest assortments and other products are placed at the market by certificate on origin and previously stamped with relevant stamp, and there are no other limitations regarding the timber trade.

b) Do you have studies or policy guidelines by sector on the economic and juridical structure of forestry and its sectors?

The Government of Montenegro adopted the National Forestry Policy in April this year.

As a contribution to meeting the objectives and priorities of the National Strategy for Sustainable Development, the National Policy for Forest and Forest Land Management has established five general objectives:

- 1) To provide and enhance long-term resistance and productivity of forest and other ecosystems, and preservation of animal and plant life;
- 2) Forest management and forest resources management provides sustainable performance of social, economic and ecological functions of forests;
- 3) Forests contribute to sustainable social and economic development of rural areas;
- 4) Provide long-term development and competitiveness of wood processing industry;
- 5) Long-term development of forest experts and forest activities.

These general objectives are related to ecological, economic and social function of forests, which are balanced, all aimed at sustainable forest resources management.

Defined criteria for sustainable forest management are as follows: sustainability of forest resources; biological diversity, optimal health condition and vitality of forest resources; productivity of forest resources; protective function of forest resources; social-economic functions and legal, political and institutional framework.

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