

**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

### **30 External relations**

**Minister: Branko Vujovic**

**Podgorica, December 2009**



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

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## **Chapter 30: External relations**

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## ***I. COMMON COMMERCIAL POLICY WTO and other horizontal aspects***

### **A. Most Favoured Nation Trade**

**1. In order to have a complete picture of the differences between your trade regime and the EU trade regime, could you please provide us with:**

**a) legal act defining the trade policy;**

Foreign trade in Montenegro has been regulated by the Foreign Trade Law (Official Gazette of Montenegro 28/04, 37/07). ([Annex 62](#))

Basic secondary legislation:

- Decree on Implementation of the Foreign Trade Law (Official Gazette of the Republic of Montenegro 52/04, 44/07), regulates conditions and procedure for issuance of licenses for export, import and transit of goods and for application of protection measures. ([Annex 233](#))
- Decision on Control List for Export, Import and Transit of Goods defines – classifies goods according to the manner of export, import or transit into: free export, import and transit, license based import, export and transit. Part of the Decision is the Control List defining a list of goods which are not in free regime. Goods that have not been set forth in the Control List are considered to be in the free regime of export, import and transit. (Official Gazette of Montenegro 82/08) ([Annex 92](#))

**b) your national tariffs, preferably all in one excel document in electronic format. See also Chapter 29 on customs union);**

Decree on Harmonization of the Customs Tariff Nomenclature for 2009 has been submitted in the answer to the question 1, chapter 29, Customs Union.

**c) quantitative restrictions applicable in your country, if any.**

Requirements for introduction of quantitative restrictions are prescribed by the Foreign Trade Law (*Official Gazette of Montenegro 28/04, 37/07*), Articles 15 to 18, but in effect there are no quantitative restrictions within the principle of most favored nation. Montenegro has not introduced any quantitative restriction of import or export of goods so far.

**2. In case you are in possession of a comparative study between your and the EC import regime, please provide us with the summary findings of the study.**

We do not possess comparative study between our regime and the import regime of the European Community.

**3. Please supply us with your latest trade data (import and export) in electronic format.**

A table showing Montenegrin exports per countries in thousands of Euros

| Country               |         |         |           |           |           | Index                  |       |       | % of total exports |           |
|-----------------------|---------|---------|-----------|-----------|-----------|------------------------|-------|-------|--------------------|-----------|
|                       | 2007    | 2008    | I-VI 2008 | I-VI 2009 | 2008-2007 | I-VI 2009<br>I-VI 2008 | 2007  | 2008  | I-VI 2008          | I-VI 2009 |
| Total                 | 487 119 | 433 158 | 225 639   | 128 841   | 89        | 57,1                   | 100,0 | 100,0 | 100.0              | 100.0     |
| European Union        | 319 594 | 265 311 | 142 990   | 74 451    | 83        | 52,1                   | 65,6  | 61,3  | 63.4               | 57.8      |
| CEFTA                 | 159 962 | 158 778 | 78 053    | 51 728    | 99        | 66,3                   | 32,8  | 36,7  | 34.6               | 40.2      |
| Other countries       | 7 564   | 9 069   | 4 595     | 2 662     | 120       | 57,9                   | 1,6   | 2,1   | 2.0                | 2.1       |
| <u>European Union</u> | 319 594 | 265 311 | 142 990   | 74 451    | 83        | 52,1                   | 65,6  | 61,3  | 63.4               | 57.8      |
| Austria               | 1 280   | 1 538   | 236       | 623       | 120       | 263,6                  | 0,3   | 0,4   | 0.1                | 0.5       |
| Belgium               | 537     | 138     | 119       | 42        | 26        | 35,2                   | 0,1   | 0,0   | 0.1                | 0.0       |
| Bulgaria              | 434     | 122     | 86        | 39        | 28        | 45,8                   | 0,1   | 0,0   | 0.0                | 0.0       |
| Cyprus                | 751     | 140     | 119       | 230       | 19        | 193,1                  | 0,2   | 0,0   | 0.1                | 0.2       |
| Czech Republic        | 2 836   | 4 425   | 3 270     | 996       | 156       | 30,5                   | 0,6   | 1,0   | 1.5                | 0.8       |
| Denmark               | 5       | 11      | 10        | 0         | 205       | 0,0                    | 0,0   | 0,0   | 0.0                | 0.0       |
| Estonia               | 0       | 0       | 0         | 0         | 0         | 0,0                    | 0,0   | 0,0   | 0.0                | 0.0       |
| Finland               | 0       | 1 801   | 650       | 101       |           | 15,5                   | 0,0   | 0,4   | 0.3                | 0.1       |
| France                | 190     | 286     | 105       | 322       | 150       | 308,1                  | 0,0   | 0,1   | 0.1                | 0.3       |
| Germany               | 9 188   | 16 218  | 3 763     | 3 468     | 177       | 92,2                   | 1,9   | 3,7   | 1.7                | 2.7       |
| Greece                | 60 457  | 53 225  | 45 079    | 30 882    | 88        | 68,5                   | 12,4  | 12,3  | 20.0               | 24.0      |
| Hungary               | 63 338  | 9 248   | 3 462     | 7 060     | 15        | 203,9                  | 13,0  | 2,1   | 1.5                | 5.5       |
| Ireland               | 355     | 0       | 0         |           | 0         | 0,0                    | 0,1   | 0,0   | 0.0                | 0,0       |
| Italy                 | 145 286 | 130 563 | 56 883    | 17 125    | 90        | 30,1                   | 29,8  | 30,1  | 25.2               | 13.3      |
| Lithuania             | 69      | 22      | 22        | 2         | 32        | 8,4                    | 0,0   | 0,0   | 0.0                | 0.0       |
| Latvia                | 7       | 0       | 0         | 0         | 0         | 0,0                    | 0,0   | 0,0   | 0.0                | 0.0       |
| Luxembourg            | 3       | 6       | 0         | 6         | 215       | 0,0                    | 0,0   | 0,0   | 0.0                | 0.0       |
| Malta                 | 1       | 0       | 0         | 77        | 0         | 0,0                    | 0,0   | 0,0   | 0.0                | 0.1       |
| The Netherlands       | 2 815   | 3 890   | 2 250     | 1 760     | 138       | 78,2                   | 0,6   | 0,9   | 1.0                | 1.4       |
| Poland                | 1       | 129     | 67        | 112       |           | 168,1                  | 0,0   | 0,0   | 0.0                | 0.1       |
| Portugal              | 3       | 0       | 0         | 0         | 6         | 0,0                    | 0,0   | 0,0   | 0.0                | 0.0       |
| Romania               | 119     | 995     | 345       | 412       | 836       | 119,2                  | 0,0   | 0,2   | 0.2                | 0.3       |
| Slovakia              | 256     | 389     | 223       | 246       | 152       | 110,4                  | 0,1   | 0,1   | 0.1                | 0.2       |



### 30 External relations

|                        |         |         |        |        |     |       |      |      |      |      |
|------------------------|---------|---------|--------|--------|-----|-------|------|------|------|------|
| Slovenia               | 28 556  | 37 355  | 24 131 | 9 801  | 131 | 40,6  | 5,9  | 8,6  | 10,7 | 7,6  |
| Spain                  | 204     | 86      | 48     | 91     | 42  | 187,6 | 0,0  | 0,0  | 0,0  | 0,1  |
| Sweden                 | 117     | 771     | 405    | 217    | 658 | 53,7  | 0,0  | 0,2  | 0,2  | 0,2  |
| Great Britain          | 2 784   | 3 952   | 1 718  | 838    | 142 | 48,8  | 0,6  | 0,9  | 0,8  | 0,7  |
| <u>CEFTA</u>           | 159 962 | 158 778 | 78 053 | 51 728 | 99  | 66,3  | 32,8 | 36,7 | 34,6 | 40,2 |
| Albania                | 11 578  | 5 907   | 3 251  | 2 694  | 51  | 82,9  | 2,4  | 1,4  | 1,4  | 2,1  |
| Bosnia and Herzegovina | 26 022  | 22 089  | 10 931 | 8 401  | 85  | 76,9  | 5,3  | 5,1  | 4,8  | 6,5  |
| Macedonia              | 794     | 902     | 384    | 618    | 114 | 160,9 | 0,2  | 0,2  | 0,2  | 0,5  |
| Croatia                | 10 987  | 6 620   | 3 763  | 1 877  | 60  | 49,9  | 2,3  | 1,5  | 1,7  | 1,5  |
| Moldova                | 0       | 0       | 0      | 0      | 0   | 0,0   | 0,0  | 0,0  | 0,0  | 0,0  |
| Serbia                 | 106 726 | 107 811 | 52 478 | 32 072 | 101 | 61,1  | 21,9 | 24,9 | 23,3 | 24,9 |
| UNMIK Kosovo           | 3 855   | 15 450  | 7 247  | 6 066  | 401 | 83,7  | 0,8  | 3,6  | 3,2  | 4,7  |
| Other countries        | 7 564   | 9 069   | 4 595  | 2 662  | 120 | 57,9  | 1,6  | 2,1  | 2,0  | 2,1  |
| Switzerland            | 814     | 1 774   | 1 557  | 118    | 218 | 7,6   | 0,2  | 0,4  | 0,7  | 0,1  |
| Turkey                 | 1 065   | 305     | 115    | 29     | 29  | 24,9  | 0,2  | 0,1  | 0,1  | 0,0  |
| USA                    | 1 769   | 889     | 132    | 163    | 50  | 123,5 | 0,4  | 0,2  | 0,1  | 0,1  |
| China                  | 62      | 152     | 106    | 0      | 246 | 0,0   | 0,0  | 0,0  | 0,1  | 0,0  |
| Russian Federation     | 585     | 1 041   | 348    | 648    | 178 | 186,4 | 0,1  | 0,2  | 0,2  | 0,5  |
| Other countries        | 3 278   | 4 907   | 2 338  | 1 705  | 150 | 72,9  | 0,7  | 1,1  | 1,0  | 1,3  |

Source: MONSTAT

#### Overview of Montenegrin exports based on SITC<sup>1</sup> classification in thousands of EUR

| SITC AND DESCRIPTION                | Index |       |           |           |              |                        |
|-------------------------------------|-------|-------|-----------|-----------|--------------|------------------------|
|                                     | 2007  | 2008  | I-VI 2008 | I-VI 2009 | 2008<br>2007 | I-VI 2009<br>I-VI 2008 |
| 00 Live animals                     | 14    | 0     | 0         | 4         | 0,7          |                        |
| 01 Meat and processed meat products | 2 751 | 4 917 | 1 916     | 2 125     | 178,7        | 110,9                  |
| 02 Dairy products and eggs          | 58    | 47    | 31        | 0         | 80,9         | 0,3                    |
| 03 Fish and products                | 618   | 279   | 63        | 295       | 45,2         | 472,1                  |
| 04 Cereals and products             | 1 045 | 1 735 | 1 020     | 877       | 166,0        | 85,9                   |
| 05 Fruit and vegetables             | 5 602 | 7 415 | 1 215     | 959       | 132,3        | 78,9                   |

<sup>1</sup> Standard international trade classification

### 30 External relations

|  |        |        |        |       |         |       |
|--|--------|--------|--------|-------|---------|-------|
| 06 Sugar, sugar products, honey                  | 489    | 284    | 123    | 150   | 58,2    | 121,9 |
| 07 Coffee, tea, cacao and spices                 | 754    | 342    | 173    | 19    | 45,3    | 10,7  |
| 08 Forage (except grain cereals)                 | 5      | 30     |        | 90    | 576,5   |       |
| 09 Other products for food                       | 409    | 1 008  | 123    | 331   | 246,4   | 269,3 |
| 11 Beverages                                     | 28 578 | 25 922 | 11 758 | 8 597 | 90,7    | 73,1  |
| 12 Tobacco and tobacco products                  | 25 413 | 4 297  | 3 305  | 565   | 16,9    | 17,1  |
| 21 Pelt, raw fur                                 | 3 403  | 2 216  | 1 568  | 579   | 65,1    | 36,9  |
| 22 Oil seeds and fruits                          |        | 18     |        |       |         |       |
| 23 Raw rubber                                    |        |        |        | 5     |         |       |
| 24 Cork and wood                                 | 16 566 | 12 572 | 5 016  | 5 005 | 75,9    | 99,8  |
| 25 Cellulose and paper debris                    | 259    | 439    | 154    | 216   | 169,5   | 140,3 |
| 26 Textile fibers and debris                     | 19     | 33     | 10     | 16    | 170,8   | 157,9 |
| 27 Raw fertilizers and raw minerals              | 2 488  | 2 265  | 757    | 753   | 91,0    | 99,4  |
| 28 Metal ores and metal debris                   | 15 021 | 14 815 | 8 374  | 1 908 | 98,6    | 22,8  |
| 29 Animal and plant substances, the others       | 83     | 4      | 4      | 45    | 4,7     |       |
| 32 Stone coal, coke and briquette                | 2 710  | 2 129  | 625    | 770   | 78,5    | 123,2 |
| 33 Oil and oil derivatives                       | 5 186  | 10 376 | 3 244  | 2 174 | 200,1   | 67,0  |
| 34 Natural gas and industrial gas                |        |        |        |       |         |       |
| 35 Electricity                                   |        |        |        |       |         |       |
| 41 Animal fats and oils, chemically non-modified | 56     | 102    | 44     | 9     | 183,7   | 19,7  |
| 42 Solid vegetable fats and oils                 | 17     | 16     | 4      | 28    | 94,0    | 646,0 |
| 43 Animal and vegetable fats and oils            | 3      | 51     | 35     | 77    | 1 705,7 | 218,0 |
| 51 Organic chemical products                     | 12     | 2      | 1      | 15    | 17,4    |       |
| 52 Inorganic chemical products                   | 45     | 38     | 15     | 8     | 82,9    | 51,7  |
| 53 Products for coloring and processing          | 130    | 48     | 10     | 40    | 36,7    | 415,3 |
| 54 Medical and pharmaceutical products           | 7 357  | 8 421  | 4 024  | 4 149 | 114,5   | 103,1 |
| 55 Essential oils, perfume and toilet products   | 3 838  | 5 040  | 1 658  | 1 434 | 131,3   | 86,5  |
| 56 Fertilizers (besides the raw ones)            |        |        |        | 0     |         |       |
| 57 Plastic articles in primary form              | 43     | 95     | 7      | 3     | 219,8   | 41,7  |
| 58 Plastic articles in non-primary form          | 85     | 252    | 101    | 124   | 296,8   | 122,2 |
| 59 Chemical materials and products, others       | 875    | 718    | 157    | 197   | 82,1    | 125,8 |
| 61 Leather, leather products, furs               | 28     |        |        | 13    | 0,0     |       |
| 62 Rubber products                               | 216    | 95     | 49     | 84    | 43,8    | 169,7 |

### 30 External relations

|   |         |         |         |         |       |       |
|---|---------|---------|---------|---------|-------|-------|
| 63 Cork and wood products                   | 822     | 729     | 441     | 154     | 88,7  | 34,9  |
| 64 Paper paperboard cellulose products      | 490     | 861     | 382     | 446     | 175,7 | 117,0 |
| 65 Yarn fabric textile products             | 204     | 290     | 202     | 44      | 142,1 | 21,7  |
| 66 Non-metallic mineral products            | 886     | 819     | 303     | 274     | 92,5  | 90,6  |
| 67 Iron and steel                           | 64 733  | 95 842  | 49 838  | 19 356  | 148,1 | 38,8  |
| 68 Colored metals                           | 252 573 | 178 145 | 106 585 | 56 665  | 70,5  | 53,2  |
| 69 Metal products, others                   | 7 994   | 7 252   | 3 402   | 1 992   | 90,7  | 58,6  |
| 71 Drive array devices                      | 307     | 455     | 207     | 285     | 148,1 | 137,3 |
| 72 Special machines for certain industries  | 2 001   | 5 701   | 2 226   | 4 505   | 284,8 | 202,4 |
| 73 Machines for metal treatment             | 487     | 425     | 193     | 36      | 87,4  | 18,9  |
| 74 Industrial machines for general use      | 3 290   | 5 831   | 2 687   | 4 037   | 177,2 | 150,2 |
| 75 Office machines and machines for AOP     | 274     | 558     | 297     | 89      | 203,3 | 30,0  |
| 76 Telecommunication devices                | 283     | 113     | 34      | 15      | 39,8  | 45,3  |
| 77 Electrical machines devices appliances   | 2 901   | 4 911   | 2 476   | 780     | 169,3 | 31,5  |
| 78 Road vehicles                            | 1 648   | 4 143   | 2 037   | 1 499   | 251,5 | 73,6  |
| 79 Other transport equipment                | 2 584   | 6 211   | 1 121   | 690     | 240,4 | 61,5  |
| 81 Prefabricated buildings sanitary devices | 186     | 355     | 222     | 168     | 191,0 | 75,8  |
| 82 Furniture and pieces                     | 892     | 1 181   | 760     | 337     | 132,4 | 44,4  |
| 83 Travel objects                           | 79      | 57      | 37      | 24      | 72,7  | 63,9  |
| 84 Clothes                                  | 631     | 896     | 455     | 525     | 141,9 | 115,4 |
| 85 Footwear                                 | 318     | 561     | 308     | 285     | 176,2 | 92,5  |
| 87 Scientific and control instruments       | 161     | 435     | 241     | 150     | 270,0 | 62,5  |
| 88 Cameras clocks                           | 352     | 123     | 91      | 23      | 34,8  | 25,4  |
| 89 Other terminated products non mentioned  | 18 845  | 11 245  | 5 510   | 4 799   | 59,7  | 87,1  |
| 97 Non-monetary gold                        |         |         |         |         |       |       |
| TOTAL EXPORTS                               | 487 119 | 433 158 | 225 639 | 128 841 | 88,9  | 57,1  |

Source: MONSTAT

### 30 External relations

#### Overview od Montenegrin imports from countries in thousands of EUR

|                       |           |           |              |              |              | Index                        |       |       | % of total imports |              |
|-----------------------|-----------|-----------|--------------|--------------|--------------|------------------------------|-------|-------|--------------------|--------------|
| Country               | 2007      | 2008      | I-VI<br>2008 | I-VI<br>2009 | 2008<br>2007 | I-VI<br>2009<br>I-VI<br>2008 | 2007  | 2008  | I-VI<br>2008       | I-VI<br>2009 |
| TOTAL                 | 2 072 481 | 2 527 151 | 1 245 445    | 766 834      | 122          | 61,6                         | 100,0 | 100,0 | 100,0              | 100,0        |
| European Union        | 856 694   | 1 039 792 | 507 581      | 293 101      | 121          | 57,7                         | 41,3  | 41,1  | 40,8               | 38,2         |
| CEFTA                 | 992 607   | 1 227 203 | 612 598      | 408 707      | 124          | 66,7                         | 47,9  | 48,6  | 49,2               | 53,3         |
| Other countries       | 223 180   | 260 156   | 125 263      | 65 026       | 117          | 51,9                         | 10,8  | 10,3  | 10,1               | 8,5          |
| <u>European Union</u> | 856 694   | 1 039 792 | 507 581      | 293 101      | 121          | 57,7                         | 41,3  | 41,1  | 40,8               | 38,2         |
| Austria               | 75 715    | 105 053   | 47 364       | 33 829       | 139          | 71,4                         | 3,7   | 4,2   | 3,8                | 4,4          |
| Belgium               | 6 707     | 8 940     | 4 951        | 2 022        | 133          | 40,8                         | 0,3   | 0,4   | 0,4                | 0,3          |
| Bulgaria              | 10 238    | 11 915    | 5 499        | 3 171        | 116          | 57,7                         | 0,5   | 0,5   | 0,4                | 0,4          |
| Cyprus                | 3 051     | 2 000     | 1 193        | 554          | 66           | 46,4                         | 0,2   | 0,1   | 0,1                | 0,1          |
| Czech Republic        | 30 131    | 29 800    | 12 572       | 7 326        | 99           | 58,3                         | 1,5   | 1,2   | 1,0                | 1,0          |
| Denmark               | 1 552     | 2 184     | 1 299        | 893          | 141          | 68,7                         | 0,1   | 0,1   | 0,1                | 0,1          |
| Estonia               | 36        | 14        | 14           | 7            | 38           | 50,4                         | 0,0   | 0,0   | 0,0                | 0,0          |
| Finland               | 2 740     | 1 867     | 1 354        | 500          | 68           | 37,0                         | 0,1   | 0,1   | 0,1                | 0,1          |
| France                | 13 531    | 25 175    | 16 194       | 4 984        | 186          | 30,8                         | 0,7   | 1,0   | 1,3                | 0,7          |
| Germany               | 95 987    | 136 849   | 63 450       | 30 951       | 143          | 48,8                         | 4,6   | 5,4   | 5,1                | 4,0          |
| Greece                | 122 829   | 185 455   | 88 609       | 44 221       | 151          | 49,9                         | 5,9   | 7,3   | 7,1                | 5,8          |
| Hungary               | 48 578    | 54 710    | 29 434       | 14 906       | 113          | 50,6                         | 2,3   | 2,2   | 2,4                | 1,9          |
| Ireland               | 66 162    | 808       | 26 663       | 4 526        | 122          |                              | 0,0   | 0,0   | 0,0                | 0,6          |
| Italy                 | 163 687   | 193 195   | 102 126      | 51 873       | 118          | 50,8                         | 7,9   | 7,6   | 8,2                | 6,8          |
| Lithuania             | 7         | 346       | 40           | 72           |              | 180,6                        | 0,0   | 0,0   | 0,0                | 0,0          |
| Latvia                | 93        | 271       | 94           | 88           | 293          | 92,7                         | 0,0   | 0,0   | 0,0                | 0,0          |
| Luxembourg            | 742       | 746       | 328          | 490          | 101          | 149,5                        | 0,0   | 0,0   | 0,0                | 0,1          |
| Malta                 | 263       | 742       | 144          | 1            | 282          |                              | 0,0   | 0,0   | 0,0                | 0,0          |
| The Netherlands       | 22 477    | 28 951    | 12 348       | 13 938       | 129          | 112,9                        | 1,1   | 1,2   | 1,0                | 1,8          |
| Poland                | 19 290    | 11 835    | 5 875        | 4 212        | 61           | 71,7                         | 0,9   | 0,5   | 0,5                | 0,6          |
| Portugal              | 320       | 61        | 39           | 12           | 19           | 30,0                         | 0,0   | 0,0   | 0,0                | 0,0          |
| Romania               | 15 311    | 21 191    | 6 895        | 7 406        | 138          | 107,4                        | 0,7   | 0,8   | 0,6                | 1,0          |
| Slovakia              | 5 392     | 5 860     | 3 383        | 1 643        | 109          | 48,6                         | 0,3   | 0,2   | 0,3                | 0,2          |

### 30 External relations

|                        |         |           |         |         |     |       |      |      |      |      |
|------------------------|---------|-----------|---------|---------|-----|-------|------|------|------|------|
| Slovenia               | 149 019 | 161 297   | 82 858  | 55 746  | 108 | 67,3  | 7,2  | 6,4  | 6,7  | 7,3  |
| Spain                  | 17 270  | 19 472    | 8 516   | 6 695   | 113 | 78,6  | 0,8  | 0,8  | 0,7  | 0,9  |
| Sweden                 | 40 381  | 25 411    | 9 690   | 897     | 63  | 9,3   | 2,0  | 1,0  | 0,8  | 0,1  |
| Great Britain          | 10 685  | 5 644     | 3 043   | 2 137   | 53  | 70,2  | 0,5  | 0,2  | 0,2  | 0,3  |
| <u>CEFTA</u>           | 992 607 | 1 227 203 | 612 598 | 408 707 | 124 | 66 72 | 47,9 | 48,6 | 49,5 | 53,3 |
| Albania                | 12894   | 20 324    | 10 471  | 11 359  | 158 | 108,5 | 0,6  | 0,8  | 0,8  | 1,5  |
| Bosnia and Herzegovina | 117166  | 164 810   | 88 755  | 47 903  | 141 | 54,0  | 5,7  | 6,5  | 7,1  | 6,3  |
| Macedonia              | 22342   | 29 878    | 14 588  | 9 983   | 134 | 68,4  | 1,1  | 1,2  | 1,2  | 1,3  |
| Croatia                | 133610  | 169 665   | 83 705  | 59 631  | 127 | 71,2  | 6,5  | 6,7  | 6,7  | 7,8  |
| Moldova                | 6       | 26        | 1       | 21      | 424 |       | 0,0  | 0,0  | 0,0  | 0,0  |
| Serbia                 | 705041  | 839 179   | 413 495 | 279 003 | 119 | 67,5  | 34,0 | 33,2 | 33,2 | 36,4 |
| UNMIK Kosovo           | 1547    | 3 321     | 1 583   | 807     | 215 | 51,0  | 0,1  | 0,1  | 0,1  | 0,1  |
| Other countries        | 223180  | 260 156   | 125 263 | 65 026  | 117 | 51,9  | 10,8 | 10,3 | 10,1 | 8,5  |
| Switzerland            | 110801  | 120 519   | 68 055  | 30 717  | 109 | 45,1  | 5,4  | 4,8  | 5,5  | 4,0  |
| Turkey                 | 17793   | 28 905    | 11 528  | 8 678   | 162 | 75,3  | 0,9  | 1,1  | 0,9  | 1,1  |
| The USA                | 19552   | 31 964    | 10 008  | 1 943   | 163 | 19 41 | 0,9  | 1,3  | 0,8  | 0/3  |
| China                  | 25850   | 36 765    | 18 169  | 9 880   | 142 | 54,4  | 1,3  | 1,5  | 1,5  | 1,3  |
| Russian Federation     | 9836    | 3 042     | 1 806   | 964     | 31  | 53,4  | 0,5  | 0,1  | 0,1  | 0,1  |
| Other countries        | 39348   | 38 960    | 15 698  | 12 844  | 99  | 81,8  | 1,9  | 1,5  | 1,3  | 1,7  |

Source: MONSTAT

#### Overview of Montenegrin imports based on SITC classification in thousands of Euros

| SITC AND DESCRIPTION                | In thousands of Euros |        |              |              | Index        |                        |
|-------------------------------------|-----------------------|--------|--------------|--------------|--------------|------------------------|
|                                     | 2007                  | 2008   | I-VI<br>2008 | I-VI<br>2009 | 2008<br>2007 | I-VI 2009<br>I-VI 2008 |
| 00 Live animals                     | 4 528                 | 15 586 | 7 061        | 7 660        | 344,2        | 108,5                  |
| 01 Meat and processed meat products | 48 755                | 78 105 | 33 351       | 36 072       | 160,2        | 108,2                  |
| 02 Dairy products and eggs          | 30 032                | 40 213 | 18 313       | 16 719       | 133,9        | 91,3                   |
| 03 Fish and products                | 8 358                 | 9 046  | 3 620        | 3 365        | 108,2        | 93,0                   |
| 04 Cereals and products             | 40 388                | 57 486 | 26 573       | 22 936       | 142,3        | 86,3                   |
| 05 Fruit and vegetables             | 29 777                | 36 058 | 18 156       | 15 683       | 121,1        | 86,4                   |
| 06 Sugar, sugar products, honey     | 12 730                | 10 512 | 4 804        | 3 863        | 82,6         | 80,4                   |

### 30 External relations

|  |         |         |         |        |       |       |
|--|---------|---------|---------|--------|-------|-------|
| 07 Coffee, tea, cacao and spices                 | 28 158  | 32 756  | 15 065  | 15 527 | 116,3 | 103,1 |
| 08 Forage (except grain cereals)                 | 12 675  | 13 611  | 7 137   | 5 186  | 107,4 | 72,7  |
| 09 Other products for food                       | 17 812  | 21 121  | 9 660   | 9 975  | 118,6 | 103,3 |
| 11 Beverages                                     | 46 928  | 56 074  | 24 789  | 20 026 | 119,5 | 80,8  |
| 12 Tobacco and tobacco products                  | 14 968  | 21 060  | 8 911   | 8 568  | 140,7 | 96,2  |
| 21 Pelt, raw fur                                 |         | 0       |         |        |       |       |
| 22 Oil seeds and fruits                          | 262     | 392     | 166     | 218    | 149,5 | 131,3 |
| 23 Raw rubber                                    | 135     | 327     | 128     | 41     | 242,4 | 31,9  |
| 24 Cork and wood                                 | 6 094   | 5 933   | 3 139   | 995    | 97,4  | 31,7  |
| 25 Cellulose and paper debris                    | 240     | 4       | 4       | 0      | 1,8   | 2,5   |
| 26 Textile fibers and debris                     | 627     | 421     | 203     | 358    | 67,1  | 176,9 |
| 27 Raw fertilizers and raw minerals              | 4 517   | 7 862   | 4 154   | 1 473  | 174,0 | 35,5  |
| 28 Metal ores and metal debris                   | 30 138  | 36 725  | 21 271  | 7 672  | 121,9 | 36,1  |
| 29 Animal and plant substances, the others       | 3 436   | 3 846   | 2 043   | 1 986  | 111,9 | 97,2  |
| 32 Stone coal, coke and briquette                | 923     | 1 206   | 675     | 400    | 130,6 | 59,3  |
| 33 Oil and oil derivatives                       | 165 351 | 230 354 | 107 343 | 56 839 | 139,3 | 53,0  |
| 34 Natural gas and industrial gas                | 10 671  | 14 057  | 6 531   | 3 376  | 131,7 | 51,7  |
| 35 Electricity                                   | 134 520 | 114 310 | 64 796  | 28 897 | 85,0  | 44,6  |
| 41 Animal fats and oils, chemically non-modified | 275     | 579     | 183     | 434    | 210,8 | 237,0 |
| 42 Solid vegetable fats and oils                 | 8 971   | 13 765  | 6 517   | 4 748  | 153,4 | 72,9  |
| 43 Animal and vegetable fats and oils            | 498     | 572     | 327     | 252    | 114,9 | 77,1  |
| 51 Organic chemical products                     | 2 303   | 2 195   | 1 223   | 1 084  | 95,3  | 88,7  |
| 52 Inorganic chemical products                   | 8 873   | 15 041  | 3 649   | 5 939  | 169,5 | 162,7 |
| 53 Products for coloring and processing          | 18 250  | 26 652  | 14 295  | 11 283 | 146,0 | 78,9  |
| 54 Medical and pharmaceutical products           | 43 154  | 44 836  | 22 077  | 24 732 | 103,9 | 112,0 |
| 55 Essential oils, perfume and toilet products   | 33 520  | 40 686  | 19 332  | 17 400 | 121,4 | 90,0  |
| 56 Fertilizers (besides the raw ones)            | 1 758   | 2 561   | 1 909   | 1 468  | 145,7 | 76,9  |
| 57 Plastic articles in primary form              | 3 617   | 4 351   | 2 214   | 1 135  | 120,3 | 51,3  |
| 58 Plastic articles in non-primary form          | 22 674  | 31 894  | 16 276  | 12 083 | 140,7 | 74,2  |
| 59 Chemical materials and products, others       | 13 936  | 17 260  | 8 018   | 5 987  | 123,8 | 74,7  |
| 61 Leather, leather products, furs               | 206     | 284     | 127     | 93     | 137,9 | 72,9  |
| 62 Rubber products                               | 13 348  | 16 971  | 8 230   | 4 313  | 127,1 | 52,4  |

### 30 External relations

|   |           |           |           |         |       |       |
|---|-----------|-----------|-----------|---------|-------|-------|
| 63 Cork and wood products                   | 15 302    | 14 641    | 7 133     | 4 516   | 95,7  | 63,3  |
| 64 Paper paperboard cellulose products      | 23 575    | 26 091    | 12 442    | 11 310  | 110,7 | 90,9  |
| 65 Yarn fabric textile products             | 13 167    | 14 115    | 7 963     | 4 381   | 107,2 | 55,0  |
| 66 Non-metallic mineral products            | 113 544   | 145 929   | 78 585    | 45 953  | 128,5 | 58,5  |
| 67 Iron and steel                           | 50 049    | 77 186    | 38 123    | 19 314  | 154,2 | 50,7  |
| 68 Colored metals                           | 20 072    | 22 319    | 12 003    | 5 969   | 111,2 | 49,7  |
| 69 Metal products, others                   | 83 505    | 121 630   | 64 170    | 33 297  | 145,7 | 51,9  |
| 71 Drive array devices                      | 10 399    | 12 008    | 4 887     | 2 402   | 115,5 | 49,2  |
| 72 Special machines for certain industries  | 56 284    | 93 283    | 47 242    | 7 805   | 165,7 | 16,5  |
| 73 Machines for metal treatment             | 7 345     | 10 258    | 7 306     | 1 085   | 139,6 | 14,8  |
| 74 Industrial machines for general use      | 54 026    | 94 021    | 47 042    | 23 153  | 174,0 | 49,2  |
| 75 Office machines and machines for AOP     | 22 765    | 22 999    | 12 063    | 5 701   | 101,0 | 47,3  |
| 76 Telecommunication devices                | 13 515    | 6 153     | 2 982     | 1 176   | 45,5  | 39,4  |
| 77 Electrical machines devices appliances   | 83 073    | 102 475   | 48 982    | 35 672  | 123,4 | 72,8  |
| 78 Road vehicles                            | 229 923   | 236 952   | 126 634   | 37 470  | 103,1 | 29,6  |
| 79 Other transport equipment                | 6 866     | 34 589    | 5 660     | 16 549  | 503,8 | 292,4 |
| 81 Prefabricated buildings sanitary devices | 16 995    | 25 842    | 12 598    | 6 077   | 152,1 | 48,2  |
| 82 Furniture and pieces                     | 52 807    | 68 977    | 34 335    | 20 238  | 130,6 | 58,9  |
| 83 Travel objects                           | 4 284     | 6 516     | 3 028     | 2 119   | 152,1 | 70,0  |
| 84 Clothes                                  | 32 379    | 54 712    | 23 266    | 19 074  | 169,0 | 82,0  |
| 85 Footwear                                 | 24 322    | 33 007    | 16 457    | 14 160  | 135,7 | 86,0  |
| 87 Scientific and control instruments       | 19 440    | 16 680    | 8 152     | 8 094   | 85,8  | 99,3  |
| 88 Cameras, clocks                          | 5 545     | 7 986     | 3 497     | 1 806   | 144,0 | 51,6  |
| 89 Other terminated products non mentioned  | 61 268    | 74 284    | 33 548    | 21 663  | 121,2 | 64,6  |
| 93 Products and transactions unclassified   | 228 619   | 179 748   | 95 073    | 59 064  | 78,6  | 62,1  |
| 97 Non-monetary gold                        | 4         | 45        |           |         |       |       |
| TOTAL IMPORTS                               | 2 072 481 | 2 527 151 | 1 245 442 | 766 834 | 121,9 | 61,6  |

Source: MONSTAT

#### **4. Please supply us with an overview of the state of play of Montenegro's WTO accession file, including your latest official offer in goods and services and draft Working Party Report**

On 23 December 2004, Montenegro submitted an application for independent accession to the World Trade Organization (WTO). On 15 February, the WTO General Council established Working Party to examine Montenegrin Application, to submit recommendations to the General Council and

to make Draft Protocol on Accession. In March the same year, with the submission of the Memorandum on Foreign Trade Regime of Montenegro, negotiations on Montenegrin accession to the WTO started procedurally.

Meetings of the Working Group were held on 4 October 2005, 5 July 2006, 27 February and 19 July 2007, 28 February, 18 July and 7 November 2008.

Montenegro concluded bilateral negotiations on market access in goods and services with: the European Union (15 April 2008), China (19 September 2008), Switzerland (6 November 2008), Norway (27 November 2008), Brazil (7 November 2008), Canada (8 December 2008), Japan (12 December 2008), the United States of America (14 January 2009), Honduras (28 September 2009) and El Salvador (5 October 2009).

During multilateral negotiations, Montenegro harmonised its legislation with the WTO standards, which can be seen in the Draft Working Party Report.

At its seventh meeting held on 7 November 2008, the Working Party adopted the following conclusions:

- All WTO Member States should submit their final comments until 21 November 2008.
- WTO Secretary should prepare application package of Montenegro containing: Draft Working Party Report, Draft Schedule on Concessions and Commitments on Goods, Draft Schedule on Specific Commitments in Services and Domestic Support and Export Subsidies in the Agricultural Sector. The Application Package was published on the website of WTO on 12 December 2008. Member States had the opportunity to submit their final comments by 7 January 2009 at latest.
- The last Working Party meeting, at which all 153 Member States were supposed to confirm Montenegrin Application Package, should be held in the middle of January, after which the WTO General Council would adopt a decision on Montenegrin accession to this organisation at its meeting on 3 February.

On 18 December 2008, Ukraine sent the request for opening of bilateral negotiations with Montenegro, which stopped the verification procedure. That was the first time, since the establishment of WTO, that a Member State requires opening of bilateral negotiations after the release of the application package of the accession country on the WTO website.

The first official round of bilateral negotiations with the representatives of Ukraine was held on 3 and 4 February in Geneva, the second was held 13 – 15 July 2009 in Kiev and the third one on 26 and 27 September 2009 in Vienna, but unfortunately, the agreement was not reached. In the meantime, Honduras and El Salvador requested negotiations and these were finished in September this year.

Annex: the Draft Working Party Report ([Annex 239](#)), Draft Schedule on Concessions and Commitments on Goods ([Annex 242](#)), Draft Schedule on Specific Commitments in Services ([Annex 243](#)).

## **B. Generalised System of Preferences (GSP)**

### **5. Does your country apply a GSP scheme? If yes:**

Generalised System of Preferences (GSP) is introduced in Montenegro by Decree on Implementation of the Customs Law (Official Gazette of the Republic of Montenegro 15/03, 81/06 and Official Gazette of Montenegro 38/08), Articles 36 to 66, pursuant to the provisions of the Article 28 (2) of the Customs Law (Official Gazette of the Republic of Montenegro 7/02, 38/02, 72/02, 21/03, 31/03, 29/05, 66/06 and 21/2008).

Montenegro has not applied GSP so far.



- a) Please supply the date of the first GSP scheme implementation and of subsequent extensions or renewals, periodicity of validity, duration of the present scheme and the legal procedure for adoption/extension of schemes.
- b) What is the product coverage and what are the preferential duties applied?
- c) Please list the top 10 beneficiary countries.
- d) Is there any graduation mechanism applied?
- e) Can you please provide the list of beneficiaries and the text on the rules of origin applied to GSP imports?
- f) Have you already excluded some countries, and if so, on which basis (sanction, level of development...)?
- g) Do you have a specific GSP safeguard clause?
- h) How many different GSP regimes (i.e. general arrangement, LDCs, ...) exist in your country's GSP scheme?
- i) Do these regimes have specific incentives (like our labour/environmental clause)?
- j) What is the share of GSP in the total of imports from third countries?
- k) To the best of your knowledge, what are the main differences between your country's GSP scheme and the EC's scheme? If no:
- (a) What would, in your opinion, be the impact on your country of the adoption of the EC's GSP scheme?

Since Interim Agreement on Trade and Trade-Related Matters between European Community, on one hand, and Montenegro, on the other, is being applied for some time now, and regarding the fact that other Free Trade Agreements (CEFTA 2006, Russian Federation) are also being applied as well as relatively recent admission of Montenegro into the World Trade Organization, we think that introduction of GSP of the European Community would not give positive results.

### **C. Trade Defence Instruments**

**6. Please provide copies (in one of the official EU languages) of the relevant legislation in force in your country concerning anti-dumping, anti-subsidy and safeguard measures.**

Basic requirements for introduction of protection measures are defined by the Foreign Trade Law (Official Gazette of the Republic of Montenegro 28/04, 37/07), Articles 34 to 50. Detailed procedure and manner of determining the protection measures are provided in the Decree on Implementation of the Foreign Trade Law (Official Gazette of the Republic of Montenegro 52/04, 44/07) Articles 8 to 37 and Articles 38 to 42.

The Law and the Decree are submitted with the answer to the question 1 within this Chapter.

**7. If no such legislation exists yet, please describe the current plans to adopt it, if any.**

There is such legislation and it has been provided.

**D. Services**

**8. Taking into account that Montenegro is during its accession process to the WTO, please inform to what extent are your draft GATS commitments in line with those of the EC?**

On 15 April 2008, Montenegro concluded bilateral negotiations with the European Union related to the services market access. Regarding the requirements of the other WTO negotiating partners (the USA, Canada, Kingdom of Norway, Switzerland, Japan, and now Ukraine), direct communication with DG Trade has been established. Since strategic commitment of Montenegro is membership in the European Union, none of the requests that was not previously harmonised with DG Trade has not been accepted.

However, in every comparison of the assumed obligations of Montenegro based on the General Agreement on Trade in Services (GATS) and obligations of the European Commission, it is necessary to take into account that smaller or larger differences in some of the sectors or subsectors of services are arising from differences in liberalisation of the services market between Member States of the EU, either by the number of sectors involved or by the level of assumed obligations.

**9. When Montenegro become the Member State of the EU, the Commission will have to consolidate Montenegrin GATS commitments with the existing Community commitments. What consideration has been given to the work (compensation) needed to bring your country's commitments in line with those of the Community? Please provide the summary findings of any work on this issue.**

From the beginning of the process of accession to the EU, Montenegro realized that the membership in the WTO represents one of the preconditions for the membership in the EU. Following the EU agenda, Montenegro made an effort to harmonise its regulations with the regulations of the WTO, as well as to conclude bilateral negotiations with bilateral partners as fast as possible. As it was stated before, this process was closely monitored by DG Trade, which provided significant support in conclusion of bilateral negotiations with other bilateral partners, taking into account that on the day of accession of Montenegro to the European Union, the obligation of payments of compensation by the EU are not due. Montenegro will continue to strive to the greatest possible extent to ensure harmonisation of its multilateral commitments arising from GATS with the commitments of the European Commission. To this end, Montenegro will closely cooperate and coordinate its activities with the European Commission.

## **E. Administrative Capacity**

### **10. Please provide information on administrative structure and functioning of your national authority dealing with Commercial Policy, describing the following:**

The competent authority for trade in Montenegro is Ministry of Economy. Department of Foreign Economic Relations is competent for regime and policy of the foreign trade. Within the Ministry, in the Department for Internal Trade, there is separate organisational unit competent for technical regulations and standards, whereas market supervision is conducted by the Market Inspection.

Important role in defining and implementing trade policy is delegated to the Ministry of Agriculture, Forestry and Water Management, regarding agricultural and agro-industrial products.

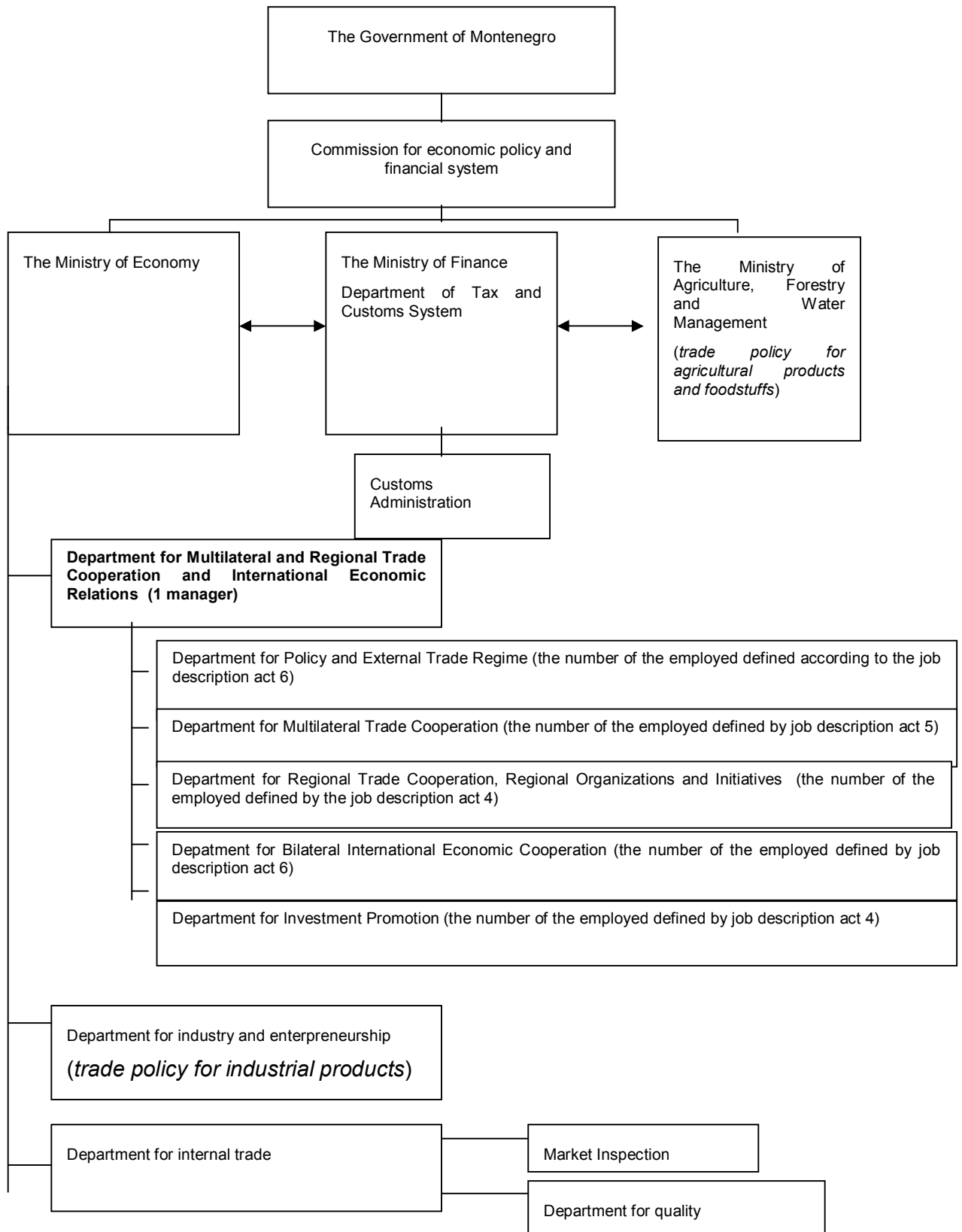
The Ministry of Finance has significant role in the impact of customs and tax policy on trade policy.

Statistical Office of Montenegro (MONSTAT) is competent for processing and presentation of data in trade. Customs declarations represent source of data for foreign trade, provided by the Customs Administration to MONSTAT.

#### **a) staffing numbers in the various departments, including, if possible, a detailed organisation chart,**

Strengthening of administrative capacities is mainly achieved through raising the efficiency of administration, continuous training, and increase of IT equipment. In addition to the permanently employed staff, it is a practice to recruit 6 to 8 trainees a year.

### 30 External relations



**b) measures to ensure co-ordination of actions across the various departments involved in the implementation of trade policy, particularly co-ordination mechanisms with the departments responsible for customs administration,**

Coordination between authorities competent for creation and implementation of trade policy is

provided over Economic Policy and Financial System Commission, chaired by the Deputy Prime Minister for Economic Policy and Financial System.

Each ministry, same other state authorities, implements their activities in accordance with the powers defined for them by law, as well as in compliance with the authorizations and competences of other authorities. Cooperation is implemented by written communication, electronically, by organising working groups, meetings...

Economic Policy and Financial System Commission is permanent working body of Government, established with the aim to increase efficiency in creating policies, coordination and harmonisation of the work of ministries and other administration authorities and monitoring of the implementation of the Government acts.

Economic Policy and Financial System Commission is, *inter alia*, responsible for economic and development policy and legislation in the field of trade. Sessions of the Commission are held weekly. The Commission submits to the Government report containing proposal of conclusions on issues discussed at the meeting and proposed for session of the Government. The report of the Commission contains assessments of the materials discussed as well as proposal of the conclusion in the form the Government should adopt it.

### **c) decision making mechanisms for instance concerning the introduction or modification of trade measures.**

Decisions relating to trade policy are adopted by the Government of Montenegro on proposal of the competent ministries. As stated before (in the answer to the item b), the Economic Policy and Financial System Commission is the competent coordination authority. Trade policy measures relating to industrial and agricultural products (protective measures) are proposed by the Ministry of Economy, but for agricultural products it does so on initiative and in cooperation with the Ministry of Agriculture, Forestry and Water Management. Decree on Customs Tariffs is under the competence of the Ministry of Finance. The process of harmonisation of proposal submitted to the Economic Policy and Financial System Commission assumes previously obtained approval of the competent ministries, as well as consultations with the private sector in order to complete analysis on effects of the proposed measures.

The procedure for introduction of protective measures (anti-dumping customs, compensatory customs, measures for protection from excessive import) on import or export of goods is conducted in accordance with the provisions of the Articles 35 – 50 of the Foreign Trade Law (Official Gazette of the Republic of Montenegro 28/04, 37/07) and Articles 8-42 of the Decree on Implementation of the Foreign Trade Law (Official Gazette of the Republic of Montenegro 52/04, 44/07).

Competent authority initiates and conducts the procedure on the basis of a written request submitted by or on behalf of individual manufacturing industry.

Competent authority may initiate and conduct examination procedure *ex officio*, in cases where there is a threat of causing serious damage to national economy, and when there is enough evidence on dumping, i.e. subsidy, damage and causal relation.

### **Dual use goods**

#### **11. Do you apply and how do you apply export controls on dual use goods?**

Montenegro applies controls of import and export of dual-use items. **The Law on Foreign Trade of Armaments, Military Equipment and Dual-Use Items** (Official Gazette of Montenegro 80/08) regulates conditions and manners under which foreign trade, transit and transport of the controlled items (armaments, military equipment and dual-use items) may be conducted, and under which

technical support regarding the controlled goods may be provided, as well as other issues important for foreign trade of controlled goods.

Pursuant to the Article 6 of the Law, the Government of Montenegro, in the session held on 18 June 2009, adopted the **Decision on Establishment of the National Control List of Dual-Use Items** (Official Gazette of Montenegro 42/09 of 29 June 2009).

**12. Please provide the Commission with the texts of the relevant legislation (in one of the official EU languages).**

- The Law on Foreign Trade of Armaments, Military Equipment and Dual-Use Items (Official Gazette of Montenegro 80/08) ([Annex 63](#))
- Decision on Establishment of National Control List of Dual-Use Items (Official Gazette of Montenegro 42/09 of 29 June 2009) ([Annex 237](#))
- Decision on Establishment of National Control List of Armaments and Military Equipment (Official Gazette of Montenegro 41/09 of 26 June 2009) ([Annex 238](#))
- Pursuant to the Article 11 paragraph 8 of the Law, the Ministry of Economy adopted the Rulebook on Application Form for Entry into the Register of Persons for Conduct of Foreign Trade of the Controlled Goods and on the Form and Manner of Keeping the Register. (Official Gazette of Montenegro 45/09 of 17 July 2009) ([Annex 235](#))
- Pursuant to the Article 14 paragraph 3 of the Law, the Ministry of Economy adopted the Rulebook on Application Form for Issuing of Permit, Permit Application Form, and Other Documents Necessary for Conduct of Foreign Trade of the Controlled Goods. (Official Gazette of Montenegro 45/09 of 17 July 2009) ([Annex 236](#))

**13. Please explain what items fall under your dual use legislation and on which basis you compile this list.**

Items that, pursuant to our legislation, fall under the category of dual-use items are determined by the Decision on Establishment of the National Control List of Dual-Use Items, which is harmonised with the Directive - **Council Regulation (EC) No 1167/2008 of 24 October 2008**. – (See [Annex 237](#))

The List includes internationally agreed control of dual-use items, including the Vasenaro Treaty, Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), Australia Group and Chemical Weapons Convention (CWC).

#### **14. What are the control procedures?**

Foreign trade in controlled goods may be conducted by persons with permission for conduct of foreign trade in controlled goods.

Pursuant to the law, prior to starting the foreign trade business, person is obliged to register himself/herself for conduct of foreign trade in armaments, military equipment and dual-use items (pursuant to the provision of the Article 11 of the Law, the manner of entry of persons into Register is determined, as well as other procedures regarding registration and rejection of the application for entry into Register.)

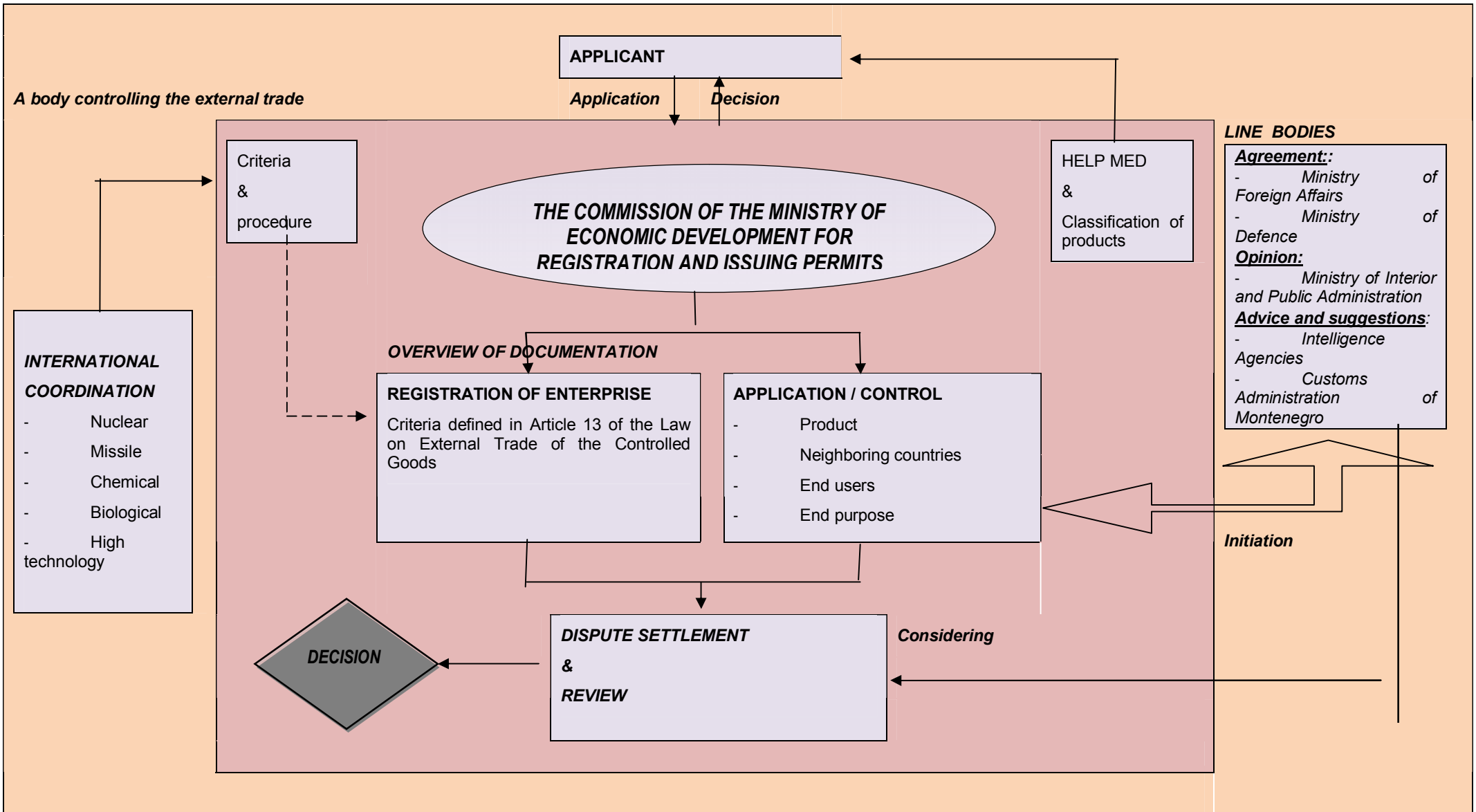
Articles 14, 15 and 16 of the Law set forth the requirements a person is supposed to submit to the Ministry of Economy, with the application for issuance of the permit. Article 23 of the Law prescribes the conditions based on which the Ministry of Economy rejects an application for issuance of the permit.

Before deciding on the application for issuance of the permit, the Ministry obtains consent of the ministries in competence for foreign affairs, defense and internal affairs, and when necessary, depending on the type and purpose of the controlled goods, the Ministry will obtain opinions of other competent authorities (Article 17).

Articles 18, 19 and 20 are based on the criteria of the EU Code of Conduct on Arms Export, which competent authorities consider from the aspect of their competence, and pursuant to these criteria they give or do not give their consent for particular foreign trade business.

In the event that any ministry does not given its written consent, the Ministry of Economy will not issue permit. In the Ministry of Economy, a common commission is established with the aim to consider the request for registration and to resolve applications for permits within the above mentioned procedure (a scheme of the system of control of the controlled goods – see next page).

Supervision of the implementation of this Law and regulations adopted based on this Law is conducted by the Ministry, in cooperation with ministries competent for defense, internal affairs and foreign affairs, and when necessary, depending on the type and purpose of the controlled goods, with other competent authorities (Article 33 of the Law).





**15. Has there been any global analysis by your national authorities of the differences between your legislation and that of the Community? What are the main differences? If there is no analysis, is such an analysis planned? Please provide any relevant details of such plans.**

Montenegro does not possess comprehensive analysis of the differences between our legislation and legislation of the Community. However, in 2007 and 2008, during the process of harmonisation of the text of the new Law and secondary legislations, the Ministry of Economic Development tightly cooperated with BAFA experts (Federal Office of Economics and Export Control) from Germany, and SIPRI (Stockholm International Peace Research Institute) from Sweden. In adoption of these regulations, recommendations of UNDP experts, comments obtained from the EC (DG Trade, DG Relax) and NATO have been accepted, the experiences of the countries in the region have been used, and the basis for work on the Law constituted relevant directives, in particular Council Regulation (EC) No 1334/2000 of 22 June 2000, Council regulation (EC) No 1167/2008 of 24 October 2008, Council Common Position 2003/468/CFSP of 23 June 2003.

Novelties with regard to the regulation that was applied by 1 July 2009 are the following:

- comprehensive clause – Catch-All – became the part of the Law (Article 7);
- technical support and brokerage operations are encompassed by the Law (Article 5, Article 8 and Article 9 items 11, 12 and 13);
- Criteria of the EU Code of Conduct on Arms Export constitute the part of the Law (Articles 18-20).

## **Export credits**

**16. What are the institutions providing the credits/insurances? Please present the methodology for defining the risk factor in export credit/insurances? How does this methodology take into account the OECD arrangement?**

There is no institution in Montenegro specialized for export credits or insurance for export credits. There are no plans for establishment of institution that would conduct insurance for export credits.

By the end of 2008, there was branch office of SMECA in Montenegro. SMECA (Serbia and Montenegro Export Credit Agency) was founded with credit funds of the World Bank and the donation of the Republic of Italy with aim to support the export sector of Serbia and Montenegro. SMECA was supposed to provide services of crediting current assets, insurance of export claims, guarantees for well-managed business and for advance payments, as well as guarantees for import of the equipment in the function of export.

Since 2006, only one person was employed in the office in Podgorica – as branch director. Montenegrin companies used EUR 3.2 million in 2006, EUR 4 million in 2007 and more than EUR 4.7 million by August 2008 from this Fund.

Department for Metal Processing and Ship Repair / Dry Dock Services (Technosteel from Nikšić and Shipyard Bijela) leaded in the use of SMECA services, and these services were also used by Monte Verde from Kotor and Martex from Cetinje.

By the end of 2008, the Ministry of Finance of Montenegro was unofficially informed that the Government of the Republic of Serbia was preparing a decision on termination of the Law on Fund for Insurance and Financing of Foreign Trade Business. On 6 July this year, the Ministry of Economy and Regional Development of the Republic of Serbia informed the Ministry of Finance of Montenegro that the Parliament of Serbia adopted the Law, as well as that the Serbian Government established the Basis for Conduct of Negotiations and Conclusion of the Agreement

on Defining Relations of the Capital of the Republic of Serbia and Montenegro in the Fund Insurance and Financing of Foreign Trade Business. Negotiations are in progress.

**17. Do the institutions providing credits/insurances also cover short term exports to EU countries and OECD countries covered by Commission Communication pursuant to Art 93 (1) of the EC Treaty applying Articles 92 and 93 of the Treaty to short-term export credit insurance (OJ C 281 of 17 September 1997)?**

Refer to the answer to the question 16.

## II. PREFERENTIAL TRADE AGREEMENTS

**18. What preferential trade agreements does your country have with third countries? Please provide copies (in one of the official EU languages) of such agreements.**

*1) On 22 November 2007, Montenegro began its full application of the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006). By entry into force of this Agreement, all bilateral agreements between Montenegro and signatories of CEFTA 2006 are no longer in force.*

This Agreement provides full liberalisation of the industrial sector, while, regarding agricultural products there was left an opportunity for part of the trade to remain non-liberalised, and the possibilities of mutual allowing of concessions to be considered by the parties by 1 May 2009 at the latest.

The level of liberalisation Montenegro enjoys is extremely high, therefore, at the moment there is complete liberalisation in trade with Bosnia and Herzegovina, Macedonia, Serbia and UNMIK/Kosovo. In trade with Albania, Croatia and Moldova, in the area of agriculture, quotas for certain products have been kept or more favorable custom duties in relation to MFN have been defined.

During 27 and 28 January and on 6 April 2009, two rounds of negotiations were held on further liberalisation between CEFTA signatories. During this negotiations, Montenegro agreed full liberalisation with Albania and Moldavia and asymmetric approach with Croatia. In fact, it was agreed for imports of goods from Montenegro into Croatia to be completely liberalised, and for imports of goods from Croatia into Montenegro to be gradually liberalised to the level achieved in negotiations with the European Union (SAA). Achieved agreements should start to apply on 1 July 2010, after the implementation of the regular procedure of ratifications of the Signatories. ([Annex 234](#))

*2) On 26 November 2008, Montenegro and Turkey signed asymmetric Agreement on Free Trade in Istanbul. List of industrial products is identical to the one signed between the European Union and Montenegro, and the list of agricultural products is rather limited (agricultural products for which Turkey may grant concessions to Montenegro: Tariff 1902 (pasta), 500 tones – the EU treatment, Tariff 2007 (jam) 300 tones – 30% discount compared to MFN, Tariff 2204 (wine), 2500 hl – 75% discount compared to MFN; agricultural products for which Montenegro may grant concessions to Turkey: Tariff 0713.40 (lentil), unlimited – 100% discount compared to MFN, Tariff 0813.10 (dried apricot), 100 % tones – 0%).*

Basic objectives for signing the Free Trade Agreement between Montenegro and Turkey were: increase and strengthening of cooperation between the parties; gradual elimination of difficulties and restrictions in trade; provision of fair conditions for competition in trade between the parties; upgrade of trade and cooperation between the parties in the markets of the third countries and creation of conditions for further investment enhancing, and particularly for development of common investments in both countries.

Articles 28 and 29 of the basic text of the Free Trade Agreement with Turkey provide establishment of the Common Committee for administration of the Agreement and taking care on its proper implementation.

Parliament of Montenegro ratified the Agreement at its 24th session held in July 2009, the ratification of the Parliament of Turkey is expected. The Agreement enters into force on the first day of the second month after the date of receiving the last written notification through diplomatic channels, by which the parties inform each other that all the necessary conditions provided in their national regulations have been met in order for the Agreement to enter into force. ([Annex 241](#))

*3) Montenegro implements the Agreement between the Federal Government of the Federal Republic of Yugoslavia and the Government of the Russian Federation on free trade between the Federal Republic of Yugoslavia and Russian Federation. Montenegro and Russia began negotiations on amendments of the Free Trade Agreement, which was signed while Montenegro*

*was in the state union with Serbia (on 28 August 2000 in Belgrade). The objective is the revision of the lists exempted from the free trade regime, i.e. additional trade liberalisation. It is not certain when the negotiations might be over. ([Annex 240](#))*

**19. Has there been any global analysis by your national authorities of the differences between these agreements and those that the Community might have with the same third countries? If yes, please provide us with the findings of such analysis. If no, is such analysis planned? Please provide any relevant details of such plans.**

Comprehensive analysis of the differences between agreements signed by Montenegro and those that the Community has with the same third countries that could be submitted in a special form to the EU has not been done. We note that during negotiations on preferential trade agreements special attention is paid to harmonisation of stated agreements with standards and procedures of the European Union and World Trade Organisation, particularly regarding establishment of the rules harmonised with the rules applicable in the EU (Montenegro is preparing to sign the Convention on the Pan-Euro-Med rules of origin), but relations, i.e. signed preferential agreements between subject third country and the EU are analysed as well. Thus, during the Free Trade Agreement negotiations with Turkey, Montenegro requested and gained the same list of industrial products applicable with the European Union.

**20. Do you plan any new preferential trade agreements? Please explain.**

At the moment, Montenegro has circled institutional base for free trade with the countries which are its main trade partners and with the countries with which there exists the biggest potential of development of trade relations – i.e. primarily with the EU countries, countries in the region by CEFTA agreement, as well as with Turkey and Russia. There is continuous work on strengthening trade and economic relations with the specified countries clearly defined as priorities for the said area. Therefore, Montenegro currently does not negotiate with any country on conclusion of free trade agreement.

### III. BILATERAL INVESTMENT AGREEMENTS

21. With which countries have you concluded bilateral investment agreements? Please provide for each agreement the following information: nature of the agreement (e. g. bilateral investment treaties, commercial co-operation agreements, other types of agreements ...), date of ratification, date of entry into force, initial term of agreement, automatic renewal procedure, period for which acquired rights exist? Please provide copies (in one of the official EU languages) and indicate clearly what are the modalities foreseen in those agreements for their amendment or termination, to bring them in line with the Community acquis. Do such agreements include a regional economic integration organisation clause (possibility to grant privileged access to investors or investments of other countries, which belong to the same regional integration organisation as the contracting party)? Which sectors are normally excluded (e.g. aviation, maritime transport, fishing, audiovisual, etc.) from such agreements?

By the Decision on Declaration of Independence of the Republic of Montenegro (3 June 2006), Montenegro accepted application and commitment under all the international treaties and agreements the State Union of Serbia and Montenegro concluded and to which it acceded related to Montenegro and which are in compliance with its legal system. In the meantime, the Ministry of Foreign Affairs informed certain countries on commitment under the bilateral agreements which had been signed between those countries and former state union. We received feedback from Bosnia and Herzegovina, Cyprus, Macedonia, Poland and Austria. Applicable bilateral agreements on promotion and reciprocal protection of investments, which have been confirmed in the diplomatic note or they have been negotiated and signed after renewed Montenegrin independence follow (investment agreements are submitted within the Annexes 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257)

| The EU country     | Important data on the Agreement   |
|--------------------|---|
| Austria            | <p><b>Signed:</b> 12 October 2001 in Belgrade</p> <p><b>Ratified:</b> at the Parliament of the Federal Republic of Yugoslavia on 16 January 2002</p> <p><b>Published:</b> Official Gazette of the Federal Republic of Yugoslavia – International treaties, 1/2002</p> <p><b>Date of entry into force:</b> on the first day of a third month after a month in which the exchange of the ratification instruments was done performed;</p> <p><b>Objective:</b> creating favorable conditions for increasing the cooperation in the field of economy between the parties and creating and maintaining favorable conditions for mutual investments;</p> <p><b>Duration:</b> 10 years and after that it will be extended to an indefinite period;</p> <p><b>Cancellation:</b> it could be canceled by one of the parties in written form, by diplomatic channels, by giving notifications 12 months in advance;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement;</p> |
| The Czech Republic | <p><b>Signed:</b> 13 October 1997 in Belgrade</p> <p><b>Ratified:</b> at the Parliament of the Federal Republic of Yugoslavia on 3 March 1998</p> <p><b>Published:</b> Official Gazette of the Federal Republic of Yugoslavia – International treaties 2/98</p> <p><b>Date of entry into force:</b> on the day of submission of the second written notification</p> <p><b>Objective:</b> creating favorable conditions for increase of cooperation in the field of economy;</p> <p><b>Duration:</b> 10 years</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 6 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> Prescribed in the Article 6 of this Agreement</p>   |

### 30 External relations

|                        |   |
|------------------------|---|
|                        | <p><b>*Note of the Ministry of Foreign Affairs of Montenegro sent to the Embassy of the Czech Republic in Belgrade, no 03/04-2441/18 of 19 December 2007</b></p>  |
| <b>Denmark</b>         | <p><b>Signed:</b> 11 February 2009 in Podgorica</p> <p><b>Ratified:</b> by the Parliament of Montenegro at the 24 session (July 2009)</p> <p><b>Published:</b> Official Gazette of Montenegro 002/09, published on 27 July 2009</p> <p><b>Date of entry into force:</b> thirty days from the date of the last notification</p> <p><b>Objective:</b> creating favorable conditions for investments in both states and intensifying cooperation between the companies in both states with a view to encourage productive use of the resources;</p> <p><b>Duration:</b> 10 years</p> <p><b>Cancellation:</b> notification on cancellation enters into force a year after the date of the notification</p> <p><b>Free flow of the capital related to the investment:</b> Rights referred to in the Article 7 do not restrict measures adopted by the European Community in accordance with the Articles 57 (2), 59 and 60 of the Treaty establishing the European Community.</p>  |
| <b>Finland</b>         | <p><b>Signed:</b> 14 November 2008 in Podgorica</p> <p><b>Ratified:</b> by the Parliament of Montenegro at the 24 session (July 2009)</p> <p><b>Published:</b> Official Gazette of Montenegro 002/09, published on 27 July 2009</p> <p><b>Date of entry into force:</b> thirty days from the date of the last notification</p> <p><b>Objective:</b> Promoting more successful mutual cooperation in the field of economy relating to investments by the investors of one Party on the territory of the other Party, without discrimination. Agreement on harmonised treatment of investments will stimulate the flow of the private capital and economic development of the Parties.</p> <p>Investment Promotion and Protection Agreement between Montenegro and Finland represents an important institutional base for further development of the economic relations between the countries. It is significant for creating favorable conditions for investments in both countries, intensifying cooperation between the companies aimed to enhance the economic cooperation and promote investments.</p> <p><b>Duration:</b> 15 years</p> <p><b>Cancellation:</b> It will be in force under the same conditions until any of the Parties informs the other one, in written form, on its intention to cancel the Agreement within (12) months.</p> <p><b>Free flow of the capital related to the investment:</b> Article 7 item 5 defines:</p> <p>Contracting Party, in the event of payment difficulties or relevant threats, may impose payment restrictions regarding the investments if the restrictions are compatible with the provisions of the International Monetary Fund. The restrictions should, in any case, be equal, undiscriminating and impartial.</p> |
| <b>The Netherlands</b> | <p><b>Signed:</b> 29 January 2002 in the Hague</p> <p><b>Ratified:</b> by the Parliament of the Federal Republic of Yugoslavia on 13 November 2002</p> <p><b>Published:</b> Official Gazette of Federal Republic of Yugoslavia – International treaties, 12/2002</p> <p><b>Date of entry into force:</b> on the first day of the second month from the date when the Parties informed in written form each other that their procedures provided for in the Constitution were completed.</p> <p><b>Objective:</b> strengthening their traditionally friendly relations and enlarging and intensifying mutual economic relations, particularly regarding one Party investors' investments on the territory of the other;</p> <p><b>Duration:</b> 15 years and automatic extension in successive periods of 10 years</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 6 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 5 of this Agreement</p> <p><b>*Note of the Ministry of Foreign Affairs of Montenegro sent to the Royal Netherlands Embassy in Belgrade, No 03/05-215, of 18 January 2007</b></p>   |
| <b>Cyprus</b>          | <p><b>Signed:</b> 21 July 2005 in Nicosia</p> <p><b>Ratified:</b> by the Parliament of Serbia and Montenegro on 1 December 2005</p> <p><b>Published:</b> Official Gazette of Serbia and Montenegro – International treaties, 14/2005</p>  |

### 30 External relations

|                               |  |
|-------------------------------|--|
|                               | <p><b>Date of entry into force:</b> 8 days from its publishing in the Official Gazette;</p> <p><b>Objective:</b> strengthening entrepreneurship initiatives and development of relations in the field of economy between the Parties;</p> <p><b>Duration:</b> 10 years and automatic extension in successive periods of 2 years</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 6 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement</p>   |
| <b>Poland</b>                 | <p><b>Signed:</b> 3 September 1996 in Belgrade</p> <p><b>Ratified:</b> by the Parliament of Federal Republic of Yugoslavia on 27 December 1996</p> <p><b>Published:</b> Official Gazette of Federal Republic of Yugoslavia – International treaties, 6/96</p> <p><b>Date of entry into force:</b> 8 days from its publishing in the Official Gazette;</p> <p><b>Objective:</b> deepening economic cooperation and creating favorable conditions for mutual investments;</p> <p><b>Duration:</b> 10 years and automatic extension in successive periods of 5 years;</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 12 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement</p>                             |
| <b>Slovakia</b>               | <p><b>Signed:</b> 30 January 1996 in Belgrade, amended on 9 November 2004</p> <p><b>Published:</b> Official Gazette of Federal Republic of Yugoslavia – International treaties, 4/96<br/>Official Gazette of Serbia and Montenegro - International treaties, 6/2005</p> <p><b>The date of entering into force:</b> 8 days from its publishing in the Official Gazette;</p> <p><b>Objective:</b> deepening economic cooperation and creating favorable conditions for mutual investments;</p> <p><b>Duration:</b> 10 years and automatic extension in successive periods of 5 years</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 12 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement</p>             |
| <b>Other countries</b>        | <b>Important data on the Agreement</b>   |
| <b>Bosnia and Herzegovina</b> | <p><b>Signed:</b> 18 December 2001 in Sarajevo</p> <p><b>Ratified:</b> by the Parliament of Federal Republic of Yugoslavia 16 December 2002</p> <p><b>Published:</b> Official Gazette of Federal Republic of Yugoslavia – International treaties, 12/2002</p> <p><b>Date of entry into force:</b> 30 days from the exchange of ratification instruments</p> <p><b>Objective:</b> enlarging and strengthening economic cooperation;</p> <p><b>Duration:</b> 10 years, and after the expiry of that period it continues to be in force;</p> <p><b>Cancellation:</b> any Party may, with giving written notification to the other Party a year in advance, cancel the Agreement at the end of the beginning period of 10 years or in any other time after that;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement</p> |
| <b>India</b>                  | <p><b>Signed:</b> 31 January 2003 in Belgrade</p> <p><b>Ratified:</b> by the Parliament of Federal Republic of Yugoslavia 22 December 2004</p> <p><b>Published:</b> of Federal Republic of Yugoslavia – International treaties, 32/2004</p> <p><b>Date of entry into force:</b> on the day of exchange of ratification instruments;</p> <p><b>Objective:</b> encouraging individual business initiative</p> <p><b>Duration:</b> 10 years, and after the expiry of that period it continues to be in force;</p> <p><b>Cancellation:</b> any Party may, with giving written notification to the other Party a year in advance, cancel the Agreement at the end of the beginning period of 10 years or in any other time after that;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 7 of this</p>                                      |

### 30 External relations

|                    | Agreement   |
|--------------------|---|
| <b>Qatar</b>       | <p><b>Signed:</b> 17 February 2009 in Doha, Qatar</p> <p><b>Ratified:</b> by the Parliament of Montenegro at the 24 session (July 2009)</p> <p><b>Published:</b> Official Gazette of Montenegro 002/09, published on 27 July 2009</p> <p><b>Date of entry into force:</b> The last day when a Party informs the other one that its internal legal conditions for entry into force of this Agreement had been met</p> <p><b>Objective:</b> creating conditions favorable for promotion of bigger investments, i.e. promotion of flows of capitals and technology in the interest of the economic development;</p> <p><b>Duration:</b> 10 years, and it is automatically considered renewed after the expiry of that period</p> <p><b>Cancellation:</b> when one Party informs the other in written form on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement</p>  |
| <b>Macedonia</b>   | <p><b>Signed:</b> 4 September 1996 in Skopje</p> <p><b>Ratified:</b> by the Parliament of Federal Republic of Yugoslavia on 27 September 1996</p> <p><b>Published:</b> Official Gazette of Federal Republic of Yugoslavia – International treaties, 5/96</p> <p><b>Date of entry into force:</b> 8 days from the publishing in the Official Gazette;</p> <p><b>Objective:</b> increasing cooperation in the field of economy between the Parties, strengthening entrepreneurship initiatives;</p> <p><b>Duration:</b> 10 years and automatic extension in successive periods of 10 years</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 12 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 6 of this Agreement</p>  |
| <b>Switzerland</b> | <p><b>Signed:</b> 7 December 2005 in Belgrade</p> <p><b>Ratified:</b> by the Parliament of Serbia and Montenegro on 11 May 2006</p> <p><b>Published:</b> Official Gazette of Serbia and Montenegro – International treaties, 3/2006</p> <p><b>Date of entry into force:</b> 8 days from the publishing in the Official Gazette;</p> <p><b>Objective:</b> promoting flow of capital and technology and contributing to the economic prosperity of both Parties;</p> <p><b>Duration:</b> 10 years and it continues to be in force in the forthcoming period lasting 2 years;</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 6 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 8 of this Agreement</p> <p><b>*Note of the Ministry of Foreign Affairs of Montenegro sent to the Embassy of Switzerland in Belgrade, 03/05-103/8, of 8 March 2007</b></p> |
| <b>Turkey</b>      | <p><b>Signed:</b> 2 March 2001 in Belgrade</p> <p><b>Ratified:</b> by the Parliament of Federal Republic of Yugoslavia on 22 June 2001</p> <p><b>Published:</b> Official Gazette of Federal Republic of Yugoslavia – International treaties, 4/01</p> <p><b>Date of entry into force:</b> 8 days from the publishing in the Official Gazette;</p> <p><b>Objective:</b> promoting flow of capital and technology, economic development of the Parties;</p> <p><b>Duration:</b> 10 years, and after the expiry of that period it continues to be in force;</p> <p><b>Cancellation:</b> when one Party informs the other in written form, at least 12 months before the expiry, on its intention to cancel the Agreement;</p> <p><b>Free flow of the capital related to the investment:</b> prescribed in the Article 5 of this Agreement</p> <p><b>* Note sent to the Ministry of Foreign Affairs of the Republic of Turkey, 03/05-331/6, of 27 November 2007</b></p>   |

\*\*\* Listed agreements do not contain a clause on regional economic integration and do not exclude any particular area of cooperation. Pursuant to the Law on Foreign Investments (Official Gazette of Montenegro 52/00 of 3 November 2000, 36/07 of 15 June 2007 – text of the Law is attached to the Annex of the main table for monitoring the section I.A, Chapter 4, Free Movement of Capital), there are no



discrimination among foreign and national investors, and they are all treated equally. The only exception is the industry of armaments and military equipment, as defined in the Article 7 of the Law on Foreign Investments: foreign investor may invest funds in a national company, i.e. it may establish a company for production and trade of armaments and military equipment in the Republic only with a national legal or natural person. Foreign investor may not have, in a company referred to in the paragraph 1 of this Article, more than 49% of the equity shares or ownership rights, i.e. rights to vote. In addition, pursuant to the Article 9 of the Law, foreign investor is obliged to obtain permission of the competent ministry for participation in establishment of a company, for investments in a company or for increased participation in a company.

In addition to the above mentioned agreements, Montenegro is negotiating on signing this type of bilateral agreements with several countries at the moment. The status of negotiations follows:

Countries with which the investment agreement has been signed and ratification is expected in the forthcoming period:

- Serbia (the agreement signed on 29 October 2009)

Countries with which the text of the investment agreement has been harmonised and signing is expected in near future:

- Belgium – Luxembourg Economic Union (the text was harmonised in 2007)
- France (the text was harmonised in May 2008)
- Czech Republic (the amendments to the previously valid agreement were harmonised at the beginning of 2008)
- Moldova (the text was harmonised in 2009)

Countries with which there are the ongoing negotiations on harmonisation of the final text of the investment agreement and with which there are no open issues:

- Bulgaria (Montenegro initialized the signing and sent the draft agreement at the beginning of 2009 to Bulgaria; the answer from Bulgaria is expected),
- Malta (initialized by Malta at the beginning of 2009, there are ongoing negotiations on harmonisation of the text of the Agreement),
- Romania (in October 2008 Montenegro sent the draft agreement to Romania; the answer from Romania is expected),
- San Marino (initialized by San Marino in December 2008, harmonisation is ongoing)
- Norway (initialized by Montenegro at the end of 2008, the answer from Norway is expected)
- Croatia (initialized by Croatia on 11 September 2008, amendments to the Agreement were sent to Croatia on 20 October 2008)
- Macedonia (initialized by Macedonia in November 2008, harmonisation is ongoing)

**22. Are there any exceptions or safeguard clauses that limit free transfer clause that provides for unrestricted transfer of any capital and payment related to an investment? What is the scope of these exceptions and how they can be triggered out?**

Applicable bilateral agreements do not contain a clause on restriction of free transfer of capital related to investment. In the answer to the question 21 Chapter 30, there is table of the existing agreements and more data on provisions regarding this clause.

## IV. DEVELOPMENT POLICY AND HUMANITARIAN AID

### Development policy

#### 23. Is there a policy framework or any kind of regulation on development cooperation/aid?

There is no policy framework or regulation on Montenegrin development cooperation. By the end of 2011, the Government of Montenegro plans to consider possibilities for establishment of the body that would be competent for development cooperation and humanitarian aid, and that should, by the end of 2012, draft appropriate legal acts (The Law on Development Policy of Montenegro, the Law on Humanitarian Aid), regulating the issues of development and humanitarian aid, harmonising the legislature with the EU regulations.

#### 24. Is your country bound by co-operation, trade, or other agreements with developing countries (whether African, Caribbean and Pacific, Latin American, Asian or Mediterranean countries)?

List of bilateral Agreements on Promotion and Reciprocal Protection of Investments with the third countries is contained in the answer to the question 21 of the Chapter 30.

Montenegro has signed the Agreements on Economic Cooperation with the following developing countries:

| State  | Important data on the Agreement   |
|--|---|
| <p><b>India</b></p> <p>Agreement on Trade and Economic Cooperation between the Council of Ministers of Serbia and Montenegro and the Government of the Republic of India</p> | <p><b>Signed:</b> 7 February 2006 in New Delhi</p> <p><b>Ratified:</b> based on the item 3 of the Decision on Declaration of Independence of Montenegro of 3 June 2006 (India confirmed it by the diplomatic note on 21 June 2007)</p> <p><b>Date of entry into force:</b> on the last day when one Party informs the other one that her internal legal conditions for entry into force of this Agreement had been met</p> <p><b>Objective:</b> strengthening relations between the two countries in the field of economic and trade cooperation;</p> <p><b>Duration:</b> 5 years and after that it will automatically be in force to an indefinite period;</p> <p><b>Cancellation :</b> when one Party informs in written form the other Party on its intention to cancel the agreement, at least 6 months prior to the date of the mentioned cancellation;</p>              |
| <p><b>Qatar</b></p> <p>Agreement on Economic, Commercial and Technical Cooperation between the Government of Montenegro and the Government of Qatar</p>                      | <p><b>Signed:</b> 17 February 2009 in Doha, Qatar</p> <p><b>Ratified:</b> by the Parliament of Montenegro at 24 session (July 2009)</p> <p><b>Published:</b> Official Gazette of Montenegro 002/09 published on 27 July 2009</p> <p><b>Date of entry into force:</b> on the last day when one Party informs the other one that its internal legal conditions for entry into force of this Agreement had been met</p> <p><b>Objective:</b> strengthening the relations between the two countries in the field of economic, commercial and technical cooperation;</p> <p><b>Duration:</b> 5 years and after that it will automatically be in force to an indefinite period;</p> <p><b>Cancellation:</b> when one Party informs in written form the other Party on its intention to cancel the agreement, at least 6 months prior to the date of the mentioned cancellation;</p> |

|  |  |
|--|--|
| <p style="text-align: center;"><b>China</b></p> <p>Agreement on Economic and Trade Cooperation between the Government of the People's Republic of China and the Government of the Republic of Montenegro</p> | <p><b>Signed:</b> 29 August 2006 at St. Stefan</p> <p><b>Published:</b> Official Gazette of Montenegro 73/2006, published on 29 November 2006</p> <p><b>Date of entry into force:</b> on the date of receiving the last notification that all the internal conditions for its entry into force have been met</p> <p><b>Objective:</b> strengthening the relations between the two countries in the field of economic, commercial and technical cooperation;</p> <p><b>Duration:</b> 5 years, and it is automatically renewed each year</p> <p><b>Cancellation:</b> when one Party informs the other one on its intention to cancel the agreement at least 6 months prior to the date of expiry of the ongoing period of the validity of this Agreement</p> |
|--|--|

In addition to the above mentioned agreements, Montenegro is negotiating the signing of this type of bilateral agreements with several developing countries at the moment:

Developing countries with which the Agreement on Economic Cooperation has been signed and ratification is expected in the forthcoming period:

- Serbia (the Agreement was signed on 29 October 2009).

Countries with which the text of the Agreement on Economic Cooperation has been harmonised and signing is expected in near future:

- Turkey (the text was harmonised during 2009)

Developing countries with which there are the ongoing negotiations on harmonisation of the final text of the Agreement on Economic Cooperation and with which there are no open issues:

- Kazakhstan (initialized by Kazakhstan on 16 June 2008, amendments to the Agreement were forwarded to Kazakhstan on 20 October 2008)
- Cuba (initialized by Cuba in the middle of 2008, Montenegro sent amendments in August 2008)
- Iran (initialized by Iran in June 2009, Montenegro is preparing the answer to the text of the Agreement).

**25. Does your country apply a preferential trade policy (irrespective of the agreements mentioned above) vis-à-vis certain developing countries? If so, what are the form and details of such policy/policies?**

Apart from the agreements specified in the answer to the question 18 from this Chapter, there is no other preferential trade policy.

**26. Does your country have a developing country aid budget? What is the size of the budget and how is it allocated? Which amount, if any, was spent for humanitarian aid to third countries during the last 3 years? Do you measure your budget contributions according to Official Development Assistance (ODA) methodology?**

No, Montenegro does not have budget for aid to developing country. Decisions on aid are taken individually, as for example in the cases when Montenegro allocated the following funds as a humanitarian aid to the third countries in the last three years:

By the decision of the Government of Montenegro, in 2007 the Government of Afghanistan was donated armaments and ammunition valued at about USD 140000 for equipping the Afghanistan

army. On 14 April 2008, the Government of Montenegro adopted decision, as sign of solidarity with the nations of Bosnia and Herzegovina to finance the reconstruction of school and dispensary in the village Luke near Srebrenica, and for this purpose approved the amount of EUR 99 858.75. Montenegro has voluntary contributions to the UN programs and funds dealing with humanitarian activities.

- Office of the High Commissioner for Human Rights – voluntary contribution for 2008, EUR 1,500;
- CERF - Craft Emergency Relief Fund
  - Voluntary contribution for 2008 in the amount of USD 2,500;
  - Voluntary contribution for 2009 in the amount of USD 5,000
- Fund of the Program of the UN High Commissioner for Refugees – voluntary contribution for 2008 in the amount of USD 5,000
- In the event of the accident in the ammunition depot in Gerdec near Tirana, the Government of Montenegro sent Albania aid in units of blood (20 March 2008).
- In the event of a natural disaster – the earthquake, the Government of Montenegro sent to the People's Republic of China help in medicines and medical supplies (23 May 2008).
- The donation of maneuvering bullets for the needs of performing exercises of the NATO NOBLE MIDAS 07 in Croatia (27 September 2007)
- In addition to the specified, Montenegro participated in financing the continuation of the work of the Special Court for Sierra Leone by paying voluntary contributions in the amount of USA 1,000.

**27. What are the projects, if any, on development aid assistance carried out by your country during the last two years?**

Montenegro does not have projects on development aid assistance.

**28. Administrative capacity: is there a Ministerial service/Agency for development co-operation, or are there specific projects of assistance to third countries managed by Ministries other than the Ministry of Foreign Affairs? If yes, how are they organised?**

Montenegro does not have a special Ministerial service/Agency for development cooperation and there are no specific projects of assistance to the third countries. By the end of 2011, the Government of Montenegro plans to consider possibilities of establishment of the body which would be dealing with development cooperation and humanitarian aid.

**29. To what extent are the EU development strategy, objectives, common values and principles, as outlined in the European Consensus on Development (December, 2005, [http://ec.europa.eu/development/policiesgen\\_en.cfm](http://ec.europa.eu/development/policiesgen_en.cfm)) incorporated into your national foreign policy?**

Montenegro does not have legislation on development and humanitarian aid, nor it is able to develop the strategy of providing that aid, being its recipient as a country, i.e. beneficiary. Montenegro does not possess sufficient financial resources to be a country which provides support, with the exception of possibly providing *ad hoc* humanitarian aid to the countries in the

case of natural disasters, which is done regularly. In this area, humanitarian aid, but also commitment to development objectives of the UN and the EU are certainly compatible with the objectives and common values and principles of the European Consensus on Development.

**30. Does your country subscribe to the Millennium development goals? Where do you stand in fulfilling the goals?**

As the youngest member of the UN, Montenegro is committed to the fulfillment of all the requirements arising from the membership in the World Organization, including the goals defined by Millennium Declaration. Achievement and monitoring of the implementation of the adopted goals is comprised by most strategic documents and programs which the Government of Montenegro adopted and which it applies in cooperation with the UN agencies in Montenegro, primarily with UNDP, UNICEF, UNHCR and WHO. In order to objectively monitor results achieved so far, Montenegro drafted and prepared initial report on the achievement of the Millennium Development Goals, while the work on drafting the Mid-Term Progress Report on Achieving Millennium Development Goals is in progress.

On 7 July 2005, the Government of Montenegro adopted the Initial Report on Implementation of the Millennium Development Goals. Drafting of the Autonomous Report on Achieved Progress in Implementation of MDG, in what then was the State Union of Serbia and Montenegro, represented the confirmation of the seriousness and significance which Montenegro attaches to their full achievement. The Report comprised three parts. The first part describes the purpose of the Report and the process of preparation, the second part describes Millennium Development Goals in the context of the situation in Montenegro, whereas the third part reviews the approach in cost estimation for achievement of the MDG, and shows the trends, status, tasks and challenges concerning each goal.

In order to provide the objective picture of the condition in Montenegro, the process of collection of data regarding more than twenty tasks and over sixty indicators of the promotion of the life of the poorest population worldwide by 2015, started in July 2004. Besides the public institutions' official data, the data from the UNHCR, UNICEF and WHO offices in Montenegro have been used, as well as the strategic documents of the Government of Montenegro. In drafting the Report, the Office for United Nations Development Program (UNDP) participated actively, through organising workshops at which the Draft Report was being discussed. In the Initial Report, it was estimated that all the goals were mainly achieved, certain problems concerning full achievement of the goals were identified, and the judgments on their full achievement were estimated as realistic and justified.

In accordance with the regular practice of reporting on progress and implementation of the Millennium Development Goals and parallel to internal processes of reforms and harmonisation with the highest UN and EU standards, Montenegro initiated the drafting of the Midterm Report on Achievement of the Millennium Development Goals.

Considering the significance it gives them, and bearing in mind current challenges with which all the members of the UN are facing, from the economic and financial crisis, climate changes, food and energy crisis, only 6 year left to the full achievement of MDG (2015), on 14 May 2009 the Government of Montenegro adopted decision on drafting the Mid-Term Progress Report on Implementation of Millennium Development Goals (MDG). It has been decided that the Report will be drafted by Inter-Ministerial Work Group, which work will be coordinated by the Ministry of Foreign Affairs, and which will encompass representatives of the Ministry of Tourism, the Ministry of Health, the Ministry of Labor and Social Welfare, the Ministry of Spatial Planning and Environmental Protection, the Ministry of Education and Science, the Ministry of Agriculture, Forestry and Water Management, the Ministry of Economy, the Ministry of Finance, the Ministry for Information Society, MONSTAT, Gender Equality Office, Sustainable Development Office, Environmental Protection Agency, Education Office, Public Health Institute and Administration for Pharmaceuticals and Medical Devices with the support of the UN agencies operating in Montenegro.

The Report will be done in close cooperation with the UNDP Office and UNDP experts in Montenegro, and it will also enable participation of the academic and civil sector in the analysis and estimation of the current state. Having regard to the expected amount of work, with a view to gaining a real state estimation concerning the achievement of the Millennium Development Goals, it has been planned that the Report be drafted and adopted by the end of 2010. The Report will estimate the achieved results in the period after the adoption of the Initial Report in 2005, as well as the implemented and planned activities until 2015.

Taking into account that Montenegro is on its way to achieve all Millennium Development Goals, the Mid-Term Report should offer a picture of globally defined indicators which reflect the development priorities of Montenegro and its commitment to the poverty reduction, meeting the essential needs of the population (education, health, environment protection, gender equality issues etc.), humanitarian development and, in general, achievement of all the goals arising from Millennium Declaration and simultaneously being on the EU agenda.

Drafting of the Mid-Term Report will imply wide consultative process which will include the representatives of all society sectors, in order to provide clear vision of the country's development. In this context, determining the indicators arising from Millennium Development Goals and their adjustment to the national development priorities and standards of the EU, collection of data and reporting process will represent another mechanism for the accession of Montenegro to the EU, in the context of the European Social Policy in particular.

### **31. In which International Agreements dealing with development are you participating?**

Montenegro is involved in the following international agreements in the area development:

**AUSTRIA** - Memorandum on Development of Cooperation and Memorandum on Implementation of the Project of the construction of the cable way Kotor – Lovćen and Kotor – Kotor Fortress, signed on 2 July 2007.

**DENMARK** - In November 2008, a Memorandum of Understanding was signed between the Government of the Kingdom of Denmark and the Government of Montenegro, which institutionalizes the implementation of the program "Development of Organic Agricultural Production in Less Developed Areas of Montenegro in the period 2009 – 2011". The program is financed from the fund of the Danish Program for the EU Neighboring Countries. **The two Ministries of Defence sign annually Protocols for Donation** (from the beginning of 2009, two protocols were signed in September, and one in April 2009), by which Denmark donates considerable funds for numerous projects and provides support to the reforms within the Ministry of Defence and the Army.

**THE NETHERLANDS** – Memorandum of Understanding between the Dutch Ministry of Economic Affairs and the Montenegrin Ministry of Economic Development, October 2007 (legal base for the use of PSOM – The Dutch Government Program for Cooperation with Emerging Markets). Memorandum of Understanding and Common Cooperation in Developing National Forestry Policy, between the Ministry of Agriculture, Forestry and Water Management and the Netherlands Development Organization SNV, in April 2006, Memorandum of Understanding and Providing Support in Implementing National Forestry Program between the Ministry of Agriculture, Forestry and Water Management and the Netherlands Development Organization SNV, signed in March 2009. Memorandum of Understanding between the Government of Montenegro and the Government of the Kingdom of the Netherlands, signed in April 2008, with the aim to provide support to the strengthening of institutional and administrative capacities of the Montenegrin Government and strengthening cooperation in the field of economics and environment, which will be implemented in 2008 – 2009.

**ITALY** - Based on the Memorandum of Understanding and Cooperation in the Field of Protection of the Environment between the Montenegrin Ministry of Tourism and Environmental Protection and the Italian Ministry for the Environment, Land and Sea, signed on 11 November 2004.

**JAPAN** - Agreement on Technical Cooperation between the Council of Ministers of Serbia and Montenegro and the Government of Japan (May 2006) – Japan has not yet answered to the Montenegrin note on succession.

**CHINA** – By exchanging diplomatic notes in July 2007, legal base was created for provision of development aid to Montenegro, which is committed to education of the staff from Montenegro and to the Economic and Technical Cooperation Program.

**LUXEMBOURG** - Bilateral Agreement between the Government of Montenegro and the Government of Luxembourg on Cooperation in the Project 'Developing Forestry in Montenegro, was signed in April 2003. Agreement on Implementation of the Project of Seed Potatoes Production in Montenegro, the Montenegrin Ministry of Agriculture, Forestry and Water Management and the Ministry of Cooperation, Humanitarian Affairs and Defence of Luxembourg, in March 2004; **Development of Forestry in Montenegro** – phase 2 – March 2007, **Agreement on Cooperation** between the Ministry of Education and Science and CARITAS Foundation Luxembourg which implies the reconstruction of school facilities in the north-east of Montenegro, signed in November 2008, **Bilateral Agreement on the Construction of the Dairy Zora I** phase between the Government of Montenegro and the Government of Luxembourg, signed in June 2001, **Bilateral Agreement on the Construction of the Dairy Zora II** phase, signed in August 2002, **Agreement on Strengthening Vocational Training in the North-East of Montenegro**, signed in October 2009.

**NORWAY** - Once a year, the Memorandum of Agreement between the Montenegrin Ministry of Economy and the Ministry of Foreign Affairs of the Kingdom of Norway on the Program of Bilateral Cooperation in Projects for the given year. It is expected that the Memorandum of Agreement on the Program of Bilateral Cooperation for 2009 would be signed in December the same year. **The Agreement on Cooperation** between the Ministries of Defence of Montenegro and Norway was signed on 12 February 2009. This Agreement represents the continuation of the Norway Program for Support to the Reforms of Montenegrin Army in the next 3 years.

**GERMANY** - Since 2000, The Protocol on Development Cooperation between the Government of the Federal Republic of Germany and the Government of Montenegro is being signed each year after the German Government decides on the amount of funds which are to be sent to Montenegro for that particular year (which is implemented mostly by GTZ, KfW and CIM). The Protocol on Development Cooperation between the Government of FR Germany and Montenegro for 2009 was signed on 15 September 2009 in Podgorica.

**SLOVAKIA** - Agreement on Development Cooperation between the Government of Montenegro and the Government of the Republic of Slovakia, signed on 26 November 2007.

**SLOVENIA** - Agreement on Development Cooperation between the Government of Montenegro and the Government of the Republic of Slovenia, signed on 7 February 2008.

**SWITZERLAND** - Agreement between the Federal Republic of Yugoslavia and Swiss Confederation on Technical and Financial Support, was concluded on 21 February 2003, in Belgrade. The Agreement was ratified by exchanging the notes between Montenegro and Switzerland on 8 March 2007 and it is implemented continuously since 2003.

**TURKEY** - Agreement between the Government of Montenegro and the Government of the Republic of Turkey on Establishment and Activities of the Program Coordination Office of the Turkish International Cooperation and Development Agency – TIKA, was signed on 15 May 2007 in Ankara.

**SWEDEN** - Agreement on Development Cooperation with Sweden, signed on 24 January 2007.

## Humanitarian aid

**32. How do you define the humanitarian aid? Does your country accept the principles of needs-based aid in line with the humanitarian principles enshrined in the EC Humanitarian Aid Regulation (EC 1257/96) and the European Consensus on Humanitarian Aid with respect to external humanitarian assistance?**

For now, based on the decision of the Government of Montenegro and on the competent ministry's proposal, Montenegro provides *ad hoc* humanitarian aid to other countries in the case of natural disaster.

Montenegro supports the EU development policy which aims at eradicating poverty within a stable development and implementation of Millennium Development Goals, so as to eradicate poverty and develop more stable and more equal world. Thus, Montenegro accepts the principles of support contained within the EC Regulation on Humanitarian Aid (EC 1257/96) and the European Consensus on Humanitarian Aid, especially in the area of reducing the poverty, development based on European democratic values, support to the countries based on observing national procedures, as well as encouraging all society segments to take part in this process, especially economic and social actors like Trade Union, Employers' Associations and private sector, NGO as well as other organisations playing the important role in promotion of democratic values.

**33. Does your country have a recognised framework for national non-governmental organisations who aim to provide assistance in third countries? Please explain.**

No, Montenegro does not have a recognised framework for national non-governmental organisations that aim to provide assistance to the third countries.



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