

MONTENEGRO

August 2015 / № 53

BUSINESS *outlook*



WELCOME

to the fifty third edition of Montenegro Business Outlook.

MBO is quarterly publication of pertinent economic indicators presenting a comprehensive view of Montenegro's business environment.

This publication is intended to serve international business people seeking investment opportunity in Montenegro.

We welcome your comments.

MONTENEGRO BUSINESS outlook

Macroeconomic outlook: According to preliminary data, based on quarterly estimates, the real growth rate of GDP in 2014 was 1.5%, while the real growth rate of GDP in first quarter of 2015 was 3.2%. In first five month of 2015 the number of total tourist arrivals recorded an increase of 14.6%, while the number of overnight stays increased by 11.1%. In the period Jan-Jun of 2015 industrial output recorded an increase of 4.0%. Annual inflation measured by HCPI was 2% in June 2015, which was influenced mostly by the rising prices in the "food and non-alcoholic beverages". Observing international relations, in the first five month of 2015 the net FDI inflows recorded a rise of 23.5% compared to same period in previous year. The foreign trade deficit in first half of 2015 increased by 4.7% and amounted to €715.8 million. Public debt at the end of March of 2015 amounted to €2,443.6 million or 54.6% of the estimated GDP.

Banking sector: At the end of May 2015, the banking sector remained stable, which is best proved by the banks' liquidity and solvency parameters that remained above the prescribed level during the reporting period. In the same period, banks' weighted average effective interest rate (WAEIR) amounted to 8.99%, recording a y-o-y decrease of 0.52 %. The weighted average deposit effective interest rate (WADEIR) amounted to 1.5% in May 2015, recording an annual decline of 0.75 percentage points.

Privatization and investment: There were no major developments in planned privatization of companies. During the last month, five tenders failed and the Privatization Council has extended the deadlines. Hence, there are still no interested investors for the long term lease of the land and aquatorium between Njivice and the Sutorina River mouth in Herceg Novi and construction of a base ski resort in Kolašin 1600. No one applied for the long term lease of the land intended for the construction of an ECO-lodge in Vranjine.

Capital market: In the first 6 months of 2015, the Montenegrin capital market was characterized by a decline in the volume of trade and the transactions, when compared with the same period in 2014. In 2015, the greatest turnover was recorded in the area of company shares (51.4%), followed by Government bonds and the Ministry of Finance bonds (46.6%) and privatization-investment fund shares (0.2%)

In the spotlight: The Free Market Road Show
Montenegrin students abroad
Building upon the traditional agricultural and food production

We introduce: New rules for European carbon and energy markets
Alternative tourism – opportunity for development

MBO Interview: Interview with Ms. Hafsa Al Ulama, Ambassador of United Arab Emirates in Montenegro



**INSTITUTE FOR
ENTREPRENEURSHIP
AND ECONOMIC DEVELOPMENT**

Kralja Nikole 27a/4,
BC "Čelebić", Podgorica, Montenegro
Tel/Fax: +382 (0) 20 633-855
+382 (0) 20 620-611

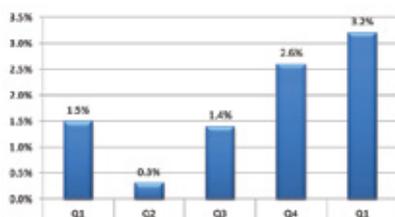
E-mail: iper@t-com.me
web site: www.iper.org.me

MACROECONOMIC OUTLOOK

REAL SECTOR

According to preliminary data, based on quarterly estimates, GDP at current prices was €3,425 million, while the real growth rate of GDP in 2014 was 1.5%. The real growth rate of GDP in the first quarter of 2015 shows an increase of 3.2% in comparison with the same period of the previous year.

Graph 1: Real growth rates Quarterly Gross Domestic Product



Source: MONSTAT

Basic sectors

Industrial production. Total industrial output in the period Jan-Jun of 2015 recorded an increase of 4.0% in comparison with same period the previous year. The decline was recorded in the mining and quarrying sector (10.6%) and electricity, gas and steam supply sector (1.9%), while the manufacturing sector recorded a growth of (10.1%).

Tourism. According to available data for the first five months of 2015, tourists recorded 209 thousand arrivals which is an increase of 14.6% in comparing the same period of 2014. In the first five months of 2015 the number of overnight stays was 823 thousand indicating an increase of 11.1% in comparison to the same period of the previous year.

Construction. The value of completed construction works in first quarter of 2015 is lower by 6.7%, while the effective hours worked on construction works are lower by 2.3% compared with the same period of the previous year. The average number of employees on construction sites in the first quarter of 2015 is at the same level as the first quarter of 2014.

Inflation

Monthly deflation measured by HCPI was 1.2% in June 2015, while annual inflation was -2%. This was influenced mostly by an increase in prices of: accommodation services; restaurants and hotels; Food and non-alcoholic beverages; fuels and lubricants for personal transport; furniture and furnishings. Consumer prices measured

by the HICP in the period January-June 2015 compared to the same period of the previous year were higher by 0.9%.

Positive annual inflation rates in June were observed in the following groups: Restaurants and hotels (5.1%); Alcoholic beverages and tobacco (3.5%); Health (2.6%); Clothing and footwear (2.5%); Food and non-alcoholic beverages (2.4%); Recreation and culture (2.4%); Housing, water, electricity, gas and other fuels (2.0%); Furnishing, household equipment and routine household maintenance (0.7%); Miscellaneous goods and services (0.2%), while negative annual inflation rate was observed in the group of Transport (-1.6%).

Employment and wages

According to the data from administrative sources, in the first half of 2015 the average number of employees' was 174,170 and increased by 1.1% in comparison to the same period of the previous year. The average number of unemployed in the first half of 2015 was 33,774, which is 0.1% higher compared with the previous year. The unemployment rate at the end of June 2015 was 13.4%.

The highest number of people were employed in the following industries: retail and wholesale trade, repairs of motor vehicles and motorcycles (20.7%), public administration and defense, compulsory social insurance (12.1%), accommodation and food services (8.0%), education (7.7%), manufacturing industry (6.6%) and health care and social welfare (6.6%).

The average earnings (gross) in the first half of 2015 was €726, while the average earnings without taxes and contributions (net) was €480.

PUBLIC FINANCE

According to the data from the *Ministry of Finance*, in the first quarter of 2015 total revenues of the Budget of Montenegro amounted to €310 million, which is 3.3% higher than in the same period of 2014. Total expenditure of budget in the first quarter of 2015 amounted to €331.6 million and was higher than in the same period of 2014 by 2%. The Budget deficit in the first quarter of 2015 was €21.6 million or 0.6% of the estimated GDP.

Public debt at the end of March 2015 amounted to €2,443.6 million or 54.6% of the estimated GDP. In the same period domestic debt amounted to €395.9 million, while the

debt to non-residents was €2,047.7 million.

INTERNATIONAL ECONOMIC RELATIONS

Foreign direct investments

Preliminary data shows that net FDI amounted to €142.5 million in the first five months of 2015, which is 23.5% higher than in the same period of 2014. The total FDI inflow amounted to €170.2 million. FDI inflow in the form of equity investments amounted to 54.8% of total inflow. In the first five months of 2015 FDI inflows in the form of equity investments amounted to 93.3 million or 15.9% more than in the first five months of 2014, of which 35.5 million related to investment in companies and banks, while the inflow from investment real estate amounted to 55.5 million. FDI inflows in the form intercompany debt amounted to 76.9 million in the first five months of 2015, which is 13.7% less than in the same period of 2014.

External trade

The total external trade of Montenegro in the period Jan-Jun 2015 was €1,003.2 million, indicating a growth of 2.7% in comparison to the same period of the previous year. The foreign trade deficit in the first half of 2015 increased by 4.7% and amounted to €715.8 million. Trade deficit is mainly generated by increasing imports of machinery and transport equipment.

The value of exports of goods in the first half of 2015 amounted €143.7 million, which is 1.9% less compared to the previous year. In the same period total imports amounted to €859.5 million, which is 3.6% more compared to the first half of 2014.

The coverage of import by export in the first half of 2015 was 16.7%, and it is lower compared to the coverage for the same period of the previous year, when it was 17.6%

Main trading partners in exports on an individual basis were: Serbia (€31.6 million), Italy (€29.4 million) and Bosnia and Herzegovina (€17.7 million). Main trading partners in imports on an individual basis were: Serbia (€232.7 million), China (€91.8 million) and Bosnia and Herzegovina (€60.4 million). The highest external trade trend was with CEFTA and EU countries. ■

BANKING SECTOR

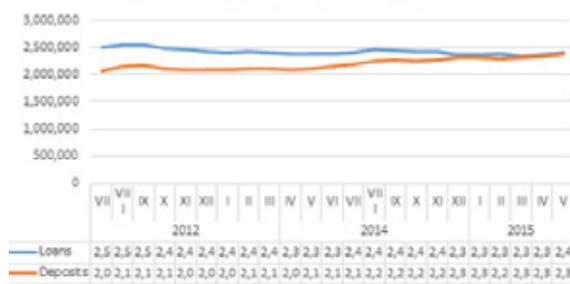
TOTAL ASSETS AND LIABILITIES OF BANKS

Total assets and liabilities of banks amounted to 3,221.5 million euros at the end of May 2015, or 1.4% more than in the previous month, being higher by 8.2% in relation to May 2014.

In the structure of banks' assets in May 2015, total loans accounted for the main share (74.8%) followed by cash and deposits with central banks (13.1%), while other banks' assets items accounted for the remaining 12.1%. In the structure of liabilities, the dominant share of 73.8% was recorded by deposits, followed by capital with 14.2%, borrowings with 7.8%, while other items accounted for 4.2% of total assets.

At end-May 2015, total capital of banks amounted to 456.3 million euros, recording a monthly decline of 0.5%, and an annual increase of 6.9%.

Graph 2: Total loans & deposits, July 2013 - May 2015



Source: Monetary statistics, Central Bank of Montenegro

Loans

At end-May 2015, banks' total loans granted amounted to 2,408.1 million euros, recording a monthly increase of 1.7%, and 1.1% relative to the previous year. Loans to deposits ratio was 1.01% at end-May 2015, and was lower than in May 2014, when it amounted to 1.13%. Loans disbursed to corporate and household sectors accounted for the main share of 78.1% in loans and other liabilities of banks.



Graph 3: Weighted average effective interest rates, July 2014 - November 2014



Source 1: Monetary Statistics, Central Bank of Montenegro

Deposits

In May 2015, banks' total deposits amounted to 2,376.6 million euros and they recorded a monthly increase of 1.7%, and a 12.4% growth in relation to May 2014.

In total deposits' maturity structure, time deposits accounted for the main share 54.5%, whilst demand deposits accounted for 45.4% of total deposits. The remaining 0.1% referred to funds at escrow account. In the structure of total time deposits, the highest share was recorded by deposits with maturity from one to three years (49.3%) and deposits with maturity from three months to one years (39%).

Observed by sectors, households' deposits accounted for the main share (57.3%) in total deposits at end-May 2015.

Total households deposits amounted to 1,361.4 million euros at end-May 2015, and they recorded a monthly decrease of 0.2%, while they grew by 9.3% relative to May 2014. In the maturity structure of household deposits, time deposits made up 62.7%, demand deposits 37.3%, while funds at escrow account made up an insignificant portion of household deposits.

BANKS' LIQUIDITY

Average liquid assets of banks amounted

to 643.3 million euros in May 2015, showing a monthly increase of 70.5 million euros or 12.3%, and 141.5 million euros or 28.2% increase in relation to May 2014. In May 2015, liquidity ratios, both daily and ten-day, were above the statutory minimum for the entire banking system.

INTEREST RATES

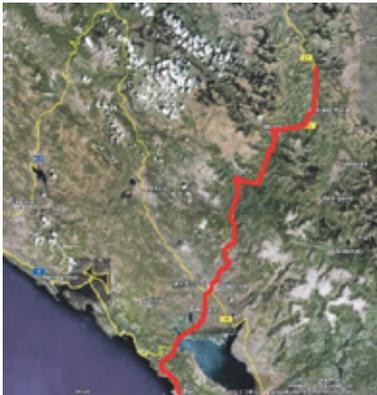
At the end of May 2015, banks' weighted average effective interest rate (WAEIR) amounted to 8.99%, recording a monthly decrease of 0.07%. Observed annually WAEIR decreased by WAEIR recorded y-o-y decline of 0.52 percentage points. The weighted average deposit effective interest rate (WADEIR) amounted to 1.50% in May 2015, recording a month-on-month decrease of 0.09 percentage points and an annual decline of 0.75 percentage points. In May 2015, the difference between lending interest rates (to total granted loans) and deposit interest rates amounted to 7.49 percentage points, being higher relative both to the previous month and to May 2014 (by 7.48 and 7.26 percentage points, respectively). ■



Privatization & Investments

Investments

Eight Montenegrin Companies to be hired on Construction of the Bar-Boljare Highway



The Government of Montenegro has so far approved eight local companies to be the subcontractors on the construction of the Bar-Boljare highway. Seven companies will be involved in development of technical documentation and preparation works for the section Smokovac-Uvac-Matsevo: Geo max group, Inter project and Entasis, Institut Sigurnost, Geoprojekt, Hidrocop, Gratom L and Beton Montenegro and Ramel from Niksic.

EBRD Pours €100 Million into Montenegro

The European Bank for Reconstruction and Development (EBRD) will pour this year € 100 million in developmental projects in Montenegro. Half of that amount (€48.5 million loan) was planned for construction of wind-driven electric power plants at Krnovo near Niksic. The power plant will produce six percent of Montenegro's electricity. The wind power plant will be built and operated by Krnovo Green Energy, a private Montenegrin company. The head of the EBRD office in Montenegro, Giulio Moreno, said that the bank will fund construction of some smaller hydro power plants as well as reconstruction of the airport in Tivat. EBRD, is also announcing a "huge investment" in the trading company "Voli", for supporting purchase of agricultural products in Montenegro. According to



European Bank

Moreno, this year, the Montenegrin economy will generate growth of 3.5%, which is the forecast of both the Government and the Central Bank of Montenegro.

Montenegrin Government Invites Investors Planning to Invest Minimum € 500.000 to Apply for Incentives



The Government of Montenegro announced it would be granting incentives for direct investments in projects valued at minimum € 500,000 and resulting in the creation of at least 20 new jobs within three years. Eligible applicants are all foreign and domestic companies and entrepreneurs, and the funds for this purpose will be provided from the budget.

As it was announced, the money obtained in this way cannot be used to finance primary agricultural production, hotel and restaurant business, transportation or commercial freight transportation services. Also, these incentives cannot be used to build hotel or restaurants with the only exception being hotels with three or more stars in underdeveloped areas. The use of this budget money is also forbidden for games of chance, trade, primary production of coal and steel, electricity, oil and gas, tobacco and tobacco products, arms and ammunition, genetically modified organisms and hazardous waste. Incentives will be paid to selected investors in instalments amounting to a third of the total sum, while foreign investors can obtain this money only if they establish an enterprise in Montenegro.

Montenegrin Passport on Sale Soon

The Government of Montenegro is preparing a project of economic citizenship to attract investors, who would invest money primarily in the northern region. The idea of getting an "economic passport" is supported by the Foreign Investor Council and the Chamber of Commerce but previously criteria had to be clearly defined for providing a citizenship of that type. The Ministry of tourism and sustainable development said that economic citizenship is important from a number of aspects, but that the date of the start of the project start has not been defined yet.

Open tenders

Tender for long-term leasing of land and sea surface area at a location between Njivice and Sutorina River mouth - Herceg Novi



The Government of Montenegro invited qualified domestic and international investors interested in long-term lease for a period of minimum 31 to maximum 90 years of land and sea surface area at a location between Njivice and the mouth of the Sutorina River, Municipality of Herceg Novi, including the obligation to provide financing, design, construction and management of a tourism resort, to submit their bids.

The location that is the subject of the Tender includes land covering an area of 30,597 m² and sea surface area (aqua space) of 17,313 m². The land is located to the south of the Sutorina River mouth and north from Njivice village. The location is outlined in detail in the Special Purpose Spatial Plan for the Public Maritime Domain. The deadline for submission of bids is set for **14th September, 2015**, at 12.00h.

Tender for Long-term Lease of the Military Tourist Resort "Mediteran", Žabljak extended



The Government of Montenegro publicly announced the tender for the military tourist resort "Mediteran" in Žabljak. The Site is at an altitude of 1,456 m above sea level in the most attractive zone of the National Park "Durmitor". The tourist resort "Mediteran" is located in the settlement of Otoka, in the direct vicinity of the road that leads from Žabljak to the Black Lake, which has so far been used as a military resort. The bids must be delivered no later than **11th September, 2015** at 12.00 hours (local time).

Tender for the Long-term lease of the Land and Maritime Area at Donja Arza, Herceg Novi Extended for the Third Time



The Government of Montenegro announce the public tender and invited qualified domestic and international investors who are financially capable and have experience in design, construction and operation of tourism resorts, interested in long-term lease for a period of minimum 31 to maximum 90 years of land and maritime area at the site called Donja Arza, Municipality of Herceg Novi, including the financing, design, construction and management of a tourist resort, to submit their bids. The location that is the subject of the Tender includes the land covering an area of 94,681 m² and the maritime area (sea surface) of 4,695.5 m². The land is located near the Arza Fortress, originating from Austro-Hungarian times, on the peninsula of the same name, and in the vicinity of Zanjic Beach, on the way towards Blue Cave. The new deadline

for delivering bids is 18th September, 2015 by 12:00 a.m. (local time).

Tender for Long-term Lease of Land for the Construction of "Eco-Lodge" Tourist Resort in Vranjina Extended



The Government of Montenegro extended the deadline for the long-term lease of land for the construction of "Eco-Lodge" tourism resort in Vranjina, Montenegro. The location is part of an attractive zone in the Skadar lake National Park, within the coverage of the Special Purpose Spatial Plan for Skadar Lake National Plan and the location Study for Vranjina and Lesendro. The lease is for the period of 31 to 90 years (with the possibility of extension). The new deadline for delivering the bids is set for **06th October 2015**, by 12:00 h (local time).

The planning document anticipates the construction of 30 facilities with 61 beds and a public zone with service amenities. The public zone should contain 30 facilities, among others, info point – souvenir shop, healthy food restaurant supplied by the local population, conference hall, wellness and SPA zone and bicycle path going from Vranjine to the monastery St Nicholas and further on through the park zone.

Tender for Long-term Lease of the Land for Developing the Base Settlement of the Ski Resort 'Kolašin 1600' Extended



The Government of Montenegro extended the deadline for the long-term lease of land for developing the base settlement of the ski resort "Kolašin 1600" including the management of

this settlement. The new deadline is set for **06th October 2015**, until 12:00h (local time).

■ Closed tenders

Tender for the Sale of the Part of Locality of the Plant "Gornji Ibar"- Location 1, Rožaje

The Government of Montenegro, by public call, invited for a submission of bids from experienced domestic and international investors, interested in valorisation of the part of the locality of the plant "GORNJI IBAR" Rožaje, which consists of two locations, as follows:

- Location 1A intended for purchase, which comprises of land and buildings, stated in the Title Deed 305 of the Cadastral Municipality Rožaje, with total square area of 24.693 m², and
- Location 1B envisaged for lease, which comprises of land and facilities, stated in the Title Deed 305 of the Cadastral Municipality Rožaje, with total square area of 11.6 "Location 1".

The deadline for submission of bids to the address of the Tender Commission was set at 20th July, 2015. At the session of the Tender Commission for the privatization which took place on 21st August in the presence of bidders' representatives, was opened the only offer that was submitted to the public tender for the valuation of "Location 1" as part of the property at the site of the former factory "DRVOIMPEX" Rožaje, and it was submitted by the company "SANCAKLI MOBILIYA AGAC TIC" from Turkey.

According to the binding offer, the total price offered for the purchase of the property in the Location 1A, consisting of relevant land and buildings, is 400 thousand euros and offered rent per square meter of property in the Location 1B is 0.60 euros per square meter for a period of 7 years (per year) from the date of entry into force of the Treaty of purchase and investments. ■

CAPITAL MARKETS

TRADE ON THE STOCK EXCHANGE

During the first 6 months of 2015, turnover on the Montenegrin stock exchange amounted to € 64.411 million, and this was 0.86% less in comparison with the same period in 2014. The average monthly turnover during the first 6 months of 2015 was € 10.735 million. The decline in the turnover of the stock exchange during the first 3 months of 2015 was followed by a decline in executed transactions. During the first 6 months of 2015, a total number of 2.584 transactions were completed, and this was 13.95% less in comparison with the same period in 2014 (3.003 transactions).

During the first 6 months of 2015, three types of securities were traded: company shares, privatization-investment fund shares and bonds which included Government bonds and the Ministry of Finance bonds. The greatest turnover was recorded in the area of company shares (51.4%), followed by Government bonds and the Ministry of Finance bonds (46.6%) and privatization-investment fund shares (0.2%). In comparison with the same period of 2014, the privatization-investment fund recorded the highest fall (92,59%), then bonds (78,84%) and company shares (14,25%).

Looking at shares on an individual company basis, the highest monthly trade volume was recorded in April, during the first 6 months of 2015; "Crnogorski Telekom" JSC shares reached a volume of 1.115.746 million on the A list.

STOCK EXCHANGE INDICES

From 1st April 2015, the Montenegrin stock exchange used the three indexes, MONEX, MNSE10 and MONEXPIF.

New index MNSE10, the leading index (blue-chip) Montenegro Stock Exchange with a view to describe more precisely the general movement of the most representative prices on the stock exchange and free market "Montenegro Stock Exchange"

AD Podgodica. MNSE10 is designed in such a way to describe the movement of the most representative market shares and the methodology of calculation was adopted by the Board of Directors of the Montenegro Stock Exchange, on 3/26/2015. Index MNSE 10 actions are made of 10 issuers. The Montenegro Stock Exchange has retained the right to be included in the index and actions that are ranked 10 places below, with the potential composition of the index can enter only the shares of companies that are among the top 20 companies ranked by liquidity coefficient. The index base date is 31 March 2015, and the initial value was 1,000.00 index points. In the previous 3 months, MNSE10 reached the lowest value on 21st April (997 points) then continued to rise and reached a maximum value on 6th May (1073 points), followed by a decline, with constant oscillations.

Index MONEX20 has started 2015 with a constant increase and it reached lowest value of 10.948 points on 21st January 2015. After that the index continued to grow and reached the highest value on 27th March 2015 (12.247 points). On March, 26, 2015 there was an audit of MONEX index at which the composition of the indices was changed, while the index value with the new structure was counted from April, 01, 2015. The number of issuers whose shares are included in the index MONEX now depends on the number of issuers in a particular market of Montenegro and the number of issuers who meet the specific criteria. The specific criteria has been established with the aim to include the shares of the index MONEX issuers that best reflect prices on the Montenegrin capital market. Upon the audit of MONEX index, the lowest value was reached on 7th April (12,218 points), while the highest value was achieved on 6th May (13.151 points), followed by a continued decline in constant oscillations.

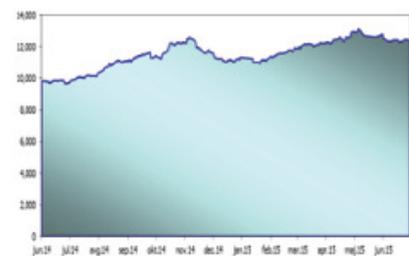
The value of the MONEXPIF index has declined steadily with just a few oscillations since June 2014, and the lowest point in this year was recorded on 25 July with 2.648 points. After 25th July, the MONEXOIF index continued to grow and reached the highest value on 28th October 2014 (4.871 points), after which it continuously

decreased. From January 2015, the index also continued to decline and the lowest point in this year was recorded on 16th March with 2.507 points. Then, the index recorded a slight increase with constant oscillations. The index value was influenced in such a way that a similar trend was evident in all of the privatization investment funds.

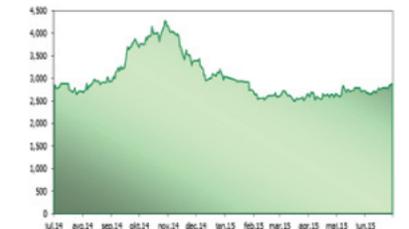
PRIVATIZATION – INVESTMENT FUNDS ON THE STOCK EXCHANGES

The total volume of trade involving PIF shares during the first 6 months of 2015 amounted to € 419.839, which is 92.59% less in comparison with the same period in 2014. In total, 317 transactions were made during 2015. The most actively traded shares during this period were Moneta (7.918 million shares), while the least traded were those of HLT (305 thousands shares). ■

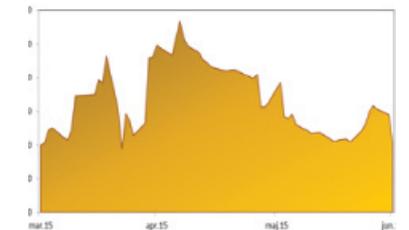
MONEX



MONEXPIF



MNSE10



THE FREE MARKET ROAD SHOW

The Free Market Road Show is a series of conferences to be held for six weeks in 35 cities around the world. At the conferences were discussed issues of increasing economic growth, foreign direct investment, encouraging of entrepreneurship and other topics in the field of economy. FMRS brings together leading leaders from the region, politicians, experts, diplomats and others. On April 24 the University of Donja Gorica for the seventh time in a row hosted FMRS and famous lecturers from Europe and America were also in attendance. The theme of this year's Conference was "How to create growth"? It was opened by the Minister of Education Predrag Boskovic. In addition to Minister Boskovic speakers at the conference were:

- Veselin Vukotić, rector of UDG
- Barbara Kolm, Director of the Austrian Economics Centre
- Milica Vukotić, Dean of Faculty for Information Systems and Technologies, UDG
- Hardy Bouillon, Deputy Director, New Directions Foundation
- Milorad Katnić, President of the Board, Societe Generale Bank, Montenegro
- Richard Zundritsch, Board Member, Hayek Institute and Austrian Economics Centre
- Matt Kibbe, Freedom Works
- Maja Drakić Grgur, Dean of the Faculty for International Economics, Finance and Business, UDG
- Jose Luis Cordeiro, Director, The Millennium Project, Venezuela Node,

- Jadranka Kaluđerović, Senior Analyst at Institute for Strategic Studies and Projections (ISSP), Montenegro

- Kate Sheehan, Post-Doctoral Research Associate at the Free Market Institute

- Lawson Bader, Competitive Enterprise Institute

- Ivan Jovetić, Senior Analyst at the ISSP

Rector of the University of Donja Gorica Veselin Vukotic pointed out that the mission of the UDG was to promote the idea of free markets. He referred to the problem of youth unemployment in Montenegro and the region, noting that unemployment is growing continuously and that there is unused potentials of young people. A unique way to solve the mentioned problems in the long term is definitely encouraging



In his opening speech, Boskovic said that Montenegro was a country that promotes a free market and that such a path of development must be followed in the future. Quality of education is the key to development of entrepreneurship, thus education needs to be given special attention, through the promotion of entrepreneurship in schools and other institutions of higher education. "Enemies of Higher education are reflected through: monopoly, no goal, lack of competition, no free market".

"What is entrepreneurship?"
 "Entrepreneurship is not just a business plan, entrepreneurship is not only money, entrepreneurship is not just an idea"
 "Entrepreneurship is the creative energy of an individual, development of the individual."
 "Only a free individual can be an entrepreneur."

entrepreneurship. University of Donja Gorica directs students towards becoming a free individual. The goal is that students understand



the importance of entrepreneurship and that even during their studies open the door to entrepreneurial business. University of Donja Gorica is different from other universities because of the fact that it creates a new model of society that is focused on individuality.

Barbara Kolm, Director of the Austrian Economics Centre, among other things, referred to the negative aspects of entrepreneurship, which is reflected through too high bureaucracy and other barriers which hinder the development of entrepreneurship. She believes that the greatest enemy of entrepreneurship is Government as it is limiting the labour market with high taxes and regulations. She concluded that the Government must not stand in the way of job creation and entrepreneurial ideas. Kolm points out that it was necessary to simplify the tax system, and the ideal would be a lower tax rate, which for a long time will not change. According to her it is necessary to constantly ask questions what is really the task of the State?, and what can be done through privatization?. Constantly reviewing regulations will identify things that are unnecessary, and consequently will eliminate them.

Matt Kebe from Freedom Works believes that University of Donja Gorica can be used as an example, because students learn and prepare for new jobs or learn to be prepared for every possible situation in the

workplace. Attention of students is focused, not only to acquire technical skills, but also on ways to transform entrepreneurship, which is necessary in Montenegro.

“Entrepreneurship is not going to come to you, you must approach it yourself,” concluded Kebe.

Kate Sheehan, Post-Doctoral Research Associate at the Free Market Institute, said the entrepreneur is characterized as a person who organizes, manages the team and is able to recognize the risk. She pointed out that entrepreneurship is the process of discovering new ways to combine resources. In addition, she pointed out that economic growth is realistic to achieve when the government adopts policies that are consistent with economic freedom. She also referred to the negative aspects that are reflected through: unproductive and destructive entrepreneurship, rents, corruption, and organized crime. Sheehan believes that the only productive entrepreneurship leads to innovation and technological changes that lead to long-term growth.

Milica Vukotic, Dean of Faculty for Information Systems and Technologies, UDG raised the question: “Is education most important for the development of entrepreneurship spirit”? She believes that the University of Donja Gorica provides an answer to the

aforementioned question, trying to educate students in the direction of becoming a free individual who is willing to ask and respond, as representing the adequate preparation for any job in the future.

Speakers at the conference Free Market Road Show expressed satisfaction with the unique opportunity to talk about entrepreneurship and ways for releasing creative energy of youth in Montenegro. They agreed that the development of the creative energy of young people actually represents an individual choice. An entrepreneur must first accept decline and failure as the positive aspects of his/her development, in order to be successful. In addition, an entrepreneur should never give up but needs to learn from his/her mistakes. A successful entrepreneur must be patient and very passionate about what he/she does. Governments need to be friendly to entrepreneurs in terms of ensuring the conditions of the free market. Only the free market and free individuals lead to the development and prosperity of a country. ■

Interview with Her Excellency Hafsa Abdulla Mohamed Sharif Al Ulama, UAE Ambassador in Montenegro



► **Your Excellency, you were appointed as the UAE Ambassador to Montenegro in October 2010. Five years later, collaboration between United Arab Emirates and Montenegro in various fields has reached high levels. What were the objectives you set to achieve here in Montenegro?**

Thank you for your question. Our main objective was to build a bridge of understanding and cooperation between the two nations on all fronts. On political level, the aim was to strengthen ties between our countries based on mutual respect and support

internationally. On economic level, the aim was to strengthen investment opportunities and economic relations. In order to enable this, we have already signed many agreements regarding investment protection and encouragement. On social and humanitarian level, UAE has been active in various projects throughout Montenegro.

► **Are you satisfied with cooperation with Montenegrin Government and other institutions?**

One of the main tasks of diplomats is to exchange ideas

with government and society they are located in. All countries provide platforms for exchange of ideas and experiences. I think Montenegro is special in the ease of access to government officials. The Montenegrin Government has also been flexible and quick to adapt to different situations, which is essential in our cooperation as government policies and regulations evolve over time due to internal and external conditions.

► **The UAE based “Royal Group” has recently decided to abandon the project on Queens Beach (Kraljicina**

plaza) worth about 180 million euros due to month-long campaign compromising Royal Group, the Royal Family and the country by some senior officials, some of the media and civil society organizations. What are the lessons learned and do you have any advice to give to Montenegrin Government to avoid such situations in the future?

Big foreign projects and investments sometimes go through complex procedures that get entangled between political and business objectives. We understand this very well, as we are very active internationally. Some investments happen and others don't for various reasons. I have noticed that the main reason is usually miscommunication, which leads to delays. I have mentioned several times that time is of essence for such investments and I feel sad that this did not go through as it would have had positive economic results for Montenegro. However, this is just one case and there are many opportunities for other projects in the future.

► **Do you believe that Montenegro as a country has potential to attract more investors from the UAE in the near future? Are there any companies interested in investing in Montenegro right now?**

Definitely Montenegro has potential to attract investors from UAE. Tourism is one sector that UAE excels in and our investors are always looking for opportunities in this area. There are also good potential in high-end agriculture and water sector

and UAE is a major importer of agricultural products. To enhance economic cooperation, joint economic committee has been set up between the two countries. Atlas Capital Center has been a good example of UAE investment in Montenegro with many new businesses opening in Podgorica at the Center such as Hard Rock Café, the first in the Western Balkans. Definitely Montenegro has potential to attract investors from UAE. Tourism is one sector that UAE excels in and our investors are always looking for opportunities in this area. There are also good potential in high-end agriculture and water sector and UAE is a major importer of agricultural products. To enhance economic cooperation, joint economic committee has been set up between the two countries. Atlas Capital Center has been a good example of UAE investment in Montenegro with many new businesses opening in Podgorica at the Center such as Hard Rock Café, the first in the Western Balkans.

► **Recently signed MoU with Abu Dhabi Development Fund and Ministry of Agriculture and Rural Development is another platform for cooperation between two countries. Why did you decide to support agricultural sector? Do you think it will also support exporting agricultural products from Montenegro to UAE?**

Well, the United Arab Emirates, has always adopted an active policy in supporting agricultural investment across the developing world, and out of belief that Montenegro's agricultural sector

can significantly contribute in its economic development when provided with the necessary support, ADFD has signed a USD 50 million agricultural loan agreement with the Ministry of Agriculture and Rural Development of Montenegro to support its agricultural development.

This agreement is aimed at accelerating economic development in Montenegro through supporting food security and boosting agricultural and livestock exports.

The agreement will not only include loans to farmers and companies operating in agricultural and livestock production, but will also include procurement of services relevant to machinery, factories, warehouses, and agricultural land. It is expected to enhance the competitiveness of Montenegro's products to international levels, and will eventually with no doubt increase agricultural exports to UAE and other countries.

► **What are the plans of the UAE Embassy for the upcoming period?**

We would like to build on the success that has been achieved so far and to further strengthen the relations to encompass many areas of cooperation. There is a lot that could be learnt by both countries through strengthening our ties further. Thank you. ■



An authentic agro-tourism model for Montenegro

-Building upon the traditional agricultural and food production-

Traditional agriculture and food production in Montenegro is a valuable asset able to contribute to a sustainable and authentic agro tourism model in the country. Yet, it encounters several challenges which need to be addressed in order to use its potential.

Agrotourism is a form of tourism which capitalizes on rural culture, recognized agrobiodiversity and traditional products worthy of preservation, as its main assets. It does not only represent an economic opportunity for rural areas but also a way to preserve the biodiversity of the environment and respond to numerous societal challenges of the present population.

However, recent global and local trends might hamper its sustainability and the use of its full potentiality, therefore the country has to implement policies enabling the long-term preservation of the sector, and tap into its full capacity so that it can serve at maximum the needs of communities. Typical local food and traditional methods of production could be lost during the recent trends in rural areas such as; massive depopulation, diminishing of agriculture's diversity, increased monocultures and uniformity, jeopardized preservation of valuable genetic characteristics and old varieties and breeds in use. If these tendencies are not addressed appropriately, all this heritage could be lost at the expense of agrotourism, potentially one of the most prominent sectors for areas depending mainly on agricultural activities.

AgroTourism is a priority sector for Montenegro, especially for the less favoured regions of the country like the North, whose population mainly relies on activities related to agriculture. Its relevance in general, but also the natural link to traditional agriculture production, is broadly recognized in several strategic documents (*Strategy of Agriculture and Rural Development, Tourism Development Strategy 2020 etc.*).

However, there is no clear and articulated strategic vision by the relevant national authorities. Nor is there a common understanding about agro tourism as a

holistic concept and approach between authorities. *For example; Rural tourism or Tourism in Rural Areas (usually a broader concept than agro tourism) is recognized by the Ministry of Agriculture as an area including tourist valorization of agricultural areas, natural resources, cultural heritage, religious monuments, local traditional rituals production and brand, altogether identifying an area and meeting the needs of guests in terms of accommodation, food and beverage, recreation, sports activities and events). Whereas In the Law on Tourism (Official Gazette of Montenegro, No. 61/10 of 22.10.2010) - Tourism services in rural areas are provided for the purpose of rest and recreation of tourists and comprise activities related to an agricultural household (picking fruit and vegetables, harvesting, renting horses for riding etc.).*

The examples above indicate that the definition remains not sufficiently elaborated or aligned between the respective ministries. Further there is a lack of a concrete action plan on how to add value to agro-tourism and build upon the potential of traditional production as a way to forge a sustainable economic model which is able to tackle several social and environmental issues at the same time.

It seems that efforts within this sector need to be intensified harmonized and coordinated between the two respective ministries in order to develop an integrated product. A fruitful collaboration has to start in order to preserve some of the farming systems, pastures and unique agricultural product-based cultures in Montenegro which are intimately related to traditional production as a way to develop genuine agrotourism building upon a typical local food offer.

It is however positive that all structures involved in tourism are already aware of the relevance of traditional production in any tourist offer. They know that there is a significant demand from both tourists and local consumers and the potential is enormous for competing in the broader market.

Nevertheless, national promotional and marketing agencies like the National Tourism Organization (NTO), need a developed tourist product in order to promote it in the targeted markets, a product which is currently missing in the country.

Indeed, there have been numerous positive actions regarding traditional food production and agro tourism in Montenegro such as;

1. The NTO support to traditional and local production as a key element for any tourism offer. The organisation has invested to strengthen the link between Montenegrin Agricultural Products and the Tourism and Hotel Industry, in order to promote and increase the consumption of local production (for example through local food fairs national or international)

2. Ongoing initiatives by the Ministry of Tourism and NTO regarding promotion of economic diversification in rural areas. Agricultural holdings are being supported to diversify their activity and add some tourism services to their usual offer. Most of the support (small grants) is for expanding and improving the quality of accommodation.

3. Initiatives like the design and establishment of various ethno-gastronomic trails such as the wine routes, the honey routes, the prosciutto routes, and the cheese routes, are an example of designing and promoting tourism based on the traditional offer, bringing to the locals additional benefits especially during the tourist season.

4. Already defined standards by the Ministry of Tourism, for tourist services that can be provided in an agriculture unit and support to households in setting up the basic conditions in their premises.

Agro tourism needs shall be addressed in a manner that they can significantly impact in a positive way on the present population in rural areas which are lagging behind. The attractions on offer to tourists and the diverse agricultural production would contribute to improving the incomes of rural populations. ■

The third anniversary of the process of accession of Montenegro to the European Union



“Montenegro should not compare itself with countries in the region in the EU accession process because it is a leader in this process”, said the head of the EU Delegation to Montenegro, Mitja Drobnič at a public debate held on the occasion of the third anniversary of the accession negotiations of Montenegro with the European Union. Asked whether Montenegro was far away from joining the EU, he said that at this moment it would be impossible to predict when Montenegro will be eligible for membership. The process of EU integration, as explained by Drobnič, seeks decentralization, transferring powers to lower levels. Speaking of progress on the rule of law, Drobnič stressed that in this field several important formal steps had been taken, but, as he said, the European Commission was not yet satisfied by the progress.

The chief negotiator of Montenegro with EU, Aleksandar Andrija Pejovic, presented the results achieved during the previous three years. He pointed out that the negotiating team was made up of 1,300 people, of which 382 are from the civil sector and 908 from the state institutions, while 55 percent of the team are women. Current work is focused on the fulfilment of temporary standards. Out of the 13 chapters with standards so far seven chapters have been completed, and the work is ongoing on the remaining six. By the end of the year will remain the three most difficult chapters: the environment, food safety and competition.

During the debate a promotional video was shown “Pokreni se,” which promotes the accession of Montenegro to the EU.

Montenegro opened negotiation on chapters 9 and 21

Deputy Prime Minister and Minister of Foreign Affairs and European Integration Igor Luksic headed the Montenegrin delegation at the Intergovernmental Conference on Accession of Montenegro to the European Union, where they opened two negotiating chapters 9 - Financial services and 21 - Trans European Networks. Deputy Prime Minister

Luksic said that this is a great success for our country and the whole of society, especially if we consider that Montenegro has been negotiating only three years.

“The opening of these two chapters is a tribute to the tremendous work, effort and commitment of all institutions and individuals who have worked within these chapters. Also, it seems that we are a step closer to EU membership and, more importantly, closer to the European quality of life” Luksic said.

Montenegro gets 2.5 million EUR for special review and design of priority measures for rehabilitation of 106 tunnels on the railway line Vrbnica – Bar

Within the thirteenth project delivery call Montenegro has positively evaluated and approved the project overview of 106 tunnels on the railway line Vrbnica - Bar and the development of major projects for their reconstruction, for whose implementation the EU allocated 2.5 million EUR. Funds approved for this project will help the entire reconstruction of this important transportation road, but also contribute to faster and safer linking of the region with central Europe through SEETO railway line 4. With the preparation of the necessary documentation will be created conditions for the start of the reconstruction of the tunnel on this railway line, for which in the course of special examination will be determined the required remediation measures.

The Law on Ratification of the Framework Agreement between Montenegro and the EU

A Decree promulgating the Law on Ratification of the Framework Agreement between Montenegro, represented by the Government of Montenegro and the European Commission on the rules for the implementation of the Union’s financial assistance to Montenegro under the Instrument for Pre-Accession Assistance (IPA II), was published in the Official Gazette of Montenegro number 5/2015 of May 27, 2015. The basis for the use of funds that are available for Montenegro through IPA II is a framework agreement concluded between the Commission and Montenegro and refers to the entire seven-year period and all five policy areas. It defines the principles of financial cooperation between Montenegro and the Commission, as well as rules for the

implementation of the financial assistance of the European Union to Montenegro. By adoption of Framework Agreement are fulfilled the preconditions for signing the annual and multi-year financial agreement on the implementation of the Instrument for pre-accession assistance, in accordance with the plan and the amount of support from the Indicative strategic document for Montenegro for IPA II 2014-2020.

For cross-border projects of Serbia and Montenegro IPA funds makes available 2.16 million EUR

The third call within the CBC Programme Serbia - Montenegro, funded by the European Union under the Component II of the Instrument for Pre-Accession Assistance (IPA) from 2007 to 2013, was opened on 19 June 2015 for the submission of project proposals within two priority measures: Increasing productivity and the competitiveness of economic, rural, cultural and environmental resources, as well as cross-border initiatives targeting the exchange of people and ideas to enhance professional and civil society. Total value of funds available under this call is 2.16 million EUR, and for the first measure by country are available 648,000 EUR, while the second measure is committed to the amount of 432,000 EUR. Potential beneficiaries of this program are non-profit legal entities registered in Montenegro and Serbia, including: local governments and their institutions; associations of municipalities; development agencies; business support organizations and social partners; organizations and associations in the field of tourism and culture; NGOs, including the National Association of the Red Cross and Red Crescent Societies; public and private employment services (centres for job creation, etc.); institutions for vocational and technical training; State institutions or agencies; authorities responsible for the protection of nature (including NGOs); public institutions/agencies responsible for water management; heritage protection (fire, emergency services, and others.); schools and colleges; universities and research centres; international - intergovernmental organizations.

The goal of the Program is to support and improve the socio-economic and cultural cooperation between the countries, as well as to support the population on both sides of the border to address common problems. Deadline for submission of Concept Notes is 18 August 2015. ■

New rules for European carbon and energy markets

On July 15, the European Commission launched a so-called summer package, containing a set of proposals concerning climate and energy policy. The package includes a proposal on the revision of the EU Emission Trading System (EU ETS) as well as a proposal for the review of the Energy Labelling Directive. In addition, the Commission released two communications on electricity markets: one on Electricity Market Design and another on Electricity retail markets (labelled a *New Deal for Consumers*). Both of these communications are now subject to public consultations.

Reform of the European carbon market

EU ETS has been labelled as the cornerstone of EU climate policy. It was founded in 2005 and it was envisaged to work as a 'cap and trade' system. This means that the system has put a limit on overall greenhouse gas emissions from high-emitting industry sectors. Within this limit, companies can buy and sell emission allowances as needed, while the limit (or 'the cap') is tightened on a yearly basis. It was supposed to give industry the flexibility to cut their emissions in the most cost-effective way. In the same time, some industrial sectors have been receiving their allowances for free, as the carbon price was potentially putting their competitiveness in the European market in jeopardy.

Since 2005, the EU ETS has had several trading periods and its framework has been gradually upgraded. However, the major economic crisis of 2008 dealt this system a blow, as there was a significant amount of unused allowances in the market. This caused the drop of carbon

price, which has not recovered since – it's been oscillating around 6 euros per allowance (equal to one tonne of CO₂). The price needed to drive transformation to low-carbon economy is estimated to be between 20 and 30 euros per allowance.

Finally, this July, the European Commission has come up with a proposal for a major reform of the EU ETS. However, since they still plan to extend a share of the free allowances to 2030, it's unsure if the system will be back on track, even though the number of sectors eligible for free allowances will reduce.

The major novelty in the Commission's ETS reform comes from the financial side: a new Innovation Fund was set up with the aim to drive low-carbon investments in energy-intensive industry, together with renewables and carbon capture and storage projects. Moreover, 50 million unallocated allowances from the current trading period will be used to support "breakthrough technologies" in industry before 2021. Also, a Modernisation Fund will be set up, funded by 2% of the allowances, and it will be at the disposal of lower-income member states, to help them transform their intensive industrial sectors.

News on the energy side

When it comes to energy legislation, the European Commission has decided to move forward with the revision of the Energy Labelling Directive. In practical terms, this means that the A-G energy label scale for new products will be back, while the classes such as A+ and A++ will be scrapped. The rationale behind

this decision is that A+ and higher classes have reduced the effectiveness of the energy label in motivating consumers to buy more efficient products. According to Commission data, this change will save 17 million tonnes of oil equivalent per year.

In addition, the Commission has launched two documents on the electricity markets, subject to public consultations. The Commission wants to promote renewables to be on an "equal footing with conventional generation" but found that it is essential to improve market design in order to achieve this. Changes to the energy market design are expected to lead to EU-wide system for intraday trading.

On the consumer side, the Commission's Communication is based on a three-pillar strategy: helping consumers save money and energy through better information; giving consumers a wider choice of action when choosing their participation at energy markets and maintaining the highest level of consumer protection. The Commission considers that consumers need to be free to generate and consume their own energy, so this is a clear step towards a wider decentralization of the energy system in Europe.

Next steps

Following a public consultation on electricity market design, the Commission will prepare legislative proposals in the second half of 2016. It is expected that the work with consumers will also continue, as the Commission wishes to create tools which will enable consumers to become active participants in the market. ■

MONTENEGRIN STUDENTS ABROAD



Source: Official site of OMSA (Photography-Event „Forum ME“, Budva 2014
http://www.omsa.me/me/o-nama/galerija/event/ME_Forum

Montenegrins studying abroad is not a recent course of events. Montenegrin high school students have been taking various opportunities to continue their education abroad for decades. There are many different reasons. While most believe that Montenegro cannot provide them with education at the level of European countries, some of them decide to take this step because of the experience they will gain through independent college life. Some use their own funds in order to fund their decisions, while others win scholarships. One who wants it, will always find a way. The more we approach Europe,

the number of those who decide to take this step is growing. There are numerous destinations. If we exclude the countries in the region which formed a single country, together with Montenegro, there is still a large number of students that expand their views at the most famous universities in the world: starting from neighbouring Italy, over European centres: Germany, Great Britain, Asian Turkey, to the world powers such as US and Russia. There are different options and circumstances, but invaluable experiences are certain, whatever option students decide on.

However, due to political instability that befell the Balkans, with the independence of countries, it was very difficult to control the number

One of the better examples to illustrate the success of the Montenegrin students abroad is the case of Enis Babačić from Berane, who finished the Faculty of Architecture in Podgorica, and currently is attending Master studies in Turkey-Teknink Yildiz University. However, in addition to Master studies, his staying in Turkey opened the opportunity to participate in the design of the third Istanbul airport, and thus become a part of the worldwide project.

of those who decided to study abroad. How many people actually went to study abroad, and how many of those people returned. That is why the link between these students was generally weak. Without paying attention to the common position of the student studying abroad, people would even study in the same city for years without a chance to meet each other and ease their stay abroad. Thus, Montenegro as a country was taking away good opportunities for realizing the potential out of its boundaries.

That is why a group of students came up with an idea to improve the situation themselves. This is the very group of students that experienced studying abroad. All experiences, both good and bad ones, made them join and unify their potential. That is when OMSA was founded (Organization of Montenegrins Studying Abroad). OMSA was founded in December 2011, with the initiative of five Montenegrin students who studied abroad, headed by Aleksandar Jaćimović. Facebook page, used for their informal connecting, was transformed into a serious, well-organized non-governmental organization, with the purpose of connecting Montenegrin students and promoting knowledge and experience.

The fact that, even nowadays, the Ministry does not have a reliable database of the Montenegrin students studying abroad emphasises the existence of this kind of organisation even more. The project of Human Resources Management Authority, which implied registration of students upon their return to Montenegro, apparently did not provide the expected results, considering the number of the students registered so far. Therefore, the most valid data

on these students are obtained from OMSA database, which represents one of their primary goals. The number of students OMSA regularly cooperates with includes over 1,000 Montenegrin students abroad, out of which more than 700 are in Austria, Italy, United Kingdom and Turkey, around 300 of them reside in other countries, while over 2,200 interested parties follow their activities through their Facebook group.

Although communication between these young people is still primarily based on electronic communication through social networks, the founders of the organisation have made efforts to provide at least occasional meetings of their members in the real world as well. Therefore, the rule book on functioning has established the organisation of assembly twice a year, where the achieved success and planned activities will be discussed. Concerning the project, the first and foremost OMSA project is exactly the creation of the database of Montenegrin students abroad, with the purpose of having an insight in the potential educational force that will tailor the future of Montenegro, as well as help those who are just on their way to achieving movement in that direction.

Thus, the recently organised "Forum ME", aimed at mutual introductions and raising the most important student questions, with the presence of competent and responsible persons, and within the appropriate panels. To this end, as the President of OMSA said: "the administration needs to completely dedicate itself to the development of human capital, placing strengthening of youth and collaborative culture at the centre of all actions and to constantly remove all limits and barriers for creative



and proactive action imposed by the system."¹

However, besides OMSA, as the first organisation of this kind in Montenegro, an organisation of Montenegrin students who have finished, or are finishing, their studies in the United Kingdom recently appeared. But, this time, the initiator of that organisation was the Embassy of Great Britain in Montenegro. Even though the organisation is still "in its infancy", its very creation speaks volumes about the importance of these types of organisations in our area.

Finally, it may be that the appearance of this type of organisation represents the best way of raising the awareness about the problem of brain drain on the one hand, and the potential power of Montenegro on the other. Expanding the possibilities of the future students abroad and enabling the ones who have already acquired knowledge in Montenegro, would be the best possible result of all the envisaged actions. ■

MONTENEGRO
BUSINESS
outlook

¹ <http://www.balkananalysis.com/blog/2015/03/29/brain-drain-in-montenegro-from-data-assessment-to-possible-solutions/>

Business News

Montenegro Hopes for More Chinese Tourists



Montenegro is trying to attract visitors from other countries after recording a drastic decline in the number of Russian tourists during the 2014 summer season – a drop of more than 30 per cent, according to some estimates.

Montenegro is now trying to offer a more flexible visa regime for Chinese tourists and introduce direct flights to Podgorica from several Chinese cities. China has great potential and Montenegro could expect more tourists and new investments in the coming period.

CTGC changed its name to the Port of Adria



Shareholders of Container terminal and general cargo (CTGC) decided to change the name of the company and from now on it will be called the Port of Adria. The majority owner of Port of Adria is Turkish company Global Ports Holding. According to the Central Depository Agency, Global Ports now owns 54.05 percent of shares. Atlas Mont owns 2.49 percent of shares CTGC, Trend

1.58 percent, HLT 1.31 percent, and the company for management services and property management MIG 1.18 percent. Other shareholders own less than one percent of the shares in the company.

Montenegro becomes a popular destination among Turkish tourists



Thanks to its historical cities and natural beauty, Montenegro attracts many tourists from around the world. As no visa is demanded from Turkish citizens, Montenegro is an attractive choice for people planning a vacation during Ramadan. Combined with this visa regulation, Montenegro's beautiful sea, green nature, medieval-inspired architecture, safety and similarity to Turkish culture make it one of the most popular destinations for Turkish tourists..

Bulgaria will continue supporting the European integration of Montenegro

The Republic of Bulgaria will continue supporting the European and Euro-Atlantic Integration of Montenegro. That is what Bulgarian President Rosen Plevneliev said after a meeting with his Montenegrin counterpart Filip Vujanović, which took place in Sofia. The Bulgarian President said he hopes that Montenegro will reactive its invitation for NATO membership by the end of the year, adding that it would be a success not



only for Montenegro, but for the entire region. The Montenegrin President also thanked the Bulgarian President for the support and assistance of our country for the development of infrastructure and transport networks in the region.

Montenegro and Bosnia and Herzegovina to sign border agreement



The Sutorina issue has been resolved and Montenegro and Bosnia and Herzegovina are close to signing the border agreement before or at the Vienna conference on 27 August, foreign ministers Igor Lukšić and Igor Crnadak underlined at a press conference following a meeting in Podgorica.

The two countries have developed excellent and friendly relations, which will be further enhanced by signing a set of agreements aimed at improving quality of life of the citizens in the areas of social insurance, protection and advancement of foreign investment, waters, recognition of certificates in agriculture, the two ministers agreed.

They added that focus should be also placed on enhancing economic ties and infrastructure connectivity, particularly referring to the reconstruction of the Foča-Šćepan Polje road and Nikšić-Plužine-Čapljina railway, as well as the two countries' participation in regional projects, such as Adriatic-Ionian Pipeline and Adriatic-Ionian Highway.

The two heads of diplomacy also discussed European and Euro-Atlantic integration of both countries.

Montenegro is pressing ahead with its push for membership in NATO



Montenegro is pressing ahead with its push for membership in NATO, a bid that confronts the Western alliance with its first decision on expansion since the eruption of the Ukraine crisis. But any enlargement by the North Atlantic Treaty Organization in the face of Russia's current assertiveness would be highly symbolic.

NATO's last expansion came in 2009, when it absorbed two other Balkan countries: Croatia and Albania. But much has changed since then for the 28-member alliance as a result of Russia's muscle-flexing, including its incursion into Ukraine.

Montenegro signs EUR 10 million loan for water and sanitation project

The European Investment Bank hosted a Montenegrin delegation led by Finance Minister Radoje Žugić at its headquarters in Luxembourg. The main topic of discussions at the meeting was EIB activity in Montenegro aimed at supporting economic recovery and helping the country to join the European Union.

On the same occasion a EUR 10 million loan to Montenegro for investment in the



water and sanitation sector was signed. The project comprises investment schemes for collecting and treating municipal wastewaters as well as water supply schemes. The schemes are located throughout the country. The project will help to bring Montenegro closer to EU environmental standards, improving environmental services, reducing public health risks and enhancing the region's attractiveness for tourism.

This EUR 10 million loan represents the fourth tranche of the total EIB credit of EUR 57 million for this important sector approved in 2005.

Ryanair will upgrade its seasonal summer flights to Podgorica



Low cost airline Ryanair will upgrade its seasonal summer flights from Charleroi Airport in Belgium to Podgorica to a year-round service. Ryanair is pleased to announce a new twice weekly Brussels Charleroi winter service to/from Podgorica beginning in October. Originally, the route was to operate until the end of the summer season on October 25. The route will complement the carrier's existing year-round flights from London Stansted to the Montenegrin capital.



New €2.5 Billion to be invested in Montenegro



That Montenegro is recognized as a destination worth investing in testifies the data that investors are to invest about 2.5 billion euros in 14 priority projects in tourism. For sure, the new investments will contribute to the boosting of our economy and an increase of standard of living in the whole country.

The major part of that money will be invested by "Orascom Development Holding" from Switzerland into Luštica Bay Resort in Tivat, and total investment amounts to €1.1 Billion. The Company Adriatic Marinas will invest € 32 million into the project of Porto Montenegro during 2015, according to the Government data. There are plans to start with preparatory works on a large scale at Plavi Horizonti.

In addition, the works on the construction of the Chedi Kraljičina plaža" will start in 2015 by Adriatic Properties and the estimated investment will be €54 million, announced from the Ministry of Sustainable Development and Tourism. It is estimated that investment in the hotel 'Chedi Queen beach' will amount to 54 million euros out of which 27 million euros will be provided through the loan agreement with EBRD.

In the central part of Montenegro, the largest project in the field of tourism has been implemented in Podgorica. It refers to the construction of a Hilton hotel in which 21.4 million euros has been invested, while an additional 15 million euros will be invested this year.

50 million dollars for Montenegrin agriculture

At the headquarters of Abu Dhabi Fund for Development (ADFD) in the capital of the United Arab Emirates, the Agreement on Long-Term Loans of Montenegrin agriculture was signed in the amount of \$



50 million. With representatives ADFD, the Agreement was signed by Minister of Agriculture and Rural Development, PhD Petar Ivanović, director of the Investment Development Fund of Montenegro PhD Zoran Vukčević. The minister thanked the representatives of the Fund for their understanding in the long process of negotiations, as well as to the representatives of the Embassy of the UAE in Montenegro, especially the ambassador Mrs. Hafsa Al Ulama, for her support.

The Director General of Abu Dhabi Fund for Development Mohammed Al Suvaidi confirmed that the institution has had good and productive cooperation with Montenegro.

Just a reminder, the initial negotiations with ADFD were carried out during the official visit of the Montenegrin delegation to Abu Dhabi in February 2013, led by Prime Minister Milo Djukanović. It was concluded to consider the possibility of granting favourable loans, inter alia, for sector of agriculture. After intensive communication during the nine months, in November 2013, the Board of ADFD made a decision on the allocation of \$ 50 million to support projects in the field of agriculture in Montenegro. It was offered at an interest rate of 4 percent, grace period of 3 years and the repayment period of loans 12 years. Upon receipt of the first offer the Ministry of Agriculture and Rural Development, the negotiation process was continued in order to obtain the most suitable funds and to negotiate final and favourable credit conditions - an interest rate of 2.5 percent, 4-year grace period and 17 years repayment period. Credit conditions will allow not only new investments based on modern technologies, but also creation of new jobs, reaching standards and gradual increase in exports.

Bar and Rožaje will soon have business zones



Bar and Rožaje will soon have business zones. Until now, business zones have been established in Bijelo Polje, Berane, Nikšić, Mojkovac, Kolašin, Cetinje, Ulcinj and Podgorica. Business zones present one of the models of business environment improvement and they are recognized in the world as an efficient mechanism to attract investors and increase competitiveness both of the local community and the state as a whole. The procedure to define business zones in the municipalities of Bar and Rožaje is on-going. Each of the municipalities, in which the business zones have been formed, have some relief for business and business development.

The model of establishing and managing of business zones was prepared on the basis of the best European and regional practice. It will significantly affect the increase in employment, improvement of business infrastructure, stimulating the development of small and medium-sized enterprises and entrepreneurs, attracting new investments, as well as the balanced development of all local government units in Montenegro.

Local governments work effectively in the promotion of business environment and incentives that are presented within each zone. Until now, investors have achieved their business within the business zones in Berane, Cetinje, Nikšić and Podgorica.

To improve the conditions and instruments for support in women entrepreneurship

For a large number of women, entrepreneurship is not the primary goal in life - they see it as a way to



contribute to their family income. Hence, women entrepreneurship in Montenegro is now in its early stages and it can be called 'entrepreneurship out of necessity' which is characterized by the need to find alternative employment. The formal requirements are created, but the practice shows that development of women's entrepreneurship still requires full institutional support and appropriate incentives. In our society, women are not sufficiently recognized as equal partners in the economic arena, which leaves them in a worse position when starting and running their own business.

The lack of access to finance is the main barrier for women and men entrepreneurs for starting business. However, Montenegrin women less often use commercial loans to start business than men. The main reason is that only 6 per cent of women are owners of a property which can be used as collateral to get a business bank loan.

The new Strategy for Development of Women Entrepreneurship in Montenegro will provide guidelines and priority measures to boost the economic empowerment of women through creation of favourable business environment and providing support to development of entrepreneurial potentials that will contribute to establishment of new companies, creation of new jobs, increase of employment and overall development of entrepreneurship in the sector of small and medium-sized enterprises. ■

Editor in chief:
Darko Pečić
iper@t-com.me

MBO Team:
Dragana Radević
Mihailo Zečević
Biljana Janković
Jovana Vujačić
Jelena Međedović
Željka Pečić
Dajana Perković

ASSOCIATES
Charles Brogden, Editor
Dragana Koprivica, graphic designer

Front page picture:
Summer in Montenegro /
Porto Montenegro Tivat



Coming Up

Global Adria International Half Marathon & 10K race

The Global Adria International Half Marathon & 10K race, which will be organized by Global Ports Holding on September 6th, 2015, for the first time in Kotor, Montenegro is believed to be a new race which will attract runners from different countries. Especially with its wonderful nature and course, Global Adria International Half Marathon & 10K race hopes to get acclaimed in Europe, grow each year and gain an important place in the world of athletics.

The race center is located at the entrance to the Old Town of Kotor, Montenegro. The event area will service the runners beginning on Friday morning September 4th. The race packages will be delivered to the event area. Collected registration fees will be donated to the Secondary school of Economics and Hospitality in Bar, Montenegro. For more info visit: <https://globaladriahm.com/>

The 20th Milocer Development Forum: Globalization, Culture and New Businesses

The Association of Economists and Managers of Montenegro will organize this year, for the 20th time in a row, Milocer Development Forum. This year's meeting is called Globalization, Culture and New Businesses. Milocer Development Forum will last for two days (15th and 16th. September) and will be organized as seven round tables, with the visit of the Prime Minister of Montenegro, Mr. Milo Djukanovic, who will answer the question: "Who prints EURO in Montenegro?". Mr. Arsenije Jovanovic, Honorary President of the association of Economists and Managers in Montenegro will hold a lecture: History of Economic Thought in Montenegro. For more information visit: www.demcg.me

1st Biannual Regional Conference of Evaluators

The first conference of the evaluators of the Western Balkans will be held in Sarajevo, Bosnia and Hercegovina, on 28th. and 29th. October 2015. At the Hollywood Hotel – Congress center in Ilidža, Sarajevo, will be discussed topics related to Policy Impact Evaluation in the Western Balkans. The event will be organized by WBEN - Western Balkan Evaluation Network and BHeval - Evaluation Society in Bosnia & Herzegovina. For more information contact the programme committee: info@sdeval.si