

MONTENEGRO

February 2015 / № 51

BUSINESS

outlook



WELCOME

to the fifty first 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 the real growth rate of GDP in the third quarter of 2014 was 1.3% in comparison with the same period of the previous year. During the first eleven months of 2014 the number of total tourist arrivals recorded a year-on-year increase of 1.6%, while the number of overnight stays increased by 1.5%. In the same period industrial output recorded a decrease of 11.9%. Monthly deflation measured by CPI was -0.1% in November 2014, which was influenced mostly by the falling prices in the "food and beverages". Observing international relations, in the first nine months of 2014 FDI inflows recorded a decrease of 7% compared to the same period of the previous year. The foreign trade deficit in the period January - November 2014 increased by 2.4% and amounted to €1,314.3 million. Public debt at the end of September 2014 amounted to €1,971.2 million or 58.1% of the estimated GDP.

Banking sector: During the first nine months of 2014, 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. Also, in this period, the banks operated with positive financial result in the total amount of €20.9 million.

Privatization and investment: In 2014, none out of 13 companies offered for sale on tenders were sold. However, the Government of Montenegro adopted the Privatization Plan for 2015 and everything that was planned for 2014 to go private will be transferred for this year. Some of companies planned to be offered for privatization through public tenders are Montenegro Airlines (MA), Montecargo, Budvanska and Ulcinjska Riviera, Institute for Ferrous Metallurgy and Montepranzo-Bokaprodukt.

Capital market: In 2014, the Montenegrin capital market was characterized by increase in the volume of trade and the same number of transactions, when compared with the same period in 2013 (3.5 times). In 2014, the greatest turnover was recorded in the area of company shares (50.1%), followed by Government bonds and the Ministry of Finance bonds (43.6%) and privatization-investment fund shares (6.3%).

In the spotlight: Clusters as a development instrument for small and medium-sized enterprises in Montenegro

Water or oil?

We introduce: What role for Montenegro in the European Energy Union?

EU Corner: Trilateral cross-border cooperation programmes - CBC IPA II Programme 2014-2020 "Montenegro -Italy- Albania, " and „Montenegro-Croatia-Bosnia and Herzegovina“



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 the real growth rate of GDP in the third quarter of 2014 shows an increase of 1.3% 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 recorded a decrease of 11.9% for period January-November 2014 compared with the same period of previous year. The decline was recorded in the electricity, gas and steam supply sector (22.3%) and in the manufacturing sector (4.9%), while the mining and quarrying sector recorded growth (12.6%).

Tourism. According to preliminary data of Monstat, during the first eleven months of 2014 the number of total tourist arrivals recorded an increase of 1.6%, while the number of overnight stays increased by 1,5% compared to the same period of 2014.

Construction. According to the latest available data of Monstat, the value of finalised construction works in the third quarter of 2014 was lower by 5.5%, while the effective hours worked on construction works were lower by 0.3% compared with the same quarter of previous year.

Inflation

Monthly deflation measured by CPI was -0.1% in November 2014, while annual inflation remained at the same level. This was influenced mostly by the decrease in prices of: fruit; fuels and lubricants; vegetables; shoes and other footwear; and accommodation services.

Positive annual inflation rates in November were observed in the following groups: Health (+3.5%); Food and nonalcoholic beverages (+1.0%); Alcoholic beverages and tobacco (+0.8%); Recreation and culture (+0.5%); Clothing and footwear (+0.1%), while negative annual inflation rates were observed in the following groups: Communications (-3.5%); Transport (-2.0%); Furnishing, household equipment and routine household

maintenance (-1.6%); Miscellaneous goods and services (-0.9%); Restaurants and hotels (-0.6%); Housing, water, electricity, gas and other fuels (-0.2%).

Employment and wages

According to the data from administrative sources, in November 2014, the number of employees² was 172,273 and increased by 2.7% compared to the same month of the previous year, while compared to the previous month remained at approximately the same level. The number of unemployed in November 2014 was 34,733, which is 0.1% higher year-on-year and by 2.9% compared with previous month. Unemployment rate in November 2014 was 14.9%. The highest number of people were employed in the following industries: retail and wholesale trade, repairs of motor vehicles and motorcycles (20.9%), public administration and defense, compulsory social insurance (12.9%), education (7.9%), accommodation and nutrition services (7.3%), manufacturing industry (6.7%), health care and social welfare (6.6%) and transport and warehousing (5.6%). The average earnings (gross) in Montenegro in November 2014 were €723, while the average earnings without taxes and contributions (net) were €477.

PUBLIC FINANCE

According to the data from the *Ministry of Finance*, in November 2014 source revenues of the Budget of Montenegro amounted to €98.5 million, which is 2.0% higher than in November 2014. Expenditure budget in November 2014 amounted to €99.1 million and were lower than in the same month of 2013 by 2.3% or €2.3 million. Budget deficit in November 2014 amounted to €0.6 million. Public debt at the end of September 2014 amounted to €1,971.2 million or 58.1% of the estimated GDP. Domestic debt amounted to €394.9 million, while the debt to non-residents was €1,576.3 million.

INTERNATIONAL ECONOMIC RELATIONS

Foreign direct investments

Preliminary data shows that net FDI amounted to €256.4 million in the first nine months of 2014, which is 7% less than in the same period of 2013. The total FDI

inflow amounted to €347 million. FDI inflow in the form of equity investments amounted to 45.7% of total inflow. FDI inflows in the form of equity investments amounted to 158.4 million or 14.9% less than in 2013, of which 31.9 million related to investment in companies, while the inflow from investment property amounted to 126, 5 million. FDI inflows in the form of intercompany debt amounted to 184.2 million, which is 18.6% more than in the same period of 2013. In the structure of outflow the most part related to the withdrawal of funds from non-residents 67.3%, while investments by residents abroad was 23.3%.

External trade

The total external trade of Montenegro for period January - November 2014 was €1,933.6 million, indicating a drop of 1.6% in comparison with the same period of the previous year. The foreign trade deficit in the period January - November 2014 increased by 2.4% and amounted to €1,314.3 million. Trade deficit is mainly generated by reducing export production of mineral fuels, lubricants and related materials and other manufactured goods.

The value of exports of goods for the period January - November 2014 amounted to €309.6 million, which is 9.2% less compared to the same period of the previous year. In the same period total imports amounted to €1,623.9 million, which is equal to the same period of the previous year.

The coverage of import by export is 19.1%, and it is lower compared to the coverage for the same period of the previous year, when it was 21.0%.

Main trading partners in exports on an individual basis were: Serbia (€72.4 million), Belarus (€33 million) and Croatia (€32.9 million). Main trading partners in imports on an individual basis were: Serbia (€437.6 million), Greece (€132.2 million), and China (€118.9 million). The highest external trade trend was with CEFTA and EU countries. ■

BANKING SECTOR

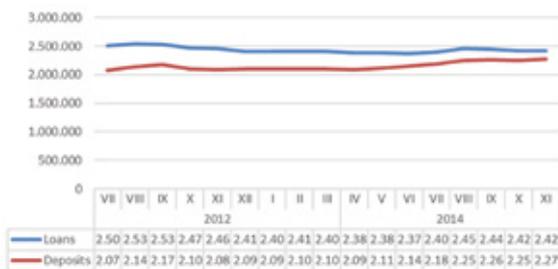
TOTAL ASSETS AND LIABILITIES OF BANKS

Total assets and liabilities of banks amounted to 3,107.3 million euros at end-November 2014, recording a monthly increase of 0.6% and a y-o-y increase of 4.4%.

In the structure of banks' assets in November 2014, total loans accounted for the main share (78.1%) followed by cash and deposits with central banks (14.1%), while other banks' assets items accounted for the remaining 7.8%. As for the structure of banks' liabilities, deposits accounted for the main share of 73.2%, followed by capital with 14.3%, borrowings with 8.0%, whereas the remaining 4.5% referred to other banks' liabilities items.

At end-November 2014, total capital of banks amounted to 443.3 million euros recording a monthly growth of 0.1%, and an annual growth of 5.1%.

Graph 2: Total loans & deposits, July 2013 - November 2014



Source: Monetary statistics, Central Bank of Montenegro

Loans

At end-November 2014, banks' total loans granted amounted to 2,426.5 million euros, recording a monthly increase of 0.1%, and an annual decline of 1.5%. Loans to deposits ratio was 1.07% at end-November 2014, and was lower than in November 2013, when it amounted to 1.18%. Loans disbursed to corporate and household sectors accounted for the main share of 73.9% in loans and other liabilities of banks.

Deposits

In November 2014, banks' total deposits amounted to 2,274.9 million euros and recorded a monthly increase of 1.0%, and a y-o-y increase of 9.1%.

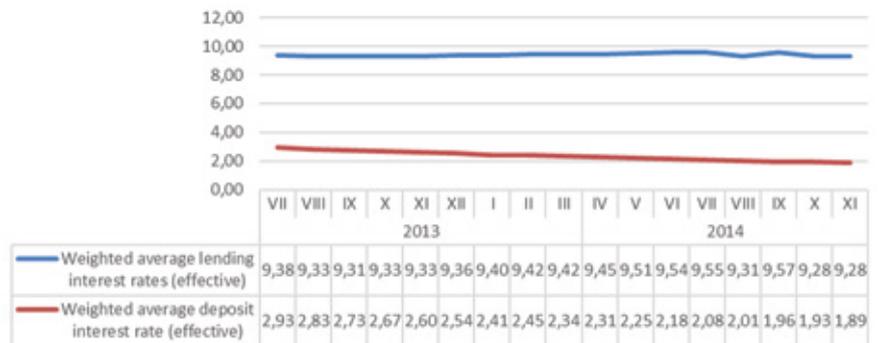
In total deposits' maturity structure, time deposits accounted for the main share 54.3%, while demand deposits accounted for 45.6% of total deposits. The remaining 0.1% referred to funds at escrow account. In the structure of total time deposits, the highest share was recorded by deposits with maturity from three months to one year (42.3%) and deposits with maturity from one to three years (45.1%).

Total households' deposits amounted to 1,350.9 million euros at end-November 2014 recording a 0.5% monthly increase, and a 7% y-o-y increase. In the maturity structure of household deposits, time deposits accounted for 65%, demand deposits 35%, while funds at escrow account made up an insignificant portion of household deposits.

BANKS' LIQUIDITY

Average liquid assets of banks amounted to 700.6 million euros in November 2014, showing a monthly increase of 5.7 million euros or 0.8%, and a y-o-y increase of 136 million euros or 24.1%.

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



Source 1: Monetary Statistics, Central Bank of Montenegro

In November 2014, liquidity ratios, both daily and ten-day, were above the statutory minimum for the entire banking system.

INTEREST RATES

Banks' interest rates on total loans granted In November 2014 weighted average effective interest rate (WAEIR) amounted to 9.28%, remaining unchanged in relation to the previous month. Observed annually WAEIR decreased by 0.05 percentage points. The weighted average deposit effective interest rate (WADEIR) amounted to 1.89% in November 2014, recording a monthly decrease of 0.04 percentage points and an annual decline of 0.71 percentage points.

The difference between lending interest rates (on total loans granted) and deposit interest rates amounted to 7.39 percentage points in November 2014, being higher relative to the previous month (when it amounted to 7.35 percentage points) as well as in relation to the corresponding period of the previous year (when it amounted to 6.73 percentage points). ■

Privatization & Investments

Investments

Decree on Incentives for Direct Investments Adopted



The Government of Montenegro adopted the Decree on Incentives for Direct Investments, according to which, an investor who invests a minimum half a million EUR and provides 20 jobs becomes entitled to state subsidies per employee. The support can range up to 10.000 EUR and investors will have to meet several criteria. In addition, the document the Government submits to the European Commission, Economic Reform Plan, which is also adopted, anticipates 3.5% growth. However, in order to meet this objective, significant investments are expected.

Star of Montenegro Gives up on Construction of Luxurious Hotel in Ulcinj

The Company "Star of Montenegro" gave up from the intention to obtain the construction permit to build a luxury hotel on the place of the old Hotel 'Jadran' on peninsula Rastislava, in Ulcinj. Announced as 50 million worth project has been put on hold again because the Company informed the Construction Directorate of the

relevant ministry on cancelling the construction permit process. The procedure was halted due to unpaid fees for regional water supply system.



Second Block of Thermal Power Plant Precondition for Continued Cooperation between the Montenegrin Government and Italian Company A2A



When in 2009 the Italian company A2A bought almost half of the ownership of the national Electric Power Company, it was announced that in five years the Italian partner could become the majority owner. At that time, the Italians paid EUR 420 million for control of the company and the right to appoint their managers at the head of the company. The original plan envisaged an increase in revenue, reduction of network losses and the construction of new power plants. However, after five years of management, the Italian company have not met most parts of the conditions stipulated by the contract, but regardless of that, the intent of the Montenegrin government is to retain partnership with the Italians. In the last months, negotiations between the two sides

have intensified, but no agreement has been reached yet.

The most controversial part of the negotiations is the insistence of the government that the Italians, during the next period, incorporate in their business plan the construction of the second block of the thermal power plant Pljevlja. The Italians insist on stable operating conditions in terms of legal and regulatory attribution, because their goal is to make a profit of at least EUR 430 million, which is how much they bought the minority share package for.

The development plan envisages that the second block of the thermoelectric power plant Pljevlja will be 200-300 MW, which will be built on the site of an existing power plant. The project will provide for the town heating, in cooperation with the municipality of Pljevlja. The new block will be built using the latest technologies that are consistent with the protection of the environment in mind.

Construction of Montenegrin Highway to Start Soon

Chinese company China Communications Construction Company and the China Road and Bridge Corporation are finishing preparations for the beginning of works on the construction of the highway Bar-Boljare. About 60 Chinese experts of various profiles are already in Montenegro and are working in the field testing and preliminary design for the priority section of the highway Bar-Boljare, Smokovac-Uvač-Mateševo route.

China's Exim Bank approved a loan worth around EUR 687 million to Montenegro, in September, for the construction of the Bar-Boljare highway's priority section Smokovac-Uvač-Mateševo. Exim Bank's preferential loan is to provide 85% or the EUR 689 million of the amount, whereas the remaining 15% (EUR 120 million) has to be provided by Montenegro.

This will be one of the most expensive highways per km in Europe, due to the fact that the route will require the construction of 42 tunnels, 92 bridges and viaducts, which make over 40% of its total length. This highway construction is the greatest engineering construction project in Montenegro and one of the biggest projects being implemented in the European market.



Privatization Plan 2015 adopted

The Council for the Privatization and Capital Projects adopted the Privatization Plan for 2015. The Plan contains, *inter alia*: privatization objectives, manner and closer terms and conditions for their fulfilment, privatization principles; list of companies together with number and ownership structure of shares that are to be privatized in each company, list of locations that are to be subject of tourism valorisation and social aspects of privatization.

Through the model of the private-public partnership the following

projects will be implemented: Military Tourist Complex Bigovo and Valdanos, locality between Njivice and Sutorina, velika Plaža in Ulcinj, Ada Bojana, NTC Marina in Kotor, Flower Island and the land of Prevlaka, ski resort Savin kuk, land of the former military barrack "Radoje Dakić" in Žabljak, localities Kabala in Herceg Novom, Buljarica, locality of the part of Upper Ibar from Rožaje and the golf course construction project in Tivat on the land of Montepanžo - Bokaprodukt.

■ Closed tenders

Orascom Won the Tender for the Valorisation of the Island Lastavica with Fortress Mamula



The Privatization Council announced that the project of valorisation of the island Lastavica with fortress Mamula would be implemented through private-public partnership. The Council adopted the report on the results of the tender for the long-term lease of the Island Lastavica with fortress Mamula and draft Contract thereof on 49 years. The company Orascom was the only one that delivered the bid and entirely met the tender requirements.

Single Bid on the Tender for the Sale of the Company Chemical Industry "Poliex" JSC- Berane

A single bid was delivered on the tender for the sale of 50.75% of share capital in Poliex by the consortium made of Prva Iskra – Namenska from Barič and Slavko Vujisić from Podgorica. The Consortium offered EUR 138.5 thousand, EUR 500 thousand-worth investment



program to be implemented by 2017 and obligation of implementing employment program as stipulated by the Collective Agreement.

Single Bid on the Tender for the sale of 100 % of share capital in the company 'Montenegro Defence Industry' llc – Podgorica



The single bidder on the tender for the sale of 100% of total capital of the limited liability company 'Montenegro Defence Industry' – Podgorica was the consortium consisted of: CPR–Impex from Serbia and A.T.L. Atlantic Technologies from Israel. The bid included the purchase price of EUR 680 thousand, implementation of the investment program worth EUR 400 thousand by the end of the year and obligatory employment program as stipulated by the Collective Agreement and internal acts of the company.

Montenegro's Duvan Commerce the Sole Bidder on the Tender for Capital Increase and Sale of Shares of the company New Tobacco Plant JSC Podgorica

Montenegro Duvan Comerc placed the sole bid in the tender, which ended on February 12, for Tobacco Company Novi Duvanski Kombinat, offering to recapitalise the company with investments of EUR 8 million. Montenegro Tobacco Commerce (Montenegro Duvan Komerc), based in the northern Montenegrin city of Mojkovac, will invest the funds in the construction of a new plant and organise

the production. The investor obliges to provide production space of 7,000 sq m for the processing, preparation and production of cigarettes, to buy two new production lines, as well as to repair part of the existing equipment. It also commits to hiring 86 new employees. The tender commission will evaluate the offer in the following period. The New Tobacco Plant (Novi Duvanski Kombinat) was set up by the government in November 2011. Its equity capital totals EUR 7.7 million.

■ Open tenders

Tender for the Sale and Lease of the complex of the hotel „Park“, Bijela – Herceg Novi



The Government of Montenegro announced the public call for the participation on the tender for the sale and lease of the complex of the hotel “Park” and invited qualified local and international investors with financial capacity and experience in design, construction and management of tourist facilities, to submit their bids. The deadline for submission of bids is 27th February, 2015 at 12:00h (local time).

Tender for Capital Increase and Sale of Shares of the company New Tobacco Plant JSC Podgorica



The Government of Montenegro announced the public invitation for the participation in the tender process for the capital increase through construction of the factory and sale of shares of the

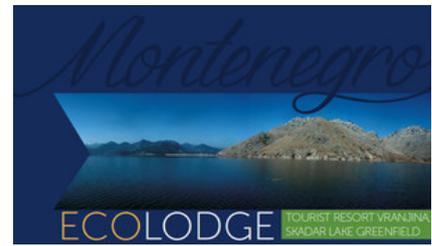
company New Tobacco Plant JSC Podgorica. The subject of this Tender is sale of 7,669,611 (seven million six hundred sixty nine thousands six hundred and eleven) shares of the company New Tobacco Plant JSC Podgorica or 100% of the share capital of the company, together with Buyer’s obligation to propose and implement the Compulsory Investment Program for construction of the factory and organization of production, on the newly designated location in Podgorica or on another location subject to Sellers’ consent and to organize production on such location within 12 to 15 months from the closing date. The deadline for submission of bids is 12th February 2015 at 12h (local time).

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



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 tourism 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 deadline for delivering bids is 12.02.2015 by 12:00 a.m. (local time).

Tender for Long-term Lease of Land for the Construction of “Eco-Lodge” Tourism 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 on 30th April 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 punt – souvenir shop, healthy food restaurant supplied from 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 on 30th April 2015, until 12:00h (local time). ■

CAPITAL MARKETS

TRADE ON THE STOCK EXCHANGE

During 2014, turnover on the Montenegrin stock exchange amounted to € 108.16 million, thus showing an increase of 3.5 times in comparison with the same period in 2013. This high increase came as a result of purchase of state bonds in March (43.263 million €). The average monthly turnover during 2014 was € 9.01 million. The increase in the turnover of the stock exchange during 2014 was followed by a decline in executed transactions. During 2014, a total number of 6.285 transactions were completed, and this was 135 transactions less in comparison with the same period in 2013 (6.420 transactions).

During 2014, 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 (50.1%), followed by Government bonds and the Ministry of Finance bonds (43.6%) and privatization-investment fund shares (6.3%). The bonds have recorded the highest growth (24.8 times), then company shares (2.15 times) and privatization-investment fund (1.85 times) in comparison with the same period in 2013.

Looking at shares on individual company basis, the highest monthly trade volume was recorded in October 2014; Hipotekarna banka JSC shares reached a volume of 5.481 million on the Primary market list.

STOCK EXCHANGE INDICES

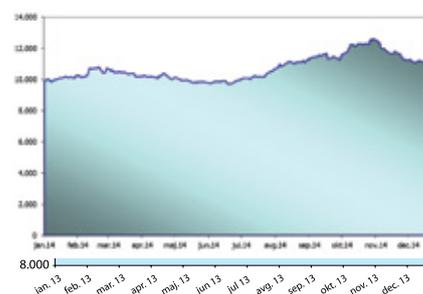
The Montenegrin stock exchange uses the two indices, MONEX20 and MONEXPIF. The value of the Montenegrin Stock Exchange, MONEX20, upon which MSE's 20 most liquid companies are traded, had started 2014 with a constant increase and permanent oscillations. The lowest value, in 2014, was in June, 27 (9.705 points). After that the index continued to grow and reached the highest value on 6th November 2014 (12.608 points). Variations in index value have influenced all of the changes shown by shares represented in this index. In particular, the following were most affected: Telekom Montenegro, Prva Banka, Montenegrin Electric Transmission System and 13 Jul Plantaže.

The value of MONEXPIF index has declined steadily with just a few oscillations since January 2014, and the lowest point in this year was recorded on 25 July with 2.648 points. After 25th July, MONEXOIF index continued to grow and reached its highest value on 28th October 2014 (4.871 points), upon which it continuously decreased. The index value was influenced in such a way that a similar trend was evident in all of the privatization investment funds.

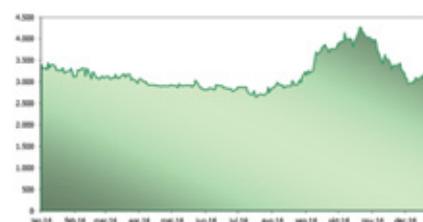
PRIVATIZATION – INVESTMENT FUNDS ON THE STOCK EXCHANGES

The total volume of trade involving PIF shares during 2014 amounted to € 6.778.784 millions, which is 1.85 times more in comparison with the same period in 2013. In total, 1.395 transactions were made during 2014. The most actively traded shares during this period were Trend (66.086 million shares), while the least traded were those of HLT (2.121 million shares). ■

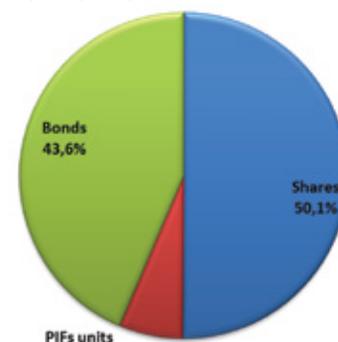
MONEX 20



MONEXPIF



TURNOVER STRUCTURE



Clusters as a development instrument for small and medium-sized enterprises in Montenegro

The Montenegrin economy is characterized by a great potential for development in the sectors of agriculture, food processing and tourism. However, the level of productivity and investment do not allow the achievement of the desired growth rate on an annual basis. This especially applies to the business of micro, small and medium enterprises (MSMEs), which significantly affects the competitiveness of the Montenegrin economy in the region, taking into account the fact that SMEs dominate the structure of the Montenegrin economy. There are about 21,463 active SMEs¹ in Montenegro. In 2014, a 10% increase in the number of MSMEs was recorded in comparison to 2013². The majority of them are involved in the mentioned sectors. However, due to their size, large numbers of MSMEs are unable to utilize their comparative and market advantages, which results in the lack of their competitiveness in price and service/product quality in the marketplace. They also have considerably higher costs for procurement of production material and problems occur in terms of doing business in accordance with the standards, obtaining favourable financial resources as well as in terms of limitations that enable transition from the category of *small* into medium-sized or larger enterprises.

In order to overcome these limitations, clusters can serve as a useful instrument. The Ministry of Economy in cooperation with the United Nation Industrial Development Organization (UNIDO) has started the cluster development program in Montenegro in order to strengthen MSMEs on both the domestic and foreign markets.

1 Source: Tax Administration of Montenegro

2 Source: Tax Administration of Montenegro



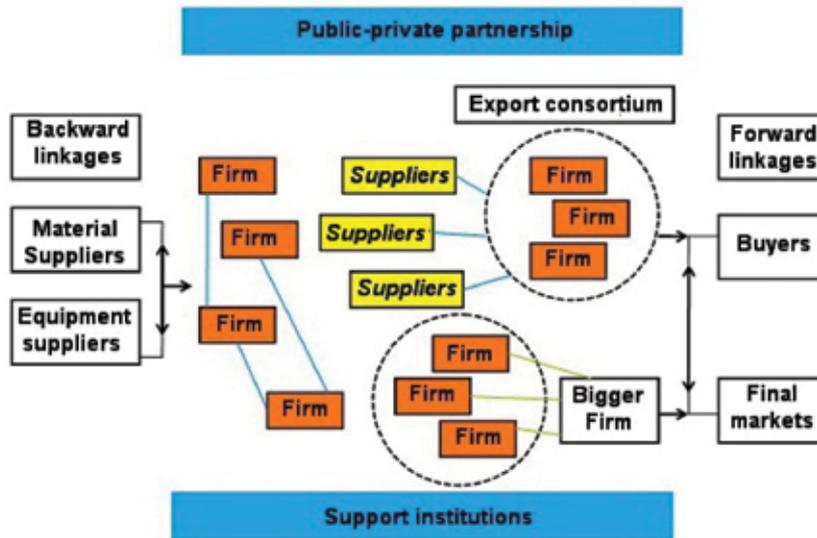
This program was initially launched in 2009. Even though numerous gatherings were held before, concrete activities (pilot diagnostic studies for the Northern part of Montenegro) took place in 2009/2010. Already in 2011, the cluster mapping process was completed in the entire territory of Montenegro during which, 63 potential clusters were mapped. In mid 2012 the *Strategy*³ and the *Action Plan* for cluster development was adopted, within which the implementation was divided into three main stages and four basic goals were set to be achieved in the defined period: 1. increase of exports; 2. substitution of import; 3. new jobs; 4. maintaining the current level of employment.

The final stage is being implemented at the moment – the full implementation of the Strategy on the four largest potential clusters such as:

3 Strategy for Sustainable Economic Growth through Introduction of Clusters until 2016 (with Action plan), Ministry of Economy, Podgorica 2012

- Freshwater Aquaculture Cluster in the North of Montenegro;
- Olive Oil Cluster in the South of Montenegro;
- Wine Cluster in the Central part of Montenegro;
- Metal Producer and Processor Cluster from Nikšić.

Clusters are sectoral and geographical concentration of companies and/or individual producers who produce a distinctive range of products or services, thereby facing the same problems and share the same or similar opportunities for development. In the case of Montenegro, it is important to note that clusters are not created, but developed. The cluster is not a legal entity, it is a form of informal associating, which may affect creation of some legal forms of business (association/organizations, cooperatives, special legal entities etc.). It is a concentration of enterprises from the same areas in a specific area in order to achieve so called *collective efficiency* and



economy of scale. It is also necessary to stress that a cluster is not made of *core members* (enterprises) only, but also of suppliers, subcontractors, buyers/consumers, financial organizations, support institutions (state/local institutions, scientific-research centres, etc.). Altogether they make a cluster functioning as a mechanism for strengthening the market position of members through development of *cluster products* based on buyer/consumer needs, in cooperation with scientific-technical institutions, with support of state/local institutions with their own or credit funds of financial organizations. This cooperation should be continuous and aimed to development of new ideas, creation of new products, conquering new markets, joining new members to the cluster, networking with other clusters and other activities contributing to the cluster. The cluster development is not a simple process (at least not in the beginning), but it is possible only if all players are committed to achieve the set goals. Otherwise, the cluster can become unproductive spending of resources.



Positive development can already be noted in examples of *freshwater aquaculture cluster and metal producer and processor cluster*. Even though the work on these clusters started only a few months ago, the first results show the following:

- *Freshwater Aquaculture Cluster* currently consists of five micro and small enterprises engaged in the production of rainbow trout (and brown trout in smaller quantities), with a tendency to increase the number of members. Companies are located in Bijelo Polje, Berane and Andrijevica. Maximum production was 364.5 tons/year ;the cluster generates revenue of 300,000 EUR/year with about 30 employees. The territory of the cluster is characterized by high water quality. Rivers flowing from the mountains are very rich in oxygen, with a constant water temperature and without the presence of a virus which is very important for fish farming. As a result, fish meat produced in this cluster is among the finest seafood meats in the countries in the region.
- *Metal producer and processor Cluster from Nikšić* consists of six micro and small enterprises engaged in the production and processing of various metal alloys. The municipality of Nikšić is known for its production of iron and steel. In the period 2001-2007

companies in this area, from Nikšić, recorded an average growth rate of 23% annually. There are 70 people employed in this cluster at the moment and the annual income is about 5 million EUR. The Cluster is characterized by high quality products and services, skilled workforce and has well connected infrastructure.



The cluster as a development instrument for MSMEs is successfully applied in many developed and developing countries. Only in India there are about 7,000 clusters, which is about 2.5 times more than in the whole Europe (about 2,000). Countries in the region successfully use clusters as well. Some countries started to develop clusters much before Montenegro and now they have at least one cluster in all sectors of their economies. The best examples can be found in Serbia, where there are about 20 clusters, among which some are internationally known (Vojvodina Metal Cluster).

Montenegro has the opportunity to through the cluster development program contribute to development of the national economy, where it should be borne in mind that this is a continuous process and the concrete results cannot be expected in the short term. ■

By Niksa Bulatovic

Water or oil?

Montenegro is one of the areas that are rich in water as a natural resource. By the amount of available water Montenegro belong to the 4% of the world, that is rich in this resource. A particular feature is its rivers that are characterized by natural differences in height and suitable for hydropower generation. In addition to the wealth of rivers and lakes, there is also great wealth of this resource in the underground watercourses, which have not been fully examined yet. But the fact that one part of the country, which by the amount of rainfall is among the first in Europe, is actually completely arid – with no surface flows - suggests that this water is somewhere underground. The Montenegrin - Herzegovina karstic area is especially interesting to many researchers from around the world precisely because of its specificity, in relation to water. There are four identified sources of thermo - mineral water, which is a particular potential. Finally, Montenegro has access to the sea. Montenegro is a country of waters and mountains.

It is anticipated that the 21st century will be the century of water, and that water will be a major resource in the future. The United Nations consider the issue of water and water resources

as one of the most important issues and so 22 March was declared World Water Day. As the 19th was marked by oil and 20th century by coal in the 21st century water is becoming an increasingly dominant theme. Why? First, water is the resource that is necessary for life. This characteristic separates water from all other natural resources. Also, water is essential for food production. In fact, globally 70-80% of water consumption is for agricultural production. Water is essential for maintaining hygiene in the cities, housing organization. It is necessary in industrial production, as well as in energy production. Again, for the production of water, food, materials and organization of housing is needed energy. Water is also part of ecosystems, and the conservation of this resource, is a condition of survival. Water is how Arabs say “Aman Iman” (Water is life). Life and organization of society are impossible without water. Not surprisingly, an increasing commitment to this resource is needed.

In addition to the necessity of water for life, it takes a more serious role in the economy. Market of water services at the global level is recommended as the best for investors, and its value is rated at



Vesna Daković

the level of the pharmaceutical or IT markets. Its not only important the service of providing water, but also water treatment, because rarely in the world can you drink water without chemical treatment. This includes the treatment of wastewater from settlements and from agricultural and industrial activities. Water as a resource is becoming a significant issue, due to economic reasons, but also because of climate change and requests for the ecological preservation of this resource. Climate change can not be controled but the consequences of floods and droughts already affect the the economies of many countries. Water shortages are increasingly mentioned as a future threat to the smooth development of mankind and the economy. Water gets a geopolitical character, due to uneven distribution of resources in the World. Even 60% of the basin of available drinking water basins is located in only 10 countries. One quarter of all the world's stock of drinking water is in Lake Baikal in Siberia. This is why more and more people have been talking about water as a possible cause of future

Montenegro Business Alliance (MBA) is an independent business association that brings together entrepreneurs, both domestic and foreign investors. It was formed in September 2001, with the aim to influence the creation of a more favorable business environment for business development in Montenegro. Since its establishment it has been engaged in the promotion of the private sector and, in this regard, increasing the standard of the citizens of Montenegro. Its activity, in this sense, is focused primarily on creating the best possible legislation dealing with matters of business, and the elimination of barriers that impede the private business sector in Montenegro.

Its aim is also to support and encourage the dynamics of the business activities of its members through the publication of a number of publications.



armed conflicts, and the existing conflict of Israel and the Arab countries is sometimes referred to as “hydrojihad”. Although perhaps it is an exaggeration to talk about wars for water, we need to pay attention to this possibility.

When it comes to water resources Montenegro has the potential for further development in the future. It is difficult to predict the future, but it may well be sensitive to current trends. As an ecological state, it is strategically oriented to activities such as ecological agriculture, tourism and energy. For tourism and agriculture there is a necessity for clean water and preserved land, and Montenegro has such. The decline of heavy industry is a blessing for the Montenegrin waters, which allow the development of tourism and agriculture. According to the World Tourism Organization as many as 90% of tourists for their holidays select a destination that is related to water. Data on a global level shows that regardless of the constant attempts of re-industrialization, only about 35% of revenue comes from industrial production, around 5% from agriculture and 60% from services.

The potential that Montenegro has in relation to water, is not limited to fresh water. Transportation is one of the most important services in the global economy, and Montenegro has sea, as the most important transport area, which is potentially associated with the whole world. One of the services, which can provide

sea - transport- must not be dropped out of sight, especially if we know that almost 90% of the global transport of goods is performed by waterways.

Montenegro currently uses about 17% of its hydropower potential. In doing so, we have only two large hydroelectric power plants and a few small plants with

negligible capacity. Hydro power plant “Perucica” produces the cheapest electricity in Europe. Interesting is the fact that the original idea of the formation of reservoirs in Niksic field was built on the regulation of flood waters of the area. At least one of these lakes is now a touristic area. The torrential character of Montenegrin rivers could be regulated by making reservoirs.

It is often forgotten that water management includes work on the protection of water (flood), which through dams, can serve multiple uses - for tourism, irrigation and power generation. Water should be kept for tourism and agriculture and used to generate electricity. Many often oppose such projects using environmental protection as an excuse. So, just a reminder: the first hydroelectric power plant was built at Niagara Falls, the highest waterfall in the world.

What is clearly determined, is that Montenegro is rich in water resources. What has not been determined yet, but there have been many attempts to determine it, is whether Montenegro has gas and oil? From the answer to the second question will depend the future of Montenegro. But what implications are there, if we determine that we have gas and oil? Will it be important at all in the future?

It is hard to imagine a future without oil as the main energy source. It is much easier to imagine Montenegro which has oil resources, but does it

have tourists?; whether it is any more an ecological state? The question is how will industry evolve dynamically to increase the demand for oil as an energy source? Also, could oil as a non-renewable resource be anticipated (as was the case with all the predictions for this non-renewable resource so far)? And what would have effects on the price? The price of oil falls, so it speaks for itself. Earth’s largest producers of oil create real tourist attractions, and it must be some indication. Last but not least, what is from the current perspective equal to science fiction: perhaps oil in the future will not be the dominant energy source. Today it sounds strange, but the whalers, did not see an alternative to whale blubber.

In the end, whether water or oil? I have no answer. I think only that it is necessary to carefully consider the effects of any future oil sites. What will they mean for us? What type of effects will they have on our lives, our economy, our standard of living and our lifestyles? What will they mean for our water resources? What will they mean for our tourism, for our agriculture and our ecological state?

The question is not only whether water or oil; but also whether the water and oil? One does not exclude the other – its a technology issue. Natural resources are an unusual and unpredictable basis for the economic development of a country. It is not easy to predict which of the resources may be of the greatest economic benefit. During the Turkish rule the highest revenue of Montenegro was the export of salt. Salt was the most important natural resource. So, who would dare to say with certainty what it will be in the future: water or oil? ■



What role for Montenegro in the European Energy Union?

The Energy Union has been promoted as one of the leading initiatives of the new European Commission (EC), which officially took office this November. When EC President Juncker assigned one of the Vice-Presidents with a portfolio titled Resilient Energy Union with a forward-looking Climate Policy, it became clear that climate and energy policies will be at the top of the European agenda for the next five years. Ahead of the first Energy Union Strategy that is expected at the end of February, we still know little about its contents and even less about how such Union will interact with third countries, including Montenegro.

Energy is one of the policy areas where the EU Member States have had a lot of freedom so far. Certain obligations stem from the Climate & Energy Framework, imposing the targets on renewable energy and energy efficiency, among others. However, the national energy mixes and policies have largely been left to the competencies of each Member State. It is the same for their interaction with other countries, whereas the Energy Community¹ is a rare example of an institution where the EU is represented by the EC. However, the Ukrainian political crisis that escalated in 2014 exposed again the vulnerability of the European energy system and its dependence on Russian gas. As a result, the EC conducted the gas stress test to examine which countries would suffer the most in case the gas supply from Russia was stopped. This

¹ The Energy Community is an international organization aimed at extending the EU internal energy market to South East Europe and beyond on the basis of a legally binding framework. (https://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Who_are_we)



Image Source:

<http://www.ipt.org.uk/Portals/0/PackFlashItemImages/WebReady/Energy%20in%20the%20EU%2020600x320.jpg>

test also considered the Balkans and indicated that cooperation with EU neighbours, including Montenegro as a member of the Energy Community, will be particularly significant for securing energy supply in the short and midterm.

The question remains what will this cooperation be based on and how it will develop further. When the EC President Juncker tasked the Slovak Commissioner Maroš Šefčovič with the Energy Union portfolio, he indicated the main priorities that should be pursued within the Energy Union. These priorities revolve exactly around the issues of energy dependency and diversifying energy sources and routes. However, one ambitious goal is emphasised: and that is **to make the EU the world number one in renewable energy**² and to lead the fight against climate change.

By the end of this month, we will know

² President Juncker political guidelines, available at: http://ec.europa.eu/priorities/docs/pg_en.pdf#page=6

more about the specific measures that EC will take in order to achieve this. It is expected that part of the measures will ensure for the Energy Community to be strengthened, meaning that all the countries will need to make sure they comply with their current obligations, which in the case of Montenegro means – inter alia – reaching the 33% target of the share of renewables by 2020. Moreover, as the country is approaching accession to the EU, it will need to fit into the objectives imposed by the Energy Union framework, meaning that share of renewables will need to be further raised, also in accordance with the EU 2030 Climate and Energy Framework. Given the country's significant potential in renewable energy sources, this opportunity should be reaped early and supported with appropriate governmental policies. ■

by Dragana Mileusnic

Four new negotiation chapters opened between EU and Montenegro



Montenegro has recently opened four new negotiations chapters with the European Union in the areas of; Customs Union, Statistics, Consumer and Health Protection and Financial and Budgetary Provisions. To date, out of a total of 35 negotiation chapters, 16 chapters have been opened for negotiations of which 2 chapters have already been provisionally closed.

Regarding the chapters which are now additionally being negotiated;

- The work on chapter 18 (Statistics) is performed in order to enhance capacities in this respect for improved and more informed decision-making in the future
- The aim of the work on Chapter 28 (Consumer and Health Protection) is to ensure safety of consumer goods, to ensure that the EU's internal market works for the benefit of consumers and to protect and improve the health of EU citizens.
- Chapter 29 concerns the Customs Union and its objective to build the necessary link between EU trade policy and the EU's internal market
- Financial & budgetary provisions issues covered under Chapter 33 relate to the contributions of the country to and from the EU budget and the establishment of relevant structures .



The EU Commissioner for Enlargement Negotiations and the European Neighbourhood, Johannes Hahn, recognizes that Montenegro has recently made progress in the Rule of Law area, particularly in the fight against corruption with new laws adopted by the Parliament. However, he highlights the fact that the overall pace of integration depends on the further progress on the rule of law and the effective implementation of the law which will help to achieve concrete results. The implementing bodies need to be equipped rapidly with trained staff, equipment, and budget.



EU Delegation closer to the local communities in the North of Montenegro

The EU delegation attaches special importance to the North of Montenegro as one of the less favoured and most depopulated regions in the country. Within the framework of the EU-funded communication project "Let me tell you something about the EU 2", a project implemented by the NGO FORS Montenegro, the Ministry of Foreign Affairs and European Integration and local self-government units, several visits were organized in five northern municipalities (Pluzine, Savnik, Berane, Petnjica and Bijelo Polje). The visits were carried out by the EU delegation together with representatives of the Ministry of Agriculture and Rural Development. Earlier, the EU Delegation visited Pljevlja, Zabljak, Plav, Rozaje and Andrijevica as part of the same project. **Through these visits, the EU Delegation reached out to more than 660 citizens in the north of Montenegro, thereby showing the**



special importance it attaches to this region of the country.

These visits proved to be a very effective communication platform with the community and an opportunity for the EU Delegation to learn more about both the challenges and also the opportunities for socio-economic development in the northern municipalities. Issues such as; regional and rural development in the north, better use of agriculture potential, environmental protection, efficient waste management, spatial planning and infrastructure development were the main focus of discussion with citizens. Other visits were organized with local self-government units, farmers, entrepreneurs, secondary schools and civil society representatives in the north. These visits proved to be a useful platform for informal exchange of ideas with the local communities and a mechanism for hearing the real needs of citizens.



MONTENEGRO
BUSINESS
outlook

Trilateral cross-border cooperation programmes - CBC IPA II Programme 2014 - 2020 “Montenegro - Italy - Albania,” and „Montenegro - Croatia - Bosnia and Herzegovina“



Human Resources Management Authority Director Svetlana Vuković, Union of Municipalities Secretary General Refik Bojadžić, Director General for the coordination of EU assistance programmes Ivana Petričević, Director for cross-border cooperation programmes Ivana Glišević Đurović, Head of Office for Coordination and Horizontal Issues Tijana Ljiljanić

The EU has designed several multi-country programmes as instruments to support sector policies and reforms, regional structures and networks and regional investments. Montenegro is part of several territorial cooperation programmes one of which is the Cross Border Cooperation Under IPA II 2014-2020. The country is expected to participate in 9 cross-border and transnational programmes during this period:

- 4 bilateral (Montenegro-Albania, Montenegro-Kosovo*, Serbia-Montenegro, and Bosnia and Herzegovina-Montenegro)
- 2 trilateral (Croatia-Bosnia and Herzegovina - Montenegro, and Italy – Montenegro – Albania)
- and 3 trans-national programmes



Ivana Glišević Đurović, head of the Directorate for Cross-Border Cooperation Programmes, Experts Jiri Dusik and Jelena Fressl

(Danube, Mediterranean, and Adriatic-Ionian)

The presentation of the bilateral, trilateral, and trans-national programme documents, (objectives, thematic priorities, planned activities) has already been conducted by relevant key players in the country such as; the Ministry of Foreign Affairs and European Integration, The EU Delegation in Montenegro, the Union of Municipalities of Montenegro and Human Resources Management Authority.

Regarding the two tri-lateral programmes “Montenegro –Italy- Albania, ” and „Montenegro-Croatia-Bosnia and Herzegovina“, each of them will focus on a selection of maximum four of the thematic priorities listed in Annex III to the IPA II Regulation. The selection of the thematic priorities should be made jointly by the countries involved in the cross-border programme, according to the specific situation of the border region. The process of programming is still on-going hence there are no concrete financial allocations yet.

The tri-lateral programme’s Thematic Priorities for Italy – Montenegro – Albania, 2014-2020, were discussed in August 2014 and they are as follows;

- Enhancing competitiveness, business environment and the development of small and medium-sized enterprises , trade and investment
- Encouraging sustainable tourism and cultural and natural heritage
- Protecting the environment (marine and inland), promoting climate change adaptation and mitigation, risk prevention and management, energy efficiency and a shift towards a low carbon economy
- Increasing cross border accessibility, promoting sustainable cross border transport services and facilities, and improving public transport infrastructures

Also, public consultations on the other trilateral cross-border programme Croatia – Bosnia and Herzegovina – Montenegro were hosted by the Ministry of Foreign Affairs and European Integration. Participants in the consultation were representatives of state institutions, local governments, public institutions, and civil society, who expressed their interest to participate in the future programme. This was an opportunity to exchange opinions on the programme’s up-coming priorities, specific objectives, types of activities to be financed, and potential beneficiaries.

The main priorities of the trilateral programme Croatia – Bosnia and Herzegovina – Montenegro are: public health and social protection, environment, risk protection, renewable energy sources and energy efficiency, tourism, culture and natural heritage, competition, and business environment development.



The scope of this type of programmes is to promote good neighbourly relations and to enhance the overall capacity for management of the programme. Capacity building for cross-border cooperation, in particular to strengthen national and local authorities will be provided throughout the implementation of the program. The enhanced capacities of the public administration in the EU accession process are a pre-requisite in order for them to be prepared to use the structural funds when Montenegro becomes a member. ■

by Iris Kuqi

Business News

Only five percent of women manage the Worlds largest companies



There is only five percent of women in the positions of general directors of the Worlds largest companies. If a company is larger, this phenomenon is less common, according to a survey of the International Labor Organization, which included 80 countries. The study reveals that Norway takes the first position in the world with 13.3 percent of the largest companies in which woman hold the leading position in the board of directors. Between five and 10 percent of women participate in the management boards of the largest companies in 14 countries, including Belgium, China, Italy, Spain, while the rate less than 5.0 percent have 13 countries including India, Japan, Russia and the Arab countries. Although women are still in the shadow of men when it comes to management of the world economic giants, their number has increased for the past 20 years in leadership positions, particularly in middle and senior management, according to the survey.

The survey also showed that women globally owned or managed companies of all types in 30 percent of cases, but mostly it was about small and micro companies.

Montenegro holds 48th position in the list of best countries for business



List Forbes released its annual list of the best countries for business, according to which Montenegro holds 48th position. When ranking countries, 11 different criteria including the following categories: property rights, innovation, taxes, technology, corruption, freedom, bureaucracy, investor protection and stock business. This year, Denmark returned to the list of the best countries for business, which was at this position from 2008 to 2010, according to Forbes. Denmark is followed by Hong Kong, New Zealand, Ireland and Sweden. Among the top 10 were Canada, Norway, Singapore, Switzerland and Finland. This year, Slovenia is ranked in 14th position, Macedonia in 31st, Croatia in 46th, and Bosnia and Herzegovina in 84th and Serbia in 85th place. Among the top 25 are mainly the European countries, about 70 per cent, while the United States occupied the 18th position. "Unfavorable" for business are Angola, Venezuela, Yemen, Algeria and Gambia.

Work Starts on Montenegro-Italy Undersea Cable

The Italian transmission system operator Terna confirmed that construction of the undersea cable has started in January in Italy, although delays on the other

side of the Adriatic Sea remain because of ongoing 'expropriation processes'. According to the deal signed in 2010, the 775-million-euro cable will run for 390 km under the Adriatic Sea while an additional 25 km will be on shore. The terrestrial part, 10 km in Montenegro's Tivat area and 15 km in Italy's Pescara area, will run two metres underground. The Tivat-Pescara cable, a high-voltage electric interconnection, is supposed to connect Montenegro with Italy by 2017 with the aim of enabling Montenegro to export energy from renewable sources to Italy. Opponents of the scheme have long raised environmental concerns. However, this project will not negatively impact on the environment. The link between Italy and Montenegro will have a wider impact on the Balkans. Terna has also declared an interest in laying another undersea cables which will connect Italy with Croatia and Albania.

Forbes Life Lists Montenegro as Must-See Destination



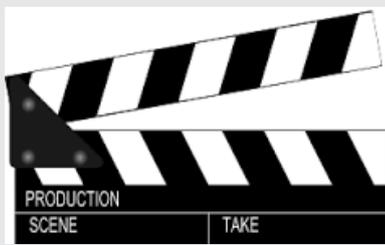
Montenegro is among the top three must-see places to visit in 2015, according to the lifestyle wing of the prestigious international business magazine, Forbes. Montenegro is poised to become a world-class luxury travel destination thanks to its 180-mile-plus coastline and rugged interior dotted with river canyons, glacial lakes and two UNESCO World Heritage Sites, according to Forbes.

The top three list also features Namibia and Lithuania, as other largely undiscovered destinations.



Montenegro Offers Foreign Movie-makers Rebates

Following the example of Serbia and Croatia, Montenegro has its eye on promoting the country as a cost-effective, high-quality and competitive location for making films. Montenegro's government has adopted a new Bill on Cinematography, which contains financial incentives for foreign producers aiming to film in the country. Under the new law, foreign producers filming in Montenegro will have the right to a refund of up to 20 per cent of the money they invest. Promoting the country as a movie-making destination is widely recognized these days in the region as a lucrative opportunity to generate income.



Montenegro among free countries

Montenegro is among the countries that are designated as free, with a grade three for political rights and and grade two for civil liberties. The report explained that the political rights and civil liberties graded from one to seven, where one represents the most freedom, and seven represents the least freedom. According to the report 'Freedom in the World 2015', published on the website of the human rights organization Freedom House, Montenegro is among the countries that are designated as free, with a grade three for political rights and grade two for civil

liberties. Freedom House has included both Serbia and Croatia among free countries, while Bosnia and Herzegovina, Macedonia, Albania and Kosovo are partly free.



Progress of Montenegro in Economic Freedoms



Montenegro is on the list of global economic freedoms of the American Heritage Foundation, ranked at 66th out of 178 countries, with 64.7 points. Montenegro is as well in the zone of moderately free countries, with present corruption, weaknesses in the judiciary, high unemployment and unprofitable state enterprises that threaten the public finances. Montenegro has made progress in the area of labor freedom, freedom from corruption, fiscal freedom, freedom in trade and monetary freedom. The poorer result was achieved in the field of business freedom and control government spending, while the same result as last year recorded in the field of investment and financial freedom and property rights.

According to this year's report, Montenegro occupies 31st place out of 43 countries of the European region, and its overall score is better than the world average.

Kosovo wants construction of a railway to Montenegro

During his recent visit to Montenegro, Kosovo Deputy Prime Minister once again raised the issue of the construction of a railroad that would connect Montenegro with Kosovo. He discussed with Montenegrin officials about the

realization of the project of building the railway from Pljevlja over Berane to Peć. This project was the subject of talks by the two governments two years ago. The construction of the railway from Pljevlja over Berane to Kosovo would cost at least 1.2 billion euros. Depending on the route, the railroad would be between 110 and 130 kilometers long. In addition to the economic importance, the railroad would have ecological, social and developmental implications.



Three new banks to setup shop in Montenegro

In the next few months three new banks are preparing to set up shop in Montenegro. Turkish "Ziraat Bank" has already submitted an application for opening, while branch offices of two banks are in the process of obtaining a license. In Montenegro currently operate 12 banks, out of which only "Prva bank", "Atlas bank" and "IBM" with domestic capital.



In late January, at the latest in early February in Montenegro will begin to operate two new banks under the name "Zapad" and "Gora". "Zapad Bank" was formed by Ukrainian capital, and "Gora bank" is a consortium from Switzerland and the United Kingdom. The request for a license was also submitted by Turkish "Ziraat Bank" in mid-December, however, the process of checking and registration could take up to six months, which is the statutory maximum. ■

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

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

ASSOCIATES
Charles Brogden, Editor
Dragana Koprivica, graphic designer

Front page picture:
Mimosa in Herceg Novi

ISSN 1800-8623



Coming Up

International Balkan Economic Summit

The Association of Rumelia Industrialists and Businessmen (RUMELISIAD), on 20 February 2015 will organize the “International Balkan Economic Summit “ in Bursa. The Summit will be attended by the presidents of associations as well as representatives of companies from the 10 countries of the Balkans - Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Kosovo, Macedonia, Romania, Serbia and Greece.

The costs of accommodation with breakfast will be paid by the Ministry of Economy of the Republic of Turkey. If you are interested in participating, please fill out the application form and send it to the email address of the Office of Trade Relations of Republic of Turkey in Podgorica: podgorica@ekonomi.gov.tr

Cruise Shipping Miami

Cruise Shipping Miami (March 16-19) is the epicenter of the global cruise industry and the only event guaranteed to bring together every facet of the business including cruise lines, suppliers, travel agents and partners. No other live event offers the 360 degree networking opportunity found at Cruise Shipping Miami. With nearly 900 exhibitors and over 11,000 attendees from 125 countries, comprehensive conference content featuring the industry’s most knowledgeable speakers, and the State of the Industry plenary session led by the heads of the four largest cruise corporations, Cruise Shipping Miami truly is the cruise industry’s premier global event. For more information go to: <http://www.cruiseshippingevents.com/miami>

Global Entrepreneurship Congress in Milan

Startup champions from more than 150 countries are gathering in Milan for the Global Entrepreneurship Congress from March 16-19, 2015. Thousands of delegates participate each year—startup community leaders, researchers, policymakers, educators, investors and of course, entrepreneurs from around the world. Together, they explore the best approaches in helping entrepreneurs start and scale—while working to build one global entrepreneurial ecosystem.

There is no cost to attend the GEC for international delegates, but you must register at <http://gec.co/>