



Government of Montenegro

**NEGOTIATING POSITION OF MONTENEGRO
FOR THE INTERGOVERNMENTAL CONFERENCE ON ACCESSION
OF MONTENEGRO TO THE EUROPEAN UNION
CHAPTER 18 - STATISTICS**

Podgorica, April 2014

I SUMMARY OF THE NEGOTIATING POSITION

Montenegro accepts the EU *acquis* under the chapter 18 – Statistics which has been in force on 25 June 2013. Montenegro does not expect any difficulties in completing the implementation of the *acquis* under this chapter before the accession to the European Union.

Montenegro does not request permanent derogations or transitional periods for the implementation of the *acquis* under this chapter.

II LEGISLATIVE AND INSTITUTIONAL FRAMEWORK

II.a Statistical infrastructure

The statistical system of Montenegro is regulated by the **Law on Official Statistics and the Official Statistics System of Montenegro** (hereinafter referred to as “the Law”) **adopted on 30 March 2012** (Official Gazette of Montenegro 18/12).

The other relevant Laws are:

- Law on Public Administration (Official Gazette of Montenegro 38/03, 22/08, 42/11);
- Law on Public Servants and State Employees (Official Gazette of Montenegro 39/11);
- Law on Classification of Activities (Official Gazette of Montenegro 18/11);

Strategic secondary legislation acts are:

- Strategy for Development of Official Statistics 2014 - 2018;
- Programme of Official Statistics 2014 - 2018;
- Annual Plan of Official Statistics for 2014;

Other secondary legislation acts are:

- Standard Classification of Professions (Official Gazette of Montenegro 10/11);
- Rulebook on internal organisation and job description of the Statistical Office (No 01-621 of 2 April 2008);
- Rulebook on keeping statistical data (Official Gazette of Montenegro 47/12);
- Rulebook on the content and manner of keeping records on the users of individual statistical data (Official Gazette of Montenegro 53/12);
- Rulebook on the content, manner of keeping and use of data from statistical registries (Official Gazette of Montenegro 6/13);

The Law on Official Statistics and the Official Statistics System of Montenegro lays down the legal framework for production and dissemination of the official statistics, as well as the framework for organisation of the official statistics system of Montenegro. The Law is fully aligned with the Regulation (EC) No 223/2009. The mentioned Law defines competences and responsibilities of the producers of statistics, as well as the affairs of the competent authority; the Law reinforces the independence of statistics and the role of the Director of the Statistical Office who protects and keeps professional independence and credibility of the official statistics from political and other influences; the Law defines the role of the Statistical Office as the coordinator of the statistical system of Montenegro; the Law provides for enhanced access of the Statistical Office to all administrative data which may be used for statistical purposes and strengthens the principle of statistical confidentiality and protection of individual data, in comparison to the previous Law on Statistics and Statistical System of Montenegro (Official Gazette of Montenegro 69/05).

The Strategy for Development of Official Statistics 2014 – 2018 lays down the development directions and goals of the official statistics of Montenegro for the period of five years. This document defines the visions, mission and strategic goals of the Statistical Office.

The working vision of the Statistical Office is to be recognised as an institution which provides internationally comparable, reliable and timely data in line with the needs of users at the national and international level. That includes the creation of a unique harmonised methodological European system which through the use of modern technology and with minimal spending of human and financial resources provides the best quality data within the shortest deadline and in the most accessible manner to all users simultaneously.

The working mission of the Statistical Office of Montenegro is to provide quantitative and representative information on the economic, demographic, social and environmental state in Montenegro for all users according to the internationally defined methodology and the highest professional standards. Data for the national needs and international dissemination are processed with minimal costs. Modern approach of management, professional training of staff, regular alignment with international standards, user orientation, modernisation of the process and improvement of working conditions are the most important activities which enable the Statistical Office of Montenegro to fulfil the mission.

The strategic goals are the following:

- Alignment of the official statistics of Montenegro with the acquis related to the official statistics;
- Quality management through the monitoring of the application of the European Statistics Code of Practice;
- Strengthening of Administrative Capacities through a continuous development of human potentials in order to provide the sustainability of the official statistics;
- Greater use of administrative sources for the purpose of reduction of costs and reduction of workload of the reporting units;
- Improvement of the organisation and control of the statistical processes through the introduction of modern technologies;
- Reinforcement of the coordinative role of the Statistical Office in the statistical system of Montenegro and integration into the European statistical system;
- Development of dissemination in line with the development of information technologies and strengthening of communication with users.

Programme of official statistics 2014 – 2018 lays down the tasks of the official statistics which are in line with the Strategy for Development of the Official Statistics 2014 – 2018. This document stipulates the general and sectoral development goals. There are annual plans for each calendar year for the implementation of the Programme. The **Annual Plan of Official Statistics** is derived from the Programme as a short term document which provides a more detailed elaboration of the statistical activities for the relevant year.

The official statistics and implementation of its strategic goals is based on the principles of the European Statistics Code of Practice which are fully incorporated in the Law, namely: professional independence; authorisation for collection of data; adequacy of resources; commitment to quality; confidentiality of statistical data; impartiality and objectivity; good metrology; adequate statistical procedures; reduction of workload of the reporting units; cost effectiveness; relevancy; accuracy and reliability; timeliness and preciseness; coherency and comparability, as well as availability and clarity of data. **The principle of autonomy and professional independence** is also confirmed in the Law on Public Administration according to which the Statistical Office is an independent administration body which performs expert and therewith related administrative affairs through the application of scientific and expert methods and skills.

The Official Statistics System of Montenegro includes the following **producers of the official statistics**: the Statistical Office of Montenegro, the Central bank of Montenegro (hereinafter referred to as “the CBM”), the Ministry of Finance of Montenegro, and other producers defined by the Programme of the Official Statistics for 2014 – 2018. The Statistical Office is the main responsible body and



disseminator of the statistical data, as well as the responsible expert authority, **organiser and coordinator** of the official statistics system and represents the official statistics of Montenegro in the international statistics system. The CBM conducts the monetary and financial statistics, statistics of the balance of payment, international payments, statistics of private external debt, as well as the statistics important for the realisation of its functions with precise delimitation from statistical activities of the other producers of official statistics. The Ministry of Finance of Montenegro keeps the statistics of tax expenditures and non-tax revenues. Other producers of the official statistics are: the Public Health Institute of Montenegro, the Customs Administration of Montenegro, the Tax Administration of Montenegro, the Securities Commission of Montenegro, the Health Insurance Fund of Montenegro and Pension and Disability Insurance Fund of Montenegro. The Statistical Office monitors and gives opinions on the methodological and legislative amendments adopted by other producers.

For the purpose of improvement of the statistical culture and knowledge, as well as taking care of the needs of users of the official statistics, Montenegro established the **Council of the Statistics System**, as an expert and counselling body. The Council has 17 members and it gives opinions and proposals regarding the following matters:

- Strategic issues of the official statistics and statistics system;
- Proposal for the development strategy, programmes proposal, proposal for the annual programme and proposal for the report on the implementation of the annual plan;
- Draft laws and other general legal acts in the area of the official statistics;
- Issues related to the failures in practice of subjects keeping administrative sources of data according to this Law;
- Development and improvement of the official statistics system and the international cooperation;
- Increase of the knowledge level of producers of statistics and data users;
- Functioning of the official statistics system;
- Need for the realisation of censuses, introduction of statistical surveys, revision of the existing and abolishing of extensive statistical surveys, infrastructural projects and sources of financing for the realisation thereof;
- Instructions for the application of the official statistics principle, and
- Other issues important for the functioning of the official statistics system.

Certain issues of the functioning of the official statistics system are regulated by **special bylaws**. Aiming at the realisation of the legislative framework on the functioning of the security system and statistical confidentiality, the competent bodies adopted the *Rulebook on keeping statistical data* regulating the manner, time, technical conditions and organisation of keeping statistical data for the purpose of

prevention of destruction, stealing and unauthorised use of these data, as well as the *Rulebook on the content and manner of keeping records on users of individual statistical data* which defines the content and the manner of keeping records on users of individual statistical data, *the Rulebook on the content, the manner of keeping and use of data from the statistical registries* regulating the manner of keeping and use of data from the statistical registries.

The present *Rulebook on internal organisation and job descriptions of the Statistical Office* contains description of 203 public servant and state employee working posts. Currently, the Statistical Office of Montenegro has 103 employees.

After the adoption of the Law, the Statistical Office of Montenegro adopted 18 **internal acts** which regulate the internal organisation, communication and management of statistical processes. In this way the Office standardised the working procedure and clearly established the competences and responsibilities for each aspect of the statistical process. These internal acts contribute to the improvement of the management quality which is defined by the the European Statistics Code of Practice principles, namely:

1. Rules of Procedure on Intercommunication and general Affairs of the Director and the Management (No 01-369 of 7 February 2012);
2. Rules of Procedure on the Work of the Board of the Statistical Office (No 01-546 of 20 February 2012);
3. Rules of Procedure on Maintenance, Updating and Use of the Statistical Business Register (No 01-548 of 20 February 2012);
4. Instruction for proceeding in the case of incorrect interpretation and abuse of the official statistics (No 01-547 of 20 February 2012);
5. Instruction on submitting requests to the financial service (No 01-2161 of 6 July 2012);
6. Instruction on submitting requests to the human resource service (No 01-2163 of 6 July 2012);
7. Instruction on submitting requests to the legal service (01-2162 of 6 July 2012);
8. Instruction for the use of working premises in the Statistical Office in non-working hours (No 01-2165 of 6 July 2012);
9. Instruction for receiving and sending statements, acts and other consignments (No 01-2164 of 6 July 2012);
10. Instruction on regulating the access to data bases in the Statistical Office (No 01-1419 of 30 April 2012);
11. Instruction for the preparation and publishing of the Statistical Release Calendar (No 01-1418 of 30 April 2012);
12. Instructions for the preparation of the Statistical Office report for the European integration purposes (No 01-3550 of 27 November 2012);

13. Instruction on the participation of the Statistical Office in the work of working groups in other negotiation chapters (No 01-3551 of 27 November 2012);
14. Internal Rulebook of Procedures and other documentation explaining the financial affairs of subjects – Financial management and control (FMC);
15. Procedure for the translating of official documents (No 01-1016 of 21 March 2013);
16. Procedure for organising and monitoring the effects of assessment missions (No 01-1019 of 21 March 2013);
17. Manual for writing project fiches (No 01-1015 of 21 March 2013), and
18. Dress Code of the Statistical Office Staff (No 01-1014 of 21 March 2013).

Considering the size and limited resources of the country, administrative and spatial capacities of Montenegro dedicated to development of the official statistics system, special attention should be paid to the risk of fulfilment of the defined commitments. The present resources make a good but insufficient basis for the future development of the necessary capacities which would enable the official statistics system to adequately perform its future obligations regarding the implementation of the EU acquis under this chapter.

II.b. Classification and Registries

The major European statistical classifications are implemented: Statistical Classification of Economic Activities (NACE Rev.2), International Standard Classification of Occupations (ISCO-08) and Nomenclature of Territorial Units for Statistics (NUTS), which are aligned with the current regulations of the European Union. MONSTAT has fully implemented NACE Rev.2 in accordance with the Regulation (EC) No 1893/2006, as well as ISCO-08 in accordance with the Regulation (EC) No 1022/2009. The NACE Rev.2 classification is not implemented by the Tax Administration of Montenegro, while ISCO-08 is not implemented by the Tax Administration of Montenegro and the Employment Office of Montenegro, which affects the quality of statistical data. NUTS which is in accordance with the Regulation (EC) No 31/2011 is applied in MONSTAT and according to NUTS classification Montenegro is one statistical region on all three levels.

Classification of products by activity (CPA), which is aligned with the Regulation (EC) No 451/2008, is still not applied in all statistical areas (agriculture, forestry and fishery). Nomenclature of Countries and Territories for the External Trade Statistics of the Community and Statistics of Trade between Member States (GEONOM) which is based on the Regulation (EC) No 1106/2012 is not used in MONSTAT; instead it uses the nomenclature of the country which is in line with the

ISO 3166 standard which defines codes for all countries. The list of products of the European Community (PRODCOM list) is applied since 2011 and is partially aligned.

Statistical business register (SBR) is aligned with the Regulation (EEC) No 696/93 (on statistical units, establishment of business registers in statistical purposes) and Regulation (EC) No 177/2008 (on setting up the common framework for business registers in statistical purposes). In 2013, some methodological improvements (consolidations) were made by including a group of enterprises and local community into the SBR in line with the mentioned Regulations. Procedures of updating SBR are defined by the Rulebook on the content, manner of keeping and using data from the statistical registries as well as the Rules of Procedure on maintenance, updating and use of the statistical business registry. In order to continuously improve the quality of data, MONSTAT has signed the memoranda of understanding with the Tax Administration of Montenegro, the Union of Employers of Montenegro and Montenegro Business Alliance.

Statistical Farm Register (SFR) was established after conducting the agricultural census in 2010. The SFR is updated with the data from the statistical researches, since it is not connected with the administrative registers and the Ministry of Agriculture and Rural Development's data bases. According to the Memorandum of Understanding with the Ministry of Agriculture and Rural Development a working group has been established in order to connect the existing registers and data bases.

II.c. Sectoral Statistics

In the sector of **agriculture**, Montenegro has conducted the agricultural census in 2010 in accordance with the Regulation (EC) No 1166/2008 and has published the results subsequently and established the farm register. Farm structure survey was not conducted in 2013 in accordance with the Regulation (EC) No 1166/2008. Crop statistics is partially aligned with the *acquis*. In the annual *crop statistics*, alignment with the Regulation (EC) No 543/2009 was started in 2013 by conducting the Pilot research on herb production and autumn crop. In this statistical area, the orchard and vineyard surveys were not conducted in accordance with the Regulation (EU) No 1337/2011. *Milk and dairy* statistics is partially in aligned with the Directive (EC) No 96/16. In 2013 Montenegro has realised the annual survey on the entry of all types of raw milk in dairy farms and a monthly survey on the entry of cow milk and produces dairy products in dairy farms. The data from the annual research were sent to EUROSTAT in September 2013. *The livestock and slaughter statistics* is aligned with the Regulation (EC) No 1165/2008 from December 2013. The data on the number of livestock were sent to the EUROSTAT in September 2013. In the area of livestock slaughter statistics the forecasts of GIP - Gross Indigenous Production for meat is not done. In the field of *hatcheries (egg) statistics*, which is regulated with

the Regulation (EC) No 617/2008, Montenegro has no registered incubator stations, so that the survey cannot be carried out. *Agro-monetary statistics* includes the statistics of prices and accounts in agriculture. In the area of prices, in 2011 Montenegro made the list of products based on which absolute prices were collected, and it was aligned with the Manual for Prices in Agriculture. There is no production account based on which the ponderation scheme for the calculation of price indexes would be drafted. The area of accounts for agriculture is not aligned with the Regulation (EC) No 138/2004. The production account on the available data for herb production was experimentally put in place late in 2013. The data on labour force which are necessary for the accounts in agriculture were provided through the Agricultural Census in 2010. The area of *agri-environmental statistics* is not aligned with the EU acquis. In order to prepare the action plan for the development of this statistics a working group has been established according to the Memorandum of Understanding with the Ministry of Agriculture and Rural Development (Phytosanitary Administration). *The survey on Land use and Land cover (LUCAS)* is not conducted in Montenegro.

Fishery Statistics on fishery products, aquaculture, catches, fishing fleet and equipment is not aligned with the *acquis*. In order to prepare the action plan for the development of this statistics a working group has been established according to the Memorandum of Understanding with the Ministry of Agriculture and Rural Development. Statistics on organic production is not established.

The area of **energy and environment** is partially aligned. *Structural energy statistics* are partially aligned since data on renewable energy sources are missing (currently, only balance of firewood is calculated within the balance of renewable energy sources). *Short term energy statistics* are not aligned with the *acquis* because the production of data on statistics of coal and electricity started only in 2013. The area related to *electricity prices statistics* is almost fully aligned with Directive (EC) No 2008/92, data on system of prices are missing. In the same area, gas price statistics regulated by Directive (EC) No 2008/92 (Annex I is not relevant for Montenegro) have not been established due to lack of gas distribution network in Montenegro (therefore it is not relevant). *Energy efficiency statistics* were added to the *acquis* in 2012 and its implementation has not yet started in Montenegro. **Waste** statistics have been collected pursuant to Regulation (EU) No 849/2010. Five pilot surveys were conducted in 2013 in cooperation with the Environmental Protection Agency of Montenegro on the basis of the signed Agreement on Cooperation. In the area of waste statistics, data are not being transmitted to Eurostat pursuant to Regulation (EC) No 782/2005. Environmental protection accounts (air emission accounts, environmentally related taxes by economic

activities, economy-wide material flow accounts) have not been established. Forestry statistics are not aligned with the *acquis*.

As regards **external trade**, Extrastat has been introduced but further methodological development is required. Intrastat which measures trade between Member States of the European Union will only become relevant after the accession of Montenegro to the European Union.

Within **science, technology and innovations statistics**, the following are partially aligned – information and communications technology (ICT) statistics, postal and telecommunications statistics, as well as human resources (personnel) statistics and GERD statistics for research and development. The Statistical Office of Montenegro, in cooperation with the Ministry of Science of Montenegro, formed a working group whose aim is to improve the Methodology of human resources statistics and GERD statistics for research and development with the view to receiving higher quality data and increasing the coverage of the reporting units. Innovations statistics, GBOARD (Government Budget Appropriations and Outlays on Research and Development), patent statistics, human resources in science and technology, statistics on high-tech industry and knowledge-intensive service industries have not been established.

In the sector of **economic and monetary policy**, national accounts statistics (European System of Accounts 95 – Regulation (EC) No 2223/96) are partially aligned with the requirements of the *acquis*.

In the area of **annual national accounts**, the Statistical Office of Montenegro applies the methodology of European System of Accounts – ESA 95, Regulation (EC) No 2223/96 and Commission Decision 98/715/EC clarifying Annex A to Council Regulation (EC) 2223/96 on the European system of national and regional accounts in the Community as concerns the principles for measuring the prices and volumes. Annual Gross Domestic Product (GDP) is calculated by production and expenditure approach while it is not calculated by income approach as required by the *acquis*. Frequency of publishing of the received results of calculation is 9 months upon expiry of the reference period. The results by production approach have been available since 2000 in current prices and since 2001 in constant prices (prices in the year before). GDP data from 2010 are in compliance with NACE Revision 2 (Regulation (EU) No 715/2010). Calculation of constant prices is based on the instructions of the Eurostat Handbook on Price and Volume Measures in the

National Accounts. Financial Intermediation Services Indirectly Measured (FISIM) are allocated to user sectors in accordance with Regulation (EC) No 448/98 and Regulation (EC) No 1889/2002. When calculating imputed rent, the user-cost method is used in accordance with Regulation (EC) No 1722/2005. Data by expenditure approach have been available since 2000 in current prices, and since 2008 in constant prices. In the area of **quarterly national accounts**, the methodology of European System of Accounts – ESA 95, Regulation (EC) No 2223/96 and Handbook on quarterly national accounts and Handbook on price and volume measures in national accounts are applied. Currently, Quarterly Gross Domestic Product (QGDP) is calculated by production approach, in current and constant prices (compared to the same quarter of last year) by applying indirect approach. QGDP is calculated and published in nominal as well as real value (growth rates) in comparison to the same quarter of year before. Table 0101 is sent to Eurostat within ESA95 transmission programme in accordance with Regulation (EC) No 1392/2007.

Financial accounts are currently not produced, but the Central Bank of Montenegro which is responsible for production of financial accounts is working on finding solutions in this area. With the production of data under the competence of the Ministry of Finance of Montenegro according to ESA95 methodology and data from the Central Bank of Montenegro, calculation of **Gross National Income (GNI)** will be carried out. Production of this aggregate will depend on calculation of imported and exported FISIM and methodological conformity of calculation of reference inter-bank interest rate based on the Central Bank of Montenegro data. The Ministry of Finance of Montenegro is the institution responsible for production of **public finance statistics and excessive deficit procedures**. Work will be done on adoption of ESA95 methodology by the Ministry of Finance. The Central Bank of Montenegro compiles the statistics of **trade in services and balance of payments** in compliance with the Balance of Payments Manual (BPM5) of the International Monetary Fund, Regulation No 184/2005 of the European Parliament and of the Council and the Balance of Payments Vademecum. Statistics on **foreign direct investments** are mostly aligned with the *acquis*.

Within **price statistics**, Harmonized Index of Consumer Prices (HICP) and Purchasing Power Parity (PPP) are largely aligned with the *acquis*. Statistics of remuneration and pensions of EU Staff have not been established as it becomes relevant only upon the accession of Montenegro to the European Union.

Structural Business Statistics (SBS) are partially aligned with Regulation (EC) No 295/2008, as well as **Short Term Statistics (STS)** with Regulation (EC) No 1165/2008. Statistical Business Register is aligned with Regulation (EEC) No 696/93 (on the statistical units, establishment of business registers for statistical purposes) and Regulation (EC) No 177/2008 (establishing a common framework for business registers for statistical purposes) as explained in part II.b Classification and registers. **PRODCOM** statistics (industrial production statistics) are connected to the statistical business register and are partially aligned with the *acquis*.

Foreign Affiliates Statistics (FATS) are partially aligned with Regulation (EC) No 716/2007.

Tourism statistics are partially aligned with Regulation (EC) No 692/2011. Monthly and annual data on arrivals and overnight stays in tourist accommodation establishments, data on net occupancy rates of bed places, as well as data on annual capacity are all produced, whereas other statistics in the area of tourism are not produced. A pilot survey on tourism satellite accounts for 2009 was conducted.

Demographic statistics are largely aligned with the *acquis*. Montenegro organized the Census on Population and Housing in 2011 in accordance with Regulation (EC) No 763/2008 and after that it published all data from the census. The Quality Report remains to be submitted.

Statistics on **migration and asylum** are not aligned with Regulation (EC) No 862/2007. Statistics on illegal migration, asylum and residence permits have not been introduced yet.

Statistics of public health, as well as statistics on health and safety at work are not aligned with the *acquis*. With the view to developing public health statistics, as well as health and safety at work statistics, in 2008 the Ministry of Health of Montenegro adopted a new legal act regulating data collection/record keeping in the area of health. This legal framework regulates the area of keeping statistics of public health and health and safety at work. The Public Health Institute of Montenegro is the institution responsible for implementation of the Law on Data Collections in the Field of Health Care (Official Gazette of Montenegro 80/08, 40/11), submission of data on public health statistics to national and international institutions and publishing of health statistics data. Secondary legislation was adopted in 2012 for keeping registers of diseases of greater social and medical

importance and other health related conditions. Until 2009, The Statistical Office kept statistics on cause of death when a change in institutional responsibility for these data occurred so that the Public Health Institution took over the collection of these data. Statistics of cause of death are produced in accordance with the International Classification of Diseases ICD-10 of the World Health Organization. In 2008 and 2012, the Ministry of Health of Montenegro carried out the National surveys on the health of Montenegrin population based on the Living Standards Measurement Study (LSMS).

Labour market statistics are largely aligned with the *acquis*. As regards statistics on **earnings and labour costs**, the study on labour costs was conducted in 2013. The Labour Cost Index and the Structure of Earnings remain to be established. The Labour cost survey was introduced but it is not fully aligned.

In the area of **statistics on income and living conditions (SILC)**, a pilot survey was conducted in 2012. Given that this is a pilot survey which serves for testing purposes for the questionnaire and methodology, the data have not been published and transmitted to Eurostat. A regular survey was conducted in 2013 and it is in compliance with the Document – DOC 065 Description of target variables: cross sectional and longitudinal), as well as with Regulation (EC) No 1177/2003 concerning Community standards on income and living conditions. The European system of integrated social protection statistics (**ESSPROS**) has not been established. Education statistics are partially aligned with the *acquis*. The data were submitted for the first time in 2013 in a joint UNESCO/Eurostat questionnaire. The **vocational training survey and adult education surveys**, as part of education statistics, are not being conducted.

Transport statistics are partially aligned with the *acquis*. By areas, rail transport statistics are partially aligned with Regulation (EC) No 91/2003. A part of data has been transmitted to Eurostat since August 2012. Statistics on passenger mobility have not been established. Road freight transport statistics have been conducted since the first quarter of 2013 under a pilot survey, in accordance with Regulation (EC) No 1172/98 and Regulation (EC) No 70/2012. The data have not been submitted to Eurostat yet because their validation is ongoing. The data on road network have not been submitted to Eurostat yet. Statistics on air transport and air passenger transport are not aligned with the *acquis*. Maritime transport statistics are partially aligned with Directives (EC) No 2009/42 and Directive (EC) No 2012/186. Simplified data are produced and submitted to Eurostat while detailed

data for ports are missing. Inland waterways statistics regulated by Regulation (EC) No 1365/2006, as well as by Regulation (EC) No 425/2007 are not conducted because it is not relevant due to lack of commercial transport in inland waterways. Transport safety statistics are fully aligned with Decision (EC) No 93/704 defining submission of data on road accidents. These data were forwarded to Eurostat in October 2013.

III ALIGNMENT OF LEGISLATIVE AND INSTITUTIONAL FRAMEWORK WITH THE ACQUIS

The legal framework of the official statistical system is largely aligned with the *acquis*, some parts of the legislation will be applied only upon the accession of Montenegro to the European Union.

III.a. Statistical infrastructure

The statistical infrastructure is aligned with the *acquis* and international standards. Significant parts of the *acquis* have been implemented by the Central Bank of Montenegro, Ministry of Finance and other Government agencies.

Further improvements with the view to **strengthening the statistical infrastructure are reflected in strengthening of the administrative capacities** of the Statistical Office and which are defined by the Accession Programme of Montenegro to the European Union (adopted on 26 December 2013) in following dynamics: 2014 (10 persons), 2015 (8 persons), 2016 (12 persons), 2017 (12 persons) and 2018 (8 persons). The abovementioned employments are of great significance for performance of regular activities of the Statistical Office, particularly within national accounts.

Technical support problem solving is also defined by the Accession Programme of Montenegro to the European Union with the dynamics of fulfilment during 2015 and 2016: by increasing **spatial capacities**, purchase of web server and adequate software for its functioning, renting of a high capacity line, as well as licensing of all programmes and databases.

The Accession Programme of Montenegro to the European Union also defines the dynamics of implementation of staff education activities through training in

professional sectoral statistics, training in information technology fields and training on management quality for the period from 2014 until 2018.

With the full-fledged membership in the European Union, Montenegro will start conducting the following surveys: Intrastat and Statistics of Remuneration and pensions of EU Staff.

III.b. Classifications and registers

Classifications NACE Rev.2, ISCO-08 and NUTS are fully aligned with valid regulations of the European Union. Implementation of classifications NACE REV.2 and ISCO-08 by a certain number of public institutions, such as the Tax Administration of Montenegro and the Employment Office of Montenegro, is planned in the following period. Full implementation of CPA is planned by the end of 2015. By the end of 2016, work will be done on adoption of classification GEONOM which is based on Regulation (EC) No 1106/2012. PRODCOM list will be upgraded through connection with SBR, given that local units and groups of enterprises have been included in SBR since 2013. By performing this activity, PRODCOM list will be fully aligned by the end of 2015.

Under the statistical business register, plans have been made for full implementation of updating procedures established by the Rulebook on content, manner of keeping and using data from statistical registers (Official Gazette of Montenegro 06/13) and Rulebook on maintenance, update and use of statistical business register No 01-548. Further work will be done on continuous methodological adjustments with the EU regulations and on further improvement of quality of received data with the view to updating statistical business register. In the following period work will be done on establishment of networking system for Statistical Farm Register (SFR) with other administrative registers and databases. The activities related to establishment of the system are conditioned by implementation of activities defined in Chapter 11 – Agriculture and Rural Development and are related to establishment and keeping of administrative registers in the area of agriculture.

III.c. Sectoral statistics

In the area of **agriculture statistics**, *Farm Structure Survey* is planned to be carried out in 2016 in accordance with the relevant regulation which is in preparation. As a basis for conducting this survey, the Statistical Farm Register will be used which

was established after conducted Census of Agriculture in 2010. The register will be continuously updated from internal (statistical surveys) and external sources (administrative registers). Thus, improvement of quality of the survey framework in the area of agriculture statistics will be achieved. Full adjustment of annual crop statistics is planned by the end of 2015 by changing the data collection method. Instead of assessment, survey on the basis of sample will be introduced, which enables production of data at a detailed level (breakdown). Within *statistics on milk and dairy products*, in addition to annual reporting, data from monthly surveys will also be submitted, in accordance with defined deadlines of Directive (EC) No 96/16, statistics of milk and dairy products thus being fully aligned by the end of 2014. In the following period, with the view to improving the survey techniques, activities will be continued on comparing data received through surveys with data of the Ministry of Foreign Affairs and Rural Development and the Administration for Inspection Affairs. In the area of *livestock and slaughter statistics*, methodological improvements were carried out in December 2013. Calculation of forecast of Gross Indigenous Production (GIO) of meat is planned by the end of 2016. In case of emergence of registered incubation stations, Montenegro will conduct a survey on *hatching eggs statistics*. Introduction of *Vineyard Structure Survey* – vine for other purposes, as well as *Orchard Structure Survey* is planned by the accession of Montenegro to the European Union. Pursuant to Regulation (EU) 1337/2011, Montenegro is not obliged to conduct *Vineyard and Orchard Structure Survey* – table varieties, but in accordance with national requirements and available human resources it plans to implement this survey by the accession of Montenegro to the European Union. In *agro-monetary statistics*, work will be done on development of prices and accounts in agriculture. In prices statistics, work will be done on development of price index. Calculation of price index is conditioned by development of a production account on the basis of which the weighting scheme will be developed. Within statistics of accounts for agriculture, it is necessary to develop two areas of accounts in accordance with Regulation (EC) No 138/2004: current transaction accounts and accumulation accounts. Data on workforce, for account for agriculture, will be taken from the three-year farm structure survey. Work on alignment of agro-monetary statistics is based on cooperation between the Statistical Office of Montenegro and the Biotechnical Faculty. The account and price indices in agriculture will be submitted to Eurostat by the accession of Montenegro to the European Union. Implementation of the abovementioned activities in the area of agro-monetary statistics is conditioned by increase and vocational training of human resource capacities. In *agro-ecological statistics*, establishment and

development of statistics on pesticides, pursuant to Regulation (EC) 1185/2009 is conditioned by implementation of activities planned in Chapter 12 – Food safety, veterinary and phytosanitary policy. Implementation of the abovementioned activities in the area of agro-ecological statistics is conditioned by an increase and vocational training of human resource capacities. *Land use and Land cover survey* (LUCAS) is not planned for implementation as Montenegro has not recognized the need for data received through this survey. If Montenegro does recognize the need for this survey, the competence and dynamic plan for its implementation will be defined through inter-institutional cooperation (Statistical Office, Ministry of Agriculture and Rural Development of Montenegro, Ministry of Sustainable Development and Tourism and Real-Estate Administration).

Introduction of the new survey on fishery products has been planned under **fisheries statistics**, in addition to the existing surveys and in compliance with Regulation (EC) 1921/2006 by the accession of Montenegro to the EU. Alignment of aquaculture statistics (revision of the questionnaire), in compliance with Regulation (EC) 762/2008, as well as statistics on fishing boats and equipment in compliance with Regulation (EC) 1799/2006, has also been planned by the accession of Montenegro to the EU. Takeover of data from the Ministry of Agriculture and Rural Development of Montenegro as administrative source has been planned in compliance with Regulation (EC) 216/2009, instead of recent method of collection of statistical data as regards sea fish catch. Alignment of statistics on sea fish catch is conditioned by implementation of activities from Chapter 13 – Fisheries. Implementation of mentioned activities in the area of fishery statistics is conditioned by increase of the number of staff and their vocational training. Development of statistics on organic production is conditioned by implementation of activities under Chapter 11 – Agriculture and rural development that refer to organic production.

Complete alignment of **energy and environment statistics** with the *acquis* is expected by the accession of Montenegro to the EU. Conducting of survey on consumption of energy-generating products in households and service sector has been planned in the course of 2015 under *structural energy statistics*. Furthermore, the production of data on all relevant renewable energy sources has been planned by the end of 2016; this will provide complete alignment of the area of structural energy statistics with the *acquis*. *Short-term energy statistics* will be aligned by the end of 2016 – the time by which development of short-term statistics on petroleum products has been planned. Short - term statistics on petroleum products are currently missing in this area. Complete alignment of statistics on *electric energy prices* with Directive (EC) 2008/92 will be achieved by the end of 2014 through

forwarding of data on the price system to EUROSTAT. *Energy efficiency statistics* were added to the *acquis* in 2012. Their development and alignment are related to the energy efficiency policy, i.e. energy efficiency action plan which will be implemented by the Ministry of Economy of Montenegro. Complete alignment of energy efficiency statistics is expected by the end of 2016. Further improvements of survey have been planned in the area of **waste statistics** as regards the issue of coverage (collection of data on generated waste by economic activities, in compliance with NACE Rev.2 classification) and transmission of data to EUROSTAT. Implementation of the above mentioned activities in cooperation with the Environmental Protection Agency of Montenegro has been planned by the end of 2018. Introduction of environmental accounts is planned by the accession of Montenegro to the EU. Implementation of mentioned activities in the area of environmental statistics is conditioned by the increase of number of staff and their vocational training. Alignment of forestry statistics has been planned not later than the accession of Montenegro to the EU, through introduction of new and revision of the existing surveys. Implementation of activities in the area of forestry statistics is conditioned by the increase of number of staff and their vocational training.

Methodological improvements of **foreign trade statistics** have been planned by the end of 2016 through introduction of GEONOM nomenclature in compliance with Regulation (EC) 1106/2012, as well as publication of the foreign trade data by invoice value and characteristics of the company. INTRASTAT will be applied when Montenegro becomes a full-fledged member of the European Union.

Under **science, technology and innovation statistics**, complete alignment is expected by the accession of Montenegro to the EU. Development of the quality report and detailed production of indicators have been planned in the area of *information-communication technologies (ICT)*. Complete alignment of ICT statistics is expected by the end of 2017. Upgrade of the administrative data base with missing variables, as well as transmission of data to EUROSTAT have been planned under *postal and telecommunication statistics* by the accession of Montenegro to the EU. The following methodological improvements have been planned under *human resources, survey and development statistics* as well as GERD statistics (Gross expenditure on research and development): change in the method of collection of data, which will improve the quality of data, as well as the increase of coverage of the reporting units. *Statistics on the Government budget appropriations and outlays on research and development (GBAORD)* are conditioned by development of detailed reports on the budget funds of the Government of Montenegro and outlays on survey and development which is under the competence of the Ministry of Finance. Introduction of the following surveys has been planned under other research, development and innovation statistics by the accession of Montenegro to the EU: (i) *survey on human resources in science and technology*; (ii) *survey on careers of PhDs*;

(iii) *patents*; (iv) *high technologies*; (v) *knowledge-based services* and (vii) *survey on innovations*.

In the **economic and monetary policy**, methodology of the European System of Accounts-ESA 95 is used in national accounts (annual and quarterly), along with Regulation (EC) 2223/96) and the Manual for clarification of principles for price and scope measurement (Directive (EC) 98/715). Implementation of activities in the area of economic and monetary policy – national accounts is conditioned by the increase of number of staff and their vocational training.

Annual Gross Domestic Product (GDP) is calculated by production and expenditure method. Calculation of GDP by income method will be carried out in addition to application of these two methods by 2018. Further improvement of annual calculation of GDP in fixed prices (by production and expenditure method), will refer to transition from C method to at least B method in compliance with recommendations of the EUROSTAT Manual (Directive (EC) 2002/990). Production account has been developed for all sectors (non-financial, financial, sector of states, sector of households) except for abroad sector. Development of a whole set of accounts for non-financial sector has been planned. Development of the first (experimental) Supply and Use Tables (SUT) will be preceded by developed income and intermediate consumption structure by operations through conducting of pilot survey. Dynamics of development of these tables is conditioned by activities under the competence of the Ministry of Finance in the area of development of structure of taxes and subsidies by products in compliance with accounting approach. Experimental work on implementation of changes of ESA 2010 in comparison with ESA 95, started through implementation of two activities: capitalisation of survey and development expenses, as well as expenses of treatment of military equipment. Calculation of the Gross National Income will be developed in 2015, and it will be preceded by calculation of import and export FISIM – Financial Intermediation Services Indirectly Measured by the Central Bank of Montenegro, as well as harmonisation of calculations of referent inter-bank interest rate. The document titled “Description of the sources and methods used to compile non-financial national accounts” has been developed; this document is regularly updated and it will represent the ground for development of the new document titled “GNI-Inventory” in 2017. The work will continue as regards GDP non-coverage in the segment of sub reporting according to Directive (EC) 94/168 with the view to increasing the coverage of institutional units in the non-financial sector. Experimental calculation of VAT evasion without accomplices will be conducted in the course of 2016 in cooperation with the Ministry of Finance and the Tax Administration of Montenegro, with the view to adjusting calculation of the Gross Domestic Product. Calculation of the *Quarterly GDP* will be started in the course of 2014 by production and expenditure method through application of direct

approach. Practice of sending of fulfilled tables will continue under ESA 2010 transmission programme. Sources and methods used in calculation of the QGDP will be described in details through development of the document Quarterly Inventory.

State finance statistics and the Excessive Deficit Procedure fall under the competence of the Ministry of Finance. Ministry of Finance plans to develop the Strategy for Transition of the Public Sector to Accrual Accounting by the end of 2014 and submit it to the Government for adoption. Ministry of Finance entered the mentioned obligation into the Working Programme of the Government of Montenegro for 2014 under the fourth quarter. Development of the Action Plan has been planned for 2015, following development of the Strategy; that plan will define the deadlines for the reform of the public sector accounting and its implementation, and it will include particular activities and competent institutions. The first step in transition to the new accounting system will be the adjustment of the existing legislation (planned for 2016) with requirements of accrual accounting standards. In the course of 2015 and 2016, along with adjustment of legislation, the Ministry plans training courses for employees who will be in charge of the work on the Strategy and accounting reform, and later in charge of development of the **EDP tables**. The Ministry already started in a certain part training of employees who will be engaged in these activities, and established cooperation with relevant institutions in countries that conducted the reform. Training courses for accountants in spending units of the Budget of Montenegro, as well as accountants in local self-governments as regards the implementation of the new accounting standards have been planned following adjustment of the legal framework. Ministry of Finance plans the procurement of software for the needs of records of the state property, and the procedure of inventory and assessment of the whole state property will start following the procurement of that software. Introduction of the System application product in the local self-government units will start in 2015, in order to enable recording of unsettled obligations on the accrual base in the same method which was applied in the spending units of the Budget of Montenegro. Conditions for reporting in compliance with ESA standards will be fulfilled in mid-2018.

The area of monetary and financial statistics falls under the competence of the Central Bank of Montenegro. Development of **financial accounts** is currently not carried out, but the Central Bank of Montenegro is seeking solution in this area. Development of annual financial accounts by institutional sectors will be carried out by the date of the accession of Montenegro. Statistics for the sector of monetary-financial institutions are aligned with standards of the International Monetary Fund to the largest extent, and they are partially aligned with the *acquis* (Decisions of the European Central Bank). Noncompliance with the *acquis* in the area of balance statistics refers to the layout of financial instruments by maturity, currencies,

country of origin, sectors. Noncompliance with the *acquis* in the area of interest rates refers to the layout of interest rates by maturity, sectors and currencies of financial instruments. Furthermore, layout of passive interest rates is not prepared for newly concluded businesses. Montenegro will fulfil all obligations designated by the *acquis* in this area by 2018. Central Bank of Montenegro compiles the **statistics on trade of services and balance of payments** in compliance with the IMF Balance of Payments Manual 5th edition (BPM5), Regulation 184/2005 and Balance of Payments Manual (BOP Vademecum). In order to achieve the full compliance and implementation of the *acquis*, the Central Bank of Montenegro will carry out further methodological alignment of the statistics on balance of payments. Central Bank of Montenegro initiated activities for implementation of the new 6th edition of the Balance of Payments Manual (BPM6), as well as development of the new presentation scheme. In the area of statistics on international trade of services, further alignment will continue as regards aggregated displayed services and which are not structured enough. The deadline for full alignment of this area is the end of 2016 at the latest. **Statistics of the Foreign Direct Investments (FDI)** is compiled in accordance with previously mentioned methodology. Central Bank of Montenegro is continuously providing methodological improvements of the FDI statistics. Compilation of the FDI statistics by activities of residents, as well as inclusion of data on re-invested salaries have been planned with the view to further aligning with the *acquis*. This area will be fully aligned with EU requirements by the end of 2016.

Complete alignment of the **price statistics** with the *acquis* is expected by the accession of Montenegro to the EU. This statistics includes the Harmonised Index of Indices of Consumer Prices (HICP) and Purchasing Power Parities (PPP). Development of detailed methodology – The Inventory has been planned by the end of 2015 under the **Harmonised Index of Indices of Consumer Prices (HICP)**, along with implementation of Regulation (EC) 119/2013, which refers to the calculation of HICP at Constant Taxes. Furthermore, introduction of the new survey – Owner Occupied Housing Price Indices (OOH) has been planned as a part of HICP by the accession of Montenegro to the EU. The following activities have been planned under **the statistics on Purchasing Power Parities (PPP)**: (i) development of a set of data on Value Added Tax (by the end of 2015.); (ii) development of a set of data on tips (by the accession of Montenegro to the EU) and (iii) conducting of survey on prices of health services (by the accession of Montenegro to the EU). *Statistics on remuneration and pension of EU staff* have not been established, due to the fact that they will become relevant following the accession of Montenegro to the EU.

Structural Business Statistics (SBS) are partially aligned with Regulation (EC) 295/2008. MONSTAT is continuously providing methodological improvements of the structural business statistics. Complete alignment with the *acquis* will be



achieved through production of missing variables, compilation of data by units within and transmission of tables by the accession of Montenegro to the EU. In the area of **Short-Term (STS)**, improvement of quality of the existing short-term indicators through re-design of questionnaire has been planned, as well as inclusion of kind-of-activity units within business subjects (KAU). Furthermore, the development of missing short-term indicators has been planned (hours of work, output prices in the area of services, national and foreign trade in industrial production), as well as seasonal adjustment of a series of data of short-term indicators. Complete alignment of the STS is expected by the accession of Montenegro to the EU. Quality of statistics on industrial production - **PRODCOM** will be improved through connection with the Statistical Business Register (SBR), considering the fact that local units and groups of enterprises are included in the SBR since 2013. Complete alignment of PRODCOM statistics has been planned by the end of 2015.

Foreign Affiliates Statistics (FATS) are partially aligned with the *acquis*, and it is developed in compliance with Regulation (EC) 716/2007. Complete alignment with the *acquis* will be achieved through production of the missing indicators, development of quality reports and transmission of tables, by the accession of Montenegro to the EU.

It is necessary to carry out the following activities in the area of **tourism statistics** with the view to complete aligning with Regulation (EC) 692/2011: (i) develop quality report and metadata by the end of 2014; (ii) develop variable on net occupancy rate of rooms by the end of 2016; (iii) conduct survey on participation of residents in tourism by the end of 2017; (iv) conduct survey on characteristics of tourist trips of residents, by the accession of Montenegro to the EU; (v) conduct survey on national and one-day visits of residents made out of the country, by the accession of Montenegro to the EU and (vi) introduce tourism satellite accounts, by the accession of Montenegro to the EU.

Under **demographics statistics**, the Statistical Office is ready to submit the report on quality of census of population in compliance with relevant regulation. This activity will be carried out in compliance with EUROSTAT instructions on submission of quality reports, which refer to countries of the Western Balkans. Activities for improvement of data source for the number of live births and deaths will be carried out in the forthcoming period.

Ministry of Interior will be competent for establishment of **migration and asylum statistics**, which include the following: illegal migration, asylum, residence permits and obtaining and loss of citizenship. These statistics will be introduced in compliance with dynamics of establishment of records and amendments to the Law

according to the Action Plan for Chapter 24. This Action Plan provides for the amendments to the Law on Foreigners (Official Gazette of Montenegro 82/08, 72/09, 32/11, 53/11, 27/13, 61/13) and the Law on Asylum (Official Gazette of Montenegro 45/06, 73/10, 40/11).

In 2008 and 2012, the Ministry of Health of Montenegro conducted the National Health Surveys of the Population of Montenegro, which are based on the Living Standards Measurement Study (LSMS). As regards development of the **public health and health and safety at work statistics**, activities are under way for adoption of bylaws which regulate keeping of other prescribed disease registers, registers of resources in health (institutions and staff), as well as statistics on injuries and work and professional diseases, which are aligned with ESAW and EODS methodology. Adoption of these rulebooks is expected by the end of 2014, whereas beginning of their implementation is expected in 2015 and 2016. Proposal for the new Law on Health Care, which is currently undergoing the adoption procedure, provides for adoption of rulebook which regulates the death certificate and method of its submission. Data from the death certificate will be aligned with EUROSTAT recommendations after adopted legislation and by adoption of relevant secondary legislation which will prescribe the form of certificate. In the forthcoming period, activities will be carried out for provision of continuity in conducting of the National Health Survey of the Population of Montenegro, as well as sustainable methods of financing and alignment of survey methodology with EHIS methodology.

Further improvements of the **labour market statistics** are provided through technical alignment of variables, which were completed and submitted in January 2014. Activities are continuously carried out as regards transmission of data to EUROSTAT. Survey of **labour cost** statistics in compliance with four-year frequency will be conducted in 2017. In order to calculate the **Labour Cost Index**, it is necessary to perform evaluation for the base 2010. This evaluation is possible only if the Tax Administration of Montenegro submits the data necessary for calculation of index on defined base year. In case the data are not available, the index will be calculated on the base year 2015, in compliance with relevant regulation. Preparations for introduction of the statistics on the **structure of earnings** have been planned for the course of 2014 and 2015. Conditions as regards conducting first of the pilot, and then the regular survey will be provided through activities for development of methodology and professional training of staff.

Under the Survey on Income and Living Conditions (SILC), the data of the first regular survey will be submitted after processing of data and in compliance with deadlines defined by Regulation (EC) 1177/2003. Complete alignment and submission of all data will be possible only after completed fourth year of survey, when the longitudinal data will be produced as well.



The European Social Protection Statistics (ESSPROS) are not yet implemented. Activity plan will be developed through cooperation of the Statistical Office and the Ministry of Finance; that plan will be developed for activities necessary for establishment of framework for introduction of ESSPROS in compliance with the EU methodology. The mentioned statistics will be aligned by the accession of Montenegro to the EU.

By the accession of Montenegro to the EU, the Statistical Office will conduct the **Continuous Vocational Training Survey and the Adult Education Survey**. Conducting of the mentioned surveys is conditioned by increase of the number of staff and their vocational training.

Complete alignment of the **transport statistics** will be achieved through fulfilment of defined activities under certain areas. *Railway transport statistics* will be completely aligned by the end of 2016 with Regulation (EC) 91/2003, through development of two missing modules which will provide the data on rolling stock and railway transport accidents. Conducting of the pilot survey on passenger mobility under the *passenger mobility statistics* has been planned in the course of 2014, in compliance with international methodology and recommendations. *Road freight transport statistics* will be completely aligned with Regulations (EC) 1172/98 and 70/2012 by the end of 2016. Validation of data of the pilot survey conducted in the first quarter of 2013 is underway, and the data will be transmitted to EUROSTAT by the end of 2014. *The road network data* will be transmitted to *EUROSTAT* in required form by the end of 2015. Conducting of the pilot survey on airport pairs has been planned by the end of 2016, with the view to aligning with Regulation (EC) 437/2003 which refers to *air transport*. Complete alignment of the *maritime transport statistics* with Directives (EC) 2009/42 and 2012/186 is expected by the end of 2016. In order to achieve the full compliance, it is necessary to develop detailed port statistics, which includes collection of all variables defined by mentioned Directives. *Transport safety statistics* are completely aligned with Decision (EC) 93/704. The data from the mentioned statistics were transmitted to EUROSTAT in October 2013.