



BULLETIN

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Ministry of tourism and National Tourist Organisation of the Republic of Montenegro

The understanding of the need to create a tourism product harmonised with the environment and socially tolerable, the understanding of travel motifs and different markets, economical and efficient organisation of companies are all known in theory. Thus, some destinations, from own experiences and under the pressure of bad development, drew conclusions and made major restructuring measures to ensure their market positions.

However, it remains an exception, since theoretic insights are rarely carried out in practice. Most often it lacks individual experience in dealing with diverse, but intricately related professional fields that need to be taken into account.

It is therefore recommended, in order to provide for optimal use and ongoing acceptance, to prevent on the basis of integrated project-models possible bad developments and initiate the know-how transfer.

To that end it would be needed to establish a Montenegrin-international working group from all the relevant professional fields to cooperate and cover all the major thematic areas of the project model.

(Master plan for the development of tourism by the year 2020)

MEETING IN REGARD TO THE PREPARATIONS FOR THE 2007 TOURISM SEASON

A MEETING WITH REGARD TO THE COMING TOURISM SEASON, AS ORGANISED BY THE MINISTRY OF TOURISM, WAS HELD ON THURSDAY 30TH OCTOBER THIS YEAR. IT WAS CHAIRED BY THE PRIME MINISTER OF THE MONTENEGRIN GOVERNMENT, MILO ĐUKANOVIĆ, AND WAS ATTENDED BY REPRESENTATIVES OF RELEVANT MINISTRIES, PUBLIC COMPANIES AND THE PRIVATE SECTOR.

STARTING THE MEETING, THE MINISTER OF TOURISM, PREDRAG NENEZIĆ PRESENTED TOURISM DATA FOR THE 2006 SEASON, FOCUSING ON THE ENHANCEMENT OF THE PRODUCT QUALITY, FUTURE CHALLENGES AND PROBLEMS THAT MARKED THIS SEASON.

DURING THE DISCUSSION IT WAS NOTED THAT THIS SEASON WAS A HIGHLY SUCCESSFUL ONE, BOTH REGARDING THE PHYSICAL AND FINANCIAL DATA AND THE OVERALL QUALITY OF MONTENEGRIN TOURISM PRODUCT.



HAVING IN MIND THAT TOURISM SEASONS ARE EXTENDING, WITH SHORTER SPANS IN BETWEEN, IT WAS CONCLUDED THAT ACTIVITIES TOWARDS THE PREPARATIONS FOR THE COMING SEASON NEED TO BE INTENSIFIED. APART FROM THE SHORT-TERM MEASURES TO OVERCOME THE PROBLEMS ENCOUNTERED THIS YEAR, SPECIAL ATTENTION NEEDS TO BE GIVEN TO THE IMPLEMENTATION OF MEDIUM- AND LONG-TERM STRATEGIC PROJECTS. THEY PRIMARILY RELATE TO TRAFFIC AND COMMUNAL INFRASTRUCTURE, PLANNING ISSUES, DIVERSIFICATION OF TOURISM PRODUCT, ENHANCING HOSPITALITY OFFER AND NEW INVESTMENTS THROUGHOUT MONTENEGRO.

Tourism Data for Montenegro

A) DIRECT IMPACT – FIRST NINE MONTHS

ARRIVALS AND NIGHTS

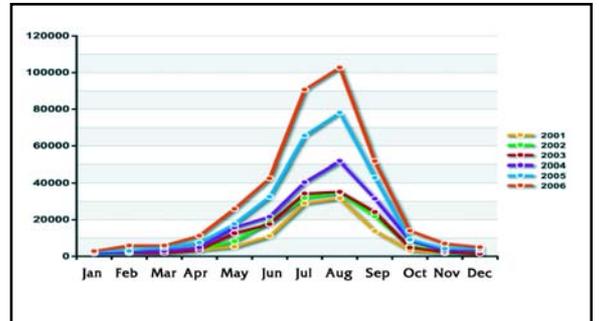
	Turnover for the first nine months 2006*	I-IX 2006/05.
Nights	5.660.917	+12,16%
International	2.071.260	+36,55%
Domestic	3.589.657	+1,68%
Arrivals	885.700	+14,07%
International	343.771	+34,96%
Domestic	541.929	+3,87%

* SOURCE: MINISTRY OF TOURISM, MONSTAT – OFFICIAL FIGURES FOR THE FIRST EIGHT MONTHS 2006 AND THE REPORT OF THE TOURISM INSPECTION FOR SEPTEMBER

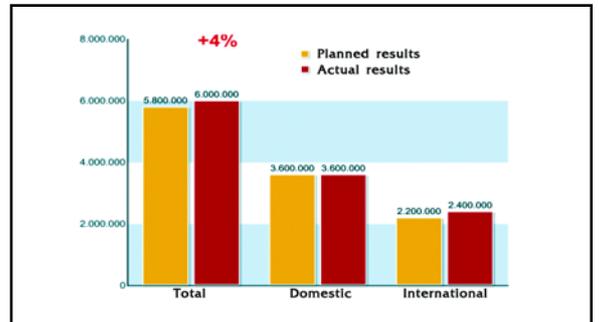
FINANCIAL IMPACT	Revenues for the first nine months (€ mil.)**	2006./05.**
Tourism revenues	250.6	+19,9%

** SOURCE: MINISTRY OF TOURISM – ESTIMATES DONE USING THE METHODOLOGY OF THE CENTRAL BANK OF MONTENEGRO

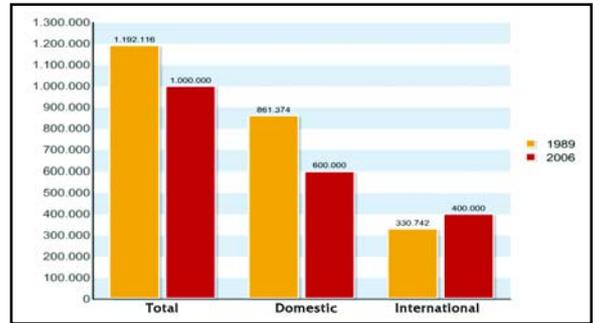
GRAPHS SHOWING TRENDS IN INTERNATIONAL ARRIVALS FOR THE PERIOD 2001 – SEPTEMBER 2006
(WITH FORECASTS UNTIL THE END OF 2006)



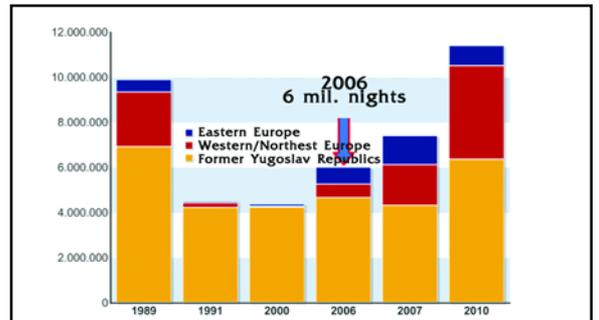
ACTUAL VS. PLANNED RESULTS – ECONOMIC POLICY –



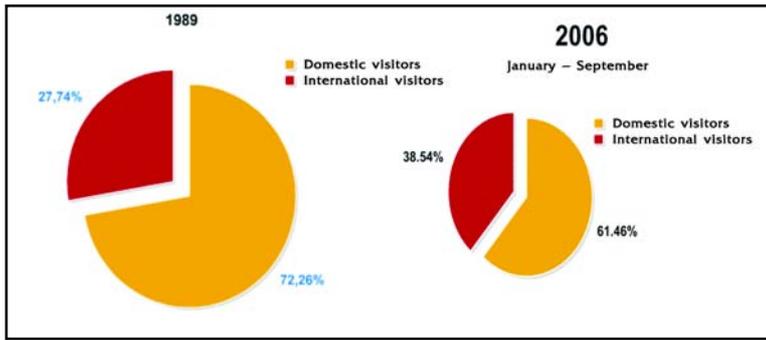
ARRIVALS IN 2006 COMPARED TO 1989



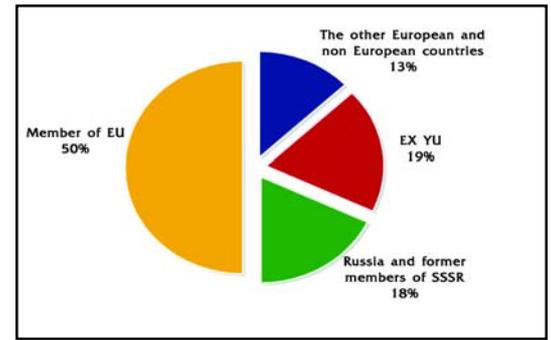
ACTUAL RESULTS COMPARED TO FORECASTS FROM THE TOURISM MASTER PLAN



DOMESTIC VS. INTERNATIONAL VISITORS 1989 – 2006



INTERNATIONAL VISITORS by SOURCE MARKETS



REPORT ON HOTEL OPERATION – HORWATH & HORWATH CONSULTING – COMPARATIVE DATA 2005/2006

- GOP – GROSS OPERATIONAL PROFIT PER GUEST ROOM INCREASED FROM 11.8% IN 2005 TO 20.1% OF THE TOTAL REVENUES IN 2006
- OCCUPANCY RATE AT THE NATIONAL LEVEL INCREASED FROM 31.3% TO 34.2%
- AVERAGE ROOM RATE INCREASED FROM €31.86 TO €37.29
- RENOVATED 4-STAR HOTELS HAVE BEST REVENUES PER AVAILABLE GUEST ROOMS, OVER €18,000
- INCREASE IN INDIVIDUAL ARRIVALS WITH OVER 16% OF TOTAL ARRIVALS THIS YEAR

Certificates of Appreciation for "Make It Clean" Campaign Awarded



The Minister of Tourism, Predrag Nenezic and the Director of the National Employment Agency, Branimir Bojanić, awarded Certificates of Appreciation to the representatives of public utility companies on Wednesday, 18th October, for successful implementation of the "Make It Clean" campaign within all municipalities in Montenegro.

Awarding the certificates, minister Nenezic said that a state that receives one million visitors a year needs to give special consideration to the environment. It is best confirmed through cleanliness that was seen as one of our major problems, but thanks to the "Make It Clean" Campaign it was addressed in the best way pos-

sible. Therefore, not only that the campaign is going to continue, but extend and upgrade, both in quality and quantity, in the coming period. It is to be accompanied by public awareness raising to reduce the need for campaigns of this nature in future.

The Director of the National Employment Agency Branimir Bojanić said on the occasion that this project helps Montenegro show in a different light and that the Employment Agency proved its organisational capabilities employing 600 persons through this action.



During the presentation of the results of this year campaign it was noted that over 50 partners were involved in the project, including USAID and European Agency for Reconstruction, and that some 1,200 kilometres of highways and local and regional roads were cleaned and 3.500 m³ of waste removed.

At various locations 210 waste bins were placed, the "Make It Clean" publication was published, and a web site is currently under construction.

Presentation of the

"Guide to Investment and Development in the Hospitality Industry of Montenegro"

The Ministry of Tourism, in cooperation with German Society for Technical Cooperation – GTZ, developed a "Guide to Investment and Development in the Hospitality Industry of Montenegro" and promotional brochures for current Greenfield sites planned for tourism development published in English. It is aimed to provide readily accessible information to prospective investors in Montenegrin tourism sector.

Given the fierce competition in the world capital market, Montenegro endeavours to offer facilities for investment in its hospitality industry. To that end, the new "Guide to Investment and Development in the Hospitality Industry of Montenegro" was promoted in "Podgorica" Hotel on Thursday 19th October this year.

Minister of Tourism, Predrag Nenezić, head of the GTZ Office in Montenegro, Thomas Waldruff and consultant at the Ministry of Tourism, Uwe Korupp presented the Guide.



On the occasion the Minister of Tourism Predrag Nenezić said that privatisation in tourism is going according to the plans. Early next year we will be able to say that the state is not a major shareholder in any of hospitality businesses in Montenegro. We are now to attract new Greenfield investments, the conditions for which have particularly been created with gaining independence, but also the stability of our economy.

GTZ Team Leader Thomas Waldruff, expressed his pleasure with the progress made in Montenegro when it comes to creating opportunities for investments in hospitality industry, and emphasised that the Guide may serve a one-stop-shop for investors and developers.

"Guide to Investment and Development in the Hospitality Industry of Montenegro" provides information for prospective investors on how to start a business, who to talk to, where to go and how to embark in the process. In Montenegro there are great opportunities for new investments in tourism not only at the Coast but also in the Central and Northern regions.

Noting that several investment models will be used, generating ever more interest, minister Nenezić highlighted that Montenegrin Government is to favour in future the joint venture models.

Privatisation Council Approved Lease Agreements for Three Montenegrin Hotels

The Privatisation Council of the Government of the Republic of Montenegro approved the proposed agreements for long-term lease of the hotels "Sveti Stefan", "Queen's Beach" and "Miločer".

Amanresorts owns some twenty luxury hotels and resorts in Indonesia, Thailand, Cambodia, USA, Morocco, the Philippines, Sri Lanka and France, with lowest rates of 800 dollars per night, and they have obliged to develop the hotels in Montenegro up to that level.

In the coming thirty year the Singapore-based company Amanresorts will manage the given hotels, for which it is to pay 10% of the turnover a year provided that this sum may not be lower than 2.1 million euros. These are the main provisions of the Lease Agreement that the Government of the Republic of Montenegro, HTP Budvanska rivijera and HTP Miločer, as hotel owners, signed with the Singaporean company.

It is expected that the Agreement is to be

signed by the end of this month at the latest, and Aman is to take over the property on 15th January 2007.

Aman is to invest at least 40 million euros into the hotels, involving the construction of the new Queen's Beach hotel. According to the project, the new Queens Beach is to be a five star hotel with 56 suites and 40 rooms, with intended construction of a wellness complex Aman Spa with amenities not previously seen in these areas.

ASSEMBLY OF MONTENEGRIN TOURISM ASSOCIATION

THE FIRST ASSEMBLY OF MONTENEGRIN TOURISM ORGANIZATION WAS HELD AT THE "QUEEN OF MONTENEGRO" HOTEL IN BEČIĆI ON 21ST OCTOBER.

TOURISM MAY PROVIDE A LONG-TERM AND SECURE EXISTENCE FOR TOURISM BUSINESS PEOPLE, THEIR FAMILIES AND ASSOCIATES, AND SECURE SAFE AND SUSTAINABLE DEVELOPMENT OF THE STATE. IN ORDER TO SEE PROPER TOURISM DEVELOPMENT IT IS NECESSARY TO HAVE COMPREHENSIVE COOPERATION. WISHES AND GOOD INTENTIONS ARE NOT ENOUGH. WE EXPECT FROM THE STATE TO CREATE LEGAL PRE-CONDITIONS FOR HEALTHY COMPETITION IN THE COUNTRY AND TO ENACT GOOD LAWS WHICH ARE BEING OBSERVED.



THESE WERE THE WORDS WITH WHICH BRANKO KAŽANEGRA, PRESIDENT OF THE MONTENEGRIN TOURISM ASSOCIATION (CTU) ADDRESSED THE PARTICIPANTS OF THE FIRST ASSEMBLY. THE FIRST ASSEMBLY, HELD UNDER THE MOTTO "LET US ENABLE AND CREATE SUSTAINABLE TOURISM DEVELOPMENT IN MONTENEGRO" WAS ATTENDED BY PREDRAŽ NENEZIĆ, MINISTER OF TOURISM, DOCTOR TOMAS SCHMITT, AMBASSADOR OF FR OF GERMANY TO MONTENEGRO, RADOŠ ŠUĆUR, DEPUTY MINISTER OF TRANSPORTATION AND MARITIME AFFAIRS AND RAJKO KULJAČA, MAYOR OF BUDVA.

THE KEY TO ATTAIN THE SET GOAL – CREATION OF A HIGH QUALITY DESTINATION – IS FOUND IN CLOSE COOPERATION OF THE PUBLIC AND DEVELOPING PRIVATE SECTOR AND CREATION OF PUBLIC-PRIVATE PARTNERSHIPS, SAID MINISTER OF TOURISM PREDRAŽ NENEZIĆ, ADDRESSING THE AUDIENCE. TO THAT EFFECT, THE MONTENEGRIN TOURISM ASSOCIATION, WITH WHICH THE GOVERNMENT AND THE MINISTRY PLACE HIGH EXPECTATIONS, WILL PLAY AN INCREASINGLY MORE IMPORTANT ROLE.

MINISTER NENEZIĆ REMINDED THAT THE PRIVATE SECTOR SO FAR HAS INVESTED 350 MILLION EUROS INTO MODERNISATION OF HOTEL COMPLEXES. GOVERNMENT INVESTMENTS IN PROJECTS AIMED TO ENHANCE TOURISM-RELATED INFRASTRUCTURE, INCLUDING AIRPORTS, ROADS AND TUNNELS, WATER AND POWER SUPPLY, ALREADY REACHED 250 MILLION EUROS AND ARE STILL INCREASING. MINISTER HIGHLIGHTED LACK OF QUALIFIED LABOUR AS ONE OF MAJOR IMPEDIMENTS TO TOURISM DEVELOPMENT. ACCORDING TO THE FORECASTS, BY THE YEAR 2016 THE NUMBER OF QUALIFIED FULL TIME JOBS WILL INCREASE TO 24,500.

AS KEY CHALLENGES FOR THE FUTURE, THE MINISTER HIGHLIGHTED FURTHER DEVELOPMENT OF THE MONTENEGRO BRAND AT THE RICH INTERNATIONAL MARKET, DEVELOPMENT OF QUALITY TOURISM INDUSTRY, THE INCREASE OF THE LEVEL OF PROFESSIONALISM AND HOSPITALITY, ENHANCING THE INFORMATION TECHNOLOGY AT THE INDIVIDUAL, LOCAL, REGIONAL AND NATIONAL LEVEL. THE CHALLENGE, HE SAID, ALSO INCLUDE THE ONGOING QUALITY ENHANCEMENT IN ALL THE SECTORS OF TOURISM AND ROAD INFRASTRUCTURE, INCLUDING FOOD SAFETY AND HEALTH. HE ALSO REMINDED THAT WE ARE TO FINALISE AND ADOPT THE SPATIAL PLAN OF MONTENEGRO AND DEVELOP MODERN HOTEL COMPLEXES AT ATTRACTIVE SITES.

THE CTU PRESIDENT BRANKO KAŽANEGRA EMPHASISED THE RELATION OF THE STATE TOWARDS TOURISM AND PROPOSED FOR ALL THE RELEVANT MINISTRIES, IN PARTICULAR THE MINISTRIES OF FINANCE, URBAN PLANNING AND ENVIRONMENTAL PROTECTION, AGRICULTURE, MARITIME AFFAIRS AND TRANSPORT, THE INTERIOR, AND CULTURE AND SPORT TO COORDINATE THEIR ACTIVITIES IN THE BEST INTEREST OF TOURISM. IN ADDITION, TO ESTABLISH A TOURISM COUNCIL THAT WOULD INVOLVE EMINENT INTERNATIONAL AND DOMESTIC EXPERTS IN VARIOUS FIELDS RELEVANT FOR TOURISM DEVELOPMENT. THE TASK OF THE COUNCIL WOULD BE, PRIMARILY, TO AVOID MISTAKES IN PLANNING AND IMPLEMENTATION OF DEVELOPMENT INITIATIVES.

THE DISCUSSION PARTICULARLY FOCUSED ON THE MECHANISMS AND ACTIVITIES TO CURB UNLAWFUL ACTIVITIES, IN PARTICULAR GREY ECONOMY IN TOURISM. THE ASSEMBLY ADOPTED THE CONCLUSIONS ON FUTURE ACTIVITIES, ESTABLISHED THE TIMEFRAMES AND DEFINED THE IMPLEMENTING AGENCIES FOR THE ACTIVITIES.