



Government of Montenegro  
Ministry for European Integration

**FACTUAL REPORT  
ON THE REALISED PROGRESS OF MONTENEGRO  
AFTER SUBMITTING THE ANSWERS ON THE QUESTIONNAIRE  
UNTIL 6 SEPTEMBER 2010**

**Podgorica, September 6, 2010**

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## Introduction

Montenegro is a potential candidate for membership to the EU. Its European perspective was reaffirmed by the Council in June 2006 after the recognition of the country's independence by EU member states. On 15 October 2007 Montenegro signed the Stabilization and Association Agreement (SAA) and Interim Agreement on trade and trade-related issues. The latter entered into force on 1 January 2008 until the SAA ratification was completed and has entered on 1 May 2010. The SAA will provide the contractual framework within which the EU and Montenegro will intensify their cooperation and take stock of developments in their relationship. The SAA marks a new qualitative stage in bilateral relations, implying significant new obligations and engagement. The SAA will be the core of bilateral relations.

Agreements between the EU and Montenegro on Visa Facilitation and Readmission entered into force on 1 January 2008. On 30 November 2009 the Council decided to lift visa requirements for the citizens of Montenegro (along with citizens Serbia and the Former Yugoslav Republic of Macedonia) with effect from 19 December 2009.

Montenegro was invited in NATO Membership Action Plan in December 2010.

Montenegro submitted its application for EU membership on 15 December 2008. On 23 April 2009 the Council decided to invite the Commission to prepare an Opinion on Montenegro's application. The Commission's Questionnaire was handed over to the Montenegrin government in July 2009 in Podgorica and Montenegro's replies to the Commission's Questionnaire were delivered on 9 December 2009 in Brussels. Replies on Additional Questions were submitted on April 12, 2010 (all answers are available on [www.questionnaire.gov.me](http://www.questionnaire.gov.me)). By that period, ten expert Missions, consists of representatives of Member states and EC, have visited Montenegro and prepared the reports.

## The first SAA Council and the first JLS SAA Sub-Committee

In the period February-July 2010, Montenegro organized meetings of all sub-committees following the monitoring of SAA implementation. The first meeting of **Stabilization and Association Council** was organized on June 14, 2010 in Brussels and **the First Sub-Committee on Justice, Freedom and Security** was organized on July 6, 2010.

### The SA Council highlighted<sup>1</sup>:

- **“the constructive role of Montenegro in maintaining regional stability and fostering good relations with other Western Balkan and neighbouring EU countries**, Montenegro's satisfactory cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and the continued active participation of Montenegro in various regional initiatives in South Eastern Europe, including the Central European Free Trade Agreement, the Central European Initiative, the Adriatic Ionian Initiative and the South East Europe Cooperation Process which are or will be presided over by Montenegro.
- The SA Council reviewed **developments related to the political criteria**. It noted that Montenegro has continued to make progress in addressing issues related to democracy and the rule of law, which are fundamental aspects of the political criteria for EU accession. The Constitution is on the whole implemented effectively. The EU welcomes the fact that parliamentary elections held in March 2009 met almost all OSCE and Council of Europe standards and the orderly conduct of municipal elections in May 2010.
- **The SA Council also reviewed progress on judicial reform**, which is a key European Partnership priority, noting that further progress has been made in Montenegro, notably regarding the adoption of a new Criminal Procedure Code, the functioning of the Judicial and Prosecutorial Councils and reductions in court case backlogs.

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<sup>1</sup> <http://register.consilium.europa.eu/pdf/en/10/st11/st11105.en10.pdf>

- **The SA Council supported the good progress achieved in enhancing the legal and administrative framework regarding efforts in the fight against corruption and organized crime.** The SA Council was informed by Montenegro of specific results which it had recently achieved in this field.
- The SA Council noted positively that in Montenegro **the legislative framework was already broadly in place on human rights and the respect for and protection of minorities**, in accordance with the Copenhagen political criteria.
- The SA Council was informed that Montenegro is committed to improving the efficiency of its **legal and institutional framework on anti-discrimination, on the fight against domestic violence as well as on social dialogue.**
- The SA Council welcomes **the good inter-ethnic climate in Montenegro** which is creating conditions for further progress in this area.
- **The SA Council welcomed the progress and efforts of Montenegro to become a functioning market economy.** It noted that the small and open Montenegrin economy was harshly hit by the global financial and economic crisis. It considers important the several measures taken in adjusting to a more balanced growth model - and encourages to continue in this vein - as economic diversification would mitigate the current risks of a large exposure to a limited number of sectors.
- Concerning public finance, the SA Council acknowledged that **improving the quality of public finances by restraining current public spending** while enhancing productive expenditures would strengthen the basis for future growth.
- The SA Council welcomed that Montenegro is aligning its legislation and capacity with European standards and implementing contractual commitments, in particular in areas such as **trade liberalization and customs.**
- The SA Council welcomes that Montenegro had implemented the Interim Agreement well and contributed to the **smooth functioning of the various joint institutions such as the Interim Committee and thematic Subcommittees.**
- The SA Council welcomed the holding of **the fourth Inter-parliamentary meeting between representatives of the European Parliament and the Parliament of Montenegro** in October 2009 advanced the parliamentary dimension of EU-Montenegro relations.
- The SA Council exchanged views on the developments in the Western Balkans. The SA Council noted that **Montenegro has aligned itself to 92,7%** of the EU's CFSP declarations in 2008, 95,8% in 2009 and **100% in 2010.** It expressed satisfaction about the upward trend.
- Montenegro informed the SA Council on activities concerning **the regional initiatives** it is presiding over, namely the Central European Initiative and the Adriatic Ionian Initiative. The EU warmly welcomes these efforts. It notes with great satisfaction that Montenegro will take over the chairmanship of the South East European Cooperation Process (SEECP) in a crucial moment when the SEECP will have to give political guidance to the implementation of the new strategy and work plan of the Regional Cooperation Council. It wishes Montenegro well in these endeavors. The SA Council fully supports efforts to rationalize regional cooperation and improve the efficiency of the RCC.
- The SA Council welcomes the establishment of **the Regional School for Public Administration (ReSPA)** in Danilovgrad and looks forward to its future operations<sup>2</sup>.

#### **Follow up after the first meeting of SAA Sub-Committee on Justice, Freedom and Security (Podgorica, July 6, 2010)**

On June 17, 2010, the Government of Montenegro adopted **the Framework Action plan** for fulfillment of obligation stemming from the SAA for 2010 (with 23 points). All line ministries were obliged to fulfil obligations within their competencies in defined deadlines, and in relation to this Action Plan. Ministry for European Integration was obliged to monitor implementation of the Action Plan and to report to the Government on **every session** until the end of July 2010 .

The main results are the following:

1. **Law on Protection of Discrimination** adopted by the Parliament in July 2010.
2. **Proposal Law on Ombudsman**, adopted by the Government on July 29, 2010
3. **Proposal Law on election of councillors and members of Parliament**, upon request of the Government of Montenegro, the Venice Commission drafted an expert opinion on the Proposal Law on the Election of Members of Parliament and the Members of Local Parliament (June 2010), which is to be taken into consideration in the process of finalizing the proposal Law in autumn 2010
4. **Law on electronic media**, adopted by the Parliament in July 2010

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<sup>2</sup>The first Meeting of RESPA Governing Board is scheduled for 24 September 2010 in Montenegro.

5. **Amendments to the Law on Electronic Communications**, adopted by the Parliament in July 2010
6. **Decree on exercise of rights of displaced persons from former Yugoslav republics and internally displaced persons from Kosovo residing in Montenegro**, adopted by the Government on July 8, 2010;
7. **Report on realization of remaining obligations in framework of Visa Liberalization**, sent to the European Commission on July 15, 2010
8. **Report on implementation of the judiciary reform**, sent to the EC on July 15, 2010 (implementation of Criminal Procedure Code and Criminal Code, initiative of the Government towards Parliament to amend the Constitution regarding appointment of State Prosecutors)
9. **Bilateral agreement on extradition with Serbia** – negotiations started in Podgorica on July 15, 2010
10. New **Strategy of fight against corruption and organized crime with supplementing Action Plan**, adopted by the Government session on July 29, 2010
11. **Report on implementation of the Law on Political Parties Financing**, sent to the EC services in package of documents in framework of preparing JLS Committee /June 28, 2010/
12. **Set of new financial regulations /Central Bank, law on banks, bankruptcy and liquidation, deposit protection, establishment of the Council for financial security/**, adopted by the Parliament in July 2010.
13. The first **Parliamentary committee for stabilization and association** is scheduled for 27-28 September 2010, in Brussels
14. **Establishment of the Council for cooperation between the Government and NGOs**, is in the process of final preparation on basis of the Decision on establishing Council for cooperation between the Government of Montenegro and NGOs, adopted in June 2010 and published in the Official Gazette of MNE, no 28/10.
15. **Regional Development Strategy** adopted by the Government on July 29, 2010
16. **Development document “Montenegro in XXI century – in the era of competitiveness“** is in final phase of preparation by Montenegrin Academy of Science and Arts /planned to be delivered to the Government in October 2010/
17. Second meeting of the **Commission for delimitation of the border line with Republic of Croatia on Prevlaka** was held in Dubrovnik, on July 8, 2010. Following consultations, next meeting is scheduled for October 2010.
18. **Displaced persons/Internally Displaced Persons, data:** Currently, 10,987.00 internally displaced persons from Kosovo reside in Montenegro. Also, in Montenegro are residing 5.785,00 refugees from the former Yugoslav republics. As regards statistics, up to 16 June 2010, the Ministry of Interior and Public Administration has received requests for granting permanent residence submitted by 113 displaced persons and 61 internally displaced persons, in accordance with the Law on Amendments to the Law on Foreigners. Out of that number, permanent residence has been granted to 26 persons thus far. DPs from Bosnia and Herzegovina and Croatia acquired the right to Montenegrin citizenship /according to the Law on Montenegrin Citizenship/ due to the fact that period of their residence in Montenegro with status of displaced person is acknowledged as period of permanent residence under the conditions that they did not acquire the identification documents from the country of origin. Till July 2010, **app 550 DPs** from these former Yugoslav countries acquired **Montenegrin citizenship**.
19. **Report about providing solutions for DPs and IDPs**, prepared by the Coordination Committee for monitoring the implementation of the Action Plan, is sent to the EC on 28 June 2010
20. According to **the Law on Montenegrin Citizenship** (harmonised with The European Convention on Nationality), Government of Montenegro adopted in June 2010 **the Decision on the criteria for establishing scientific, commercial, economic, cultural and sport interest of Montenegro for acquiring Montenegrin citizenship through admission**. This decision stipulates the criteria based on which a person can acquire Montenegrin citizenship through admission because of special significance for scientific, commercial, economic, cultural and sport interest of Montenegro. Based on this Decision, Ministry of Finance has prepared in August 2010 **Draft Instruction on Application of criteria based on which the existence of Commercial and Economic interest of Montenegro is assessed for acquisition of Montenegrin citizenship by admittance**, and sent it on commenting to the European Commission.
21. **DEFAMATION /COURT STATISTICS/:**
  - **In the period 2004-09**, number of **cases/criminal proceedings against media and journalists** was 48 /12% out of total number of defamation cases reported/. Total 30 cases /out of 48/ is solved – 17 acquittal decisions, 7 suspended procedures and 6 judgments of guilty decision with fine. Total fine in these six cases amounted 18,000 €.

- **Civil proceedings for compensation of non-pecuniary damage** for the suffered emotional distress due to the violation of reputation, rights and honor **against journalists and media houses upon claims lodged in 2005 - 2009 – total 69 claims** were lodged with total claimed amount of 13,3 mil €. **Total 50 claims were solved** – in 20 cases claim request was withdrawn, in 15 cases claim request was rejected, one claim request was dismissed, and 14 claim requests were accepted. Total awarded amount upon claim requests is **108,000 €**.
- **In the period January – May 2010:** only **one new case**/criminal proceeding against media and journalists was reported in this period. Total unsolved 18 cases against media from period 2005-09 are in court procedure.
- **In the period January – May 2010:** Total number of **civil proceedings for compensation of non-pecuniary damage** - total in procedure 30 cases from previous years and 3 cases from 2010.
- **Law on amendments to the Criminal Code** /May 2010/ introduced new security measure of **publication of judgment** if the court assesses that imposing such measure is sufficient to achieve general purpose of criminal sanctions /instead of imposing fines as alternative/

## 22. COURT STATISTICS – CASES AGAINST CORRUPTION

- **December 2009** - Before basic and high courts in Montenegro, on 31.12.2009, there were total of **585 criminal cases with elements of corruption** from 2009, and previous years. Out of that number, 499 cases are solved, out of which 231 with judgment of guilty sentence, 199 with suspended decision, 55 with dismissal decision and 14 with rejection of accusation.
- **In 390 cases sentences are into effect.** Courts brought sentences into effect for cases from 2005 and previous years (262 cases against 346 persons), than for cases from period 2006-09 also under competencies of basic courts (121 cases against 139 persons), as well as for cases under competencies of Department for fight against organized crime, corruption, terrorism and war crimes (7 cases against 7 persons). Out of this number courts brought judgment of **guilty decision in 117 cases** (107+64+6) **against 195 persons** (123+66+6), out of which in 53 cases (27+20+6) against 57 persons (31+20+6) imprisonment sentences were received. In other cases proceedings upon legal remedies are in progress. There are 86 unsolved cases.
- **There were total of 380 investigative cases with elements of corruption** (out of which 35 cases under competencies of Special Prosecutor). Out of that number **278 cases were solved** (out of which 32 cases under competencies of Special Prosecutor). Investigation is ongoing in 102 cases (out of which 3 cases under competencies of Special Prosecutor).
- **Data for five months of 2010 is delivered to the EC**
- **Some cases of high-level corruption:**
  - a) case “**Judge Grujić**”, **president of Basic Court Kolašin indicted for criminal act of abuse of official position** - accused Grujić, in period December 2000- 2004, failed to perform surveillance over work of court registry, which resulted with absolute course and interruption of prosecutions barring by limitation in **five crime case** /it caused major violation of other persons’ rights/. In such manner, Grujić violated provisions of the Law on Courts and Rules of Procedure. Judgment of guilty decision was pronounced in this case, and Grujić was sentenced to **imprisonment not exceeding one year**. **Vuković Slobodan** archivist in court, purposely failed to deliver appeals to the High Court for proceeding, which led to absolute course and interruption of prosecutions barring by limitation, which disabled damaged parties to exercise their rights. In that sense, he committed criminal **act of abuse of official position** /Art 416, para 1 of CC and Art 71 of Amended CC/. He was found guilty and **imprisonment /2 years/** was imposed.
  - b) “**Judge Arif Spahić**” case, **judge of the High Court in Bijelo Polje, accused for passive bribery for longer period of time** - as judge of the High Court in Bijelo Polje, requested and received money from third party in amount of 18, 500 €. He was, in case in question, Court Council President – Judge. He found guilty on the first-instance, and imprisonment of seven years was imposed in July 2010. Appeal procedure is underway.
- **Few cases of high-level corruption are in final phase of the investigation procedure** /Land Registry Administration, Construction Inspection, Custom service and Border Police officers, etc/
- **Montenegro established The Joint Investigation Team /JIT/ on 19 February 2010.** The Supreme Public Prosecutor of Montenegro signed the Agreement on Establishment of the Team with directors of the following institutions: Police Directorate, Tax Administration, Administration for Prevention of Money

Laundering and Terrorism Financing and Customs Administration. The joint investigation team is **coordinated by the Special Prosecutor** or his/her Deputy, upon the authorisation of the Special Prosecutor, and it is composed of representatives of all signatories. JIT was provided with premises of 110 m<sup>2</sup> which is technically equipped for conducting interrogations.

- **Activities of Joint investigative team until 1 September 2010** – JIT has carried out investigation in two cases, whereas the investigation is completed in one case. Following completed investigation, on 24 August 2010, indictment was announced against **21 persons**<sup>3</sup> for committing following criminal acts – abuse of official position and induces to abuse of the office, active and passive bribery, so as smuggling, removing and violation of the official seal and memorandum. State prosecutor proposed detention for **12 indicted persons**.
- **The new Criminal Procedure Code is entirely applied as of August 2010 by the Special Section for the Suppression of Organised Crime, Corruption, Terrorism and Crimes of War**, i.e. the part of the prosecutorial organisation under whose real jurisdiction is the heaviest crime.

#### 23. COURT STATISTICS – CASES AGAINST ORGANIZED CRIME

- **December 2009** - There were total of **34 of organized crime cases**. Out of that number, **23 cases were solved**, out of which 20 with judgment of guilty decision, 2 with suspended decision and in one case procedure was dismissed.
- **In 12 cases sentence is into effect against 59 persons**. In other cases, proceedings upon legal remedies are in progress. There are 11 unsolved cases.
- **There were total of 40 investigative cases** with elements of organized crime. Out of that number, **38 cases are solved**. There are two unsolved cases
- **Three-Party Commission** took a stand that evident progress has been achieved in solving cases with elements of corruption and organized crime. In order to improve efficiency and accuracy, Three-Party Commission indicates the need for more professional financial expert investigators and continuous training for all institutions involved in identifying, prosecuting and sentencing these cases.
- **Data for five months of 2010** - **In additional 7 cases sentence is into the effect against 45 persons**. I.e. total number of solved cases is 19 against 104 persons.

#### 24. REDUCTION OF BACKLOGS / DATA

##### OVERVIEW: TRENDS IN REDUCTION OF BACKLOG CASES<sup>4</sup>

TOTAL OF CLOSED BACKLOG CASES AT ALL COURTS IN MONTENEGRO – status December 31, 2008				
All courts in Montenegro	Unclosed cases on 31.12.2007.	TOTAL OF CLOSED BACKLOG CASES OF 2007 AND PREVIOUS YEARS	PERCENTAGE OF DECREASE OF BACKLOG CASES on 31.12.2008.	Unclosed backlog cases on 31.12.2008.
<b>TOTAL:</b>	<b>53.624</b>	<b>35.533</b>	<b>66,26%</b>	<b>18.091</b>
TOTAL OF CLOSED BACKLOG CASES AT ALL COURTS IN MONTENEGRO - status December 31, 2009				
All courts in Montenegro	Unclosed cases on 31.12.2008.	TOTAL OF CLOSED BACKLOG CASES OF 2008 AND PREVIOUS YEARS	PERCENTAGE OF DECREASE OF BACKLOG CASES on 31.12.2009.	Unclosed backlog cases on 31.12.2009.
<b>TOTAL:</b>	<b>44.726<sup>5</sup></b>	<b>34.081</b>	<b>76,19%</b>	<b>10.645</b>
TOTAL OF CLOSED BACKLOG CASES AT ALL COURTS IN MONTENEGRO - status May 31, 2010				
All courts in Montenegro	Unclosed cases on 31.12.2009.	TOTAL OF CLOSED BACKLOG CASES OF 2009 AND PREVIOUS YEARS	PERCENTAGE OF DECREASE OF BACKLOG CASES on 31.05.2010.	Unclosed backlog cases on 31.05.2010.
<b>TOTAL:</b>	<b>38.159<sup>6</sup></b>	<b>17.337</b>	<b>45,43%</b>	<b>19.822</b>

<sup>3</sup> Out of 21 persons – 15 persons are officials /Customs Administration – 11 persons, Police Directorate – 3 persons, Phytosanitary Administration – 1 person. Six indicted persons are citizens that were involved in active bribery.

<sup>4</sup> The Fourth and the Sixth National Commission Report (February 2009 and March 2010);

<sup>5</sup> 18, 091 unsolved cases from 2007 and previous years + 26, 635 cases from 2008 = 44, 726 cases

<sup>6</sup> 10, 645 unsolved cases from 2008 and previous years + 38, 159 cases from 2009 = 38, 159 cases

## Measures undertaken in order to reduce number of backlogs in Montenegrin courts:

- Delegating of cases from courts that were overburden into the courts with less number of cases and which solved them in due time;
- Allocation of judges from courts that achieved necessary promptness into the courts with large number of cases,
- Introducing the working hours on Saturdays; court decisions are adopted on Saturdays;
- Work after working hours /extraordinary working hours/,
- Engagement of experts – retired judges of the Supreme Court, who assisted regular judges to process court decisions;
- Full implementation of the Law on protection of trial in reasonable period,
- Adoption of new Rulebook on orientation measures, with increased norm of number of completed cases per bearer of judicial function;
- Amended court Rules of Procedure by registering old court cases /backlogs/, taking care of the fact that day when the claim is lodged and the day when the request for opening of investigation is submitted, as well as all cases in which the court procedure exceeded two years were in red envelope, which made them priority in solving;
- Adoption of new decision on number of judges, which determined higher number of staff, i.e. court judges in Supreme, Appellate and two High Courts;
- Functioning of Judicial Council in full capacity, with assuming the competencies determined by the Constitution and law, and election of judges moved out from the Parliament, so that procedures are completed within 40 days, which is fast and qualitative manner for fulfillment of vacant judge positions;
- Initiating of disciplinary procedures, temporary suspending of judges, dismissal of judges, and increase of responsibility of judges on the higher level;
- All bearers of judicial function and experts were granted money awards for engagement after the regular working hours, and allocated judges were also granted money award,
- Improved material position of judges, which strengthened their economic independence, as personal incomes were increased for more than 40 % in mid 2008.

## POLITICAL CRITERIA

### Parliament

#### The Parliament of Montenegro – key developments during the 24<sup>th</sup> Convocation, with focus on 2010

**Parliament sessions** - Twenty-three (23) ordinary sittings of the Parliament of Montenegro were held during the 24<sup>th</sup> Convocation of the Parliament<sup>7</sup> (92 plenary working days), in which 260 enactments were passed in total, among which the greatest number of laws: 175 Laws (82 in 2009 and 93 in 2010), 68 Decisions (51 in 2009 and 17 in 2010), 14 Conclusions (nine in 2009 and five in 2010) and three other enactments. During the reporting period, five sessions included periods reserved for posing question to the Prime Minister (Prime Minister Hour) and other members to the Government (Question Time).

**Meetings of the working bodies** - During the period from the beginning of the 24<sup>th</sup> Parliament's work to 1<sup>st</sup> September 2010, 274 meetings of the working bodies were held, lasting 339 days in total. During the reporting period, 1,200 agenda items were considered, of which 558 law proposals and 2,349 submitted amendments.<sup>8</sup>

During the reporting period, the new Parliament has achieved its objective to move the discussion focus from the Plenum to the working bodies, which contributed to the discussion quality at both levels and to a higher effectiveness and shorter duration of the plenary sessions.

<sup>7</sup> From 23<sup>rd</sup> April 2009, when the constitutional sitting of the new Parliament Convocation was held, which consists of 81 MPs.

<sup>8</sup> Detailed overview of the Parliament and working bodies' meetings is presented in the table enclosed as an Annex to this document.

Substantial characteristics of the performance of the 24<sup>th</sup> Parliament relate to strengthening of the **control function** through various mechanisms. During the Prime Minister Hours and Question Time, 28 questions have been posed to the Prime Minister and 326 to the Government and individual ministers. Significant increase in the participation of ministers in the working bodies' meetings was reached as well. In addition to the fact that ministers are mainly present as law proposers, committees invite ministers more often to provide information and clarifications concerning current issues of interest to MPs. While considering annual performance reports and plans of independent agencies and other institutions, committees pose questions also to the representatives of such institutions.

Besides, the number of control and consultative hearings was increased – four control hearings and 11 consultative hearings were held during this Convocation. For example, minister of justice was invited for **the control hearings** regarding international and regional cooperation in criminal matters, director of National Security Agency answered to MPs questions at two control hearings before the Security and Defense Committee, and there was also a control hearing of the minister of education by the relevant committee. Consultative hearings have been organized by several committees on different issues: minister of foreign affairs was heard two times, on foreign policy priorities and current issues; several consultative hearings of minister of EI included EI issues, mainly concerning the EC Questionnaire, and one of those hearings was organized as a joint meeting of the Committee on international relations and EI and the National Council for EI; current issues related to virus A1H1 was a theme of three consultative hearings of the minister of health at the relevant committee; representatives of other institutions and organizations were also invited for consultative hearings, such as trade unions, regulatory agencies, NGOs, etc.

In addition, certain progress was made in scheduling the Parliament sessions and its working bodies' meetings, as much as possible, taking into consideration the number of law proposals presented to the Parliament and the spatial limitations in the very Parliament of Montenegro building. However, the improvement in such scheduling is still a priority.

Very important to the improvement of both the Parliament performance and the conditions for accomplishing its functions was the adoption, in July 2010, of **the Law on Amendments to the Budget Law** (Official Gazette of Montenegro, No. 49/10) and **the Law on Amendments to the Law on Civil Servants and State Employees** (Official Gazette of Montenegro, No. 49/10), which were put forward by MPs. As a result of adopting the said Laws, the Parliament improved two very significant elements required for an undisturbed functioning of the legislative branch, i.e. financial and administrative autonomy<sup>9</sup>.

A significant step forward in terms of transparency of Parliament's work was made with **the introduction of live streaming** on June 15<sup>th</sup> 2010, i.e. of the live broadcast of the Parliament sessions and a part of working bodies' meetings, by which a direct insight in the operations of Parliament and of its working bodies has been ensured - with 2,013 visits recorded already in the first 15 days. In such manner, direct transmission of Parliament sessions is ensured for all interested TV stations. In addition, the new **Parliamentary Web Portal** was launched on March 3<sup>rd</sup> 2010, to which the regular uploading of documents under the column titled News was completed by September 2010, with 870 pieces of information. It contains all agendas, reports and minutes of all working bodies, including all draft laws and adopted laws.

**Working Group on Electoral Legislation Drafting** - Parliamentary Multiparty Working Group on Electoral Legislation Drafting, established in June 2009, after 16 meetings, completed its work on July 23<sup>rd</sup> 2010, **Proposal Law on Amendments to the Law on Election of Members of Parliament and Councilors**. This Law is scheduled to be considered by the Parliament on **21<sup>st</sup> September 2010**.

**National Council for the European Integrations** - In August 2009, the 24<sup>th</sup> Parliament approved also the Decision on the Election of Chair, Deputy Chair and Members of the National Council for the European Integrations. The Chair was elected from the rank of the Opposition, whereas the Council comprises 28 members, including the representatives of universities, judicial authorities and non-governmental organizations.

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<sup>9</sup> List of adopted legislation in 2010 is given in **Annex II**

**International cooperation** - Upon entering into force of the Stabilization and Association Agreement between the European Communities and Montenegro, pursuant to Article 125 of the Agreement, the Cabinet of the Speaker of Parliament of Montenegro, on June 1<sup>st</sup> 2010, passed the Decision on Appointing Members of the Parliament of Montenegro to the Parliament of Montenegro and the European Parliament's **Parliamentary Committee on Stabilization and Association**. In addition to that, the Secretariat was set up in the Parliament of Montenegro, the role of which is to deliver better professional and technical support to the Montenegrin members of the Committee, as well as to provide for more intensive communication with the European parliament. In order to ensure the best possible preparation for the first meeting and acquainting with the usual procedures, two members of the Secretariat had a meeting, in late July 2010, with the representatives of the European parliament in Brussels, in which, among other things, an amendment to the draft agenda proposed by the Montenegrin party was welcome. The establishment of the first joint permanent working body of the Parliament of Montenegro and the European Parliament may be considered as the beginning of a period in which the Parliament of Montenegro will have a more significant role in the European integrations process.

A comprehensive examination of experience and models of the role of parliaments in the current member states of the EU and the candidate countries for the EU membership is underway in the Parliament of Montenegro. Efforts are invested in having both MPs and Parliamentary Administration presenting diverse experience in direct contacts with the representatives of such countries, within **Twining Project IPA 2007** implemented with Slovenian Administration, in bilateral cooperation with parliaments of other countries, or through other projects so that the Parliament of Montenegro is able to make an informed decision on identifying the most appropriate model for its role in the accession negotiations.

During the reporting period and within the framework of bilateral cooperation with other countries and parliaments, visits and meetings of representatives of the Parliament of Montenegro and numerous delegations and officials took place, including those with international organizations. In March 2010, the Parliament of Montenegro became a member of **the Euro-Mediterranean Parliamentary Assembly** (EMPA), Parliamentary Dimension of the Union for the Mediterranean, which was set up with the aim to promote the cooperation among the EU member states and the countries of the Mediterranean countries.

In June 2010, the Speaker of Parliament of Montenegro Ranko Krivokapić opened the first national consultations with politicians, concerning the Initiative to Set Up a Regional Commission to Establish the Facts on War Crimes and Other Severe Violations of Human Rights in the Territory of the Former Yugoslavia (**REKOM**).

On July 9, 2010, on the occasion of the first anniversary of passing of the Declaration accepting EU Parliament Resolution on Srebrenica, the President of Parliament of Montenegro Ranko Krivokapic opened the exhibition titled "Mass graves in Bosnia and Herzegovina". The exhibition included 70 original black and white photos and rarely seen material gathered during the excavation of mass graves in BiH. Montenegro is the first country in the Region, whose national parliament adopted the Declaration accepting EU Parliament Resolution on Srebrenica and the first one organizing such exhibition.

**Regional initiatives** - During the period of 2010-2011, Montenegro chairs over three important regional initiatives, including also their Parliamentary Dimensions:

**Central European Initiative – CEI**; Montenegro's presidency of the oldest regional initiative in Central and South-East Europe covers the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2010. Up to now, the meeting of the Parliamentary Committee of the CEI Parliamentary Dimension was held in Cetinje on April 26<sup>th</sup> 2010, taking the form of the Cetinje's Parliamentary Forum. The topic of the meeting was The Role of Parliament in Fighting Corruption and Organized Crime. At the end of the session, the participants adopted the Final Declaration. As for the future activities, the most important one is the autumn session of the CEI Parliamentary Assembly, planned for October/November 2010.

**South-East Europe Cooperation Process (SEECP)**: Montenegro presiding of the South-East Europe Cooperation Process is from June 2010 to June 2011. Within the framework of Montenegro's presidency of the Parliamentary Dimension of the South-East European Cooperation Process (SEECP), the Parliament of Montenegro has planned to arrange a summit of the SEECP speakers of the parliament in May or June 2011.

**Adriatic-Ionian Initiative (AII)**: Montenegro's presidency of the Adriatic-Ionian Initiative has been lasting since June 2010 and will end in May 2011. Parliament of Montenegro has been planning, within the framework of the presidency of the AII, to arrange a meeting of the AII speakers of parliaments. Such summit is usually organized prior to the end of the presidency of SEECP, which could be April or May 2011.

**Cetinje parliamentary forum** - Between April 2009 and September 2010, the 9<sup>th</sup> and 10<sup>th</sup> Cetinje Parliamentary Forums were held, which is an autochthonous regional initiative of parliamentary cooperation between South-East European countries on European integrations, established in 2004, with aim to promote cooperation and transfer of know-how and to enhance parliamentary cooperation and diplomacy in the region. About 500 Parliamentarians participated in the Forum up to now.

The 9<sup>th</sup> Cetinje Parliamentary Forum and the meeting of the Parliamentary Dimension of Central European Initiative, titled The Role of Parliaments in Fighting Corruption and Organized Crime, were held on 25<sup>th</sup> - 27<sup>th</sup> April 2010. The Conference was opened in Cetinje by the Speaker of the Parliament of Montenegro Ranko Krivokapić, in the presence of the representatives of 13 CEI-PD member countries with the current-year presidency of Montenegro, as well as of the representatives of important international organizations.

The 10<sup>th</sup> Cetinje Parliamentary Forum, titled Women, Peace and Security and dedicated to the enforcement of the UN Security Council Resolution 1325, was held on 21<sup>st</sup> and 22<sup>nd</sup> June 2010 in Cetinje. Within the framework of the 10<sup>th</sup> Cetinje Parliamentary Forum, the Third OSCE Regional Meeting of Women-Parliamentarians on the theme of Regional Review of the Enforcement of UN Security Council Resolution 1325 was also held.

### **Parliament's capacity strengthening**

On September 1<sup>st</sup> 2010, the Parliament Administration employed 95 staff total, of whom 73 civil servants and state employees and 14 trainees.

**The new Rulebook on Internal Organization and Systematizing of the Parliament Administration** was adopted on 9<sup>th</sup> July 2010. The basic reason to amend the document on internal organization and job classification was the need to strengthen the Parliament Administration in order to enable it in the sense of organization and human resources to deliver as professional and better support as possible to Deputies, particularly having in mind an increasingly important role of the Parliament in the country's European integrations process. The new Rulebook defines a reorganization of some organizational units, while establishing several new ones – such as the Unit for Video Recording and Broadcasting the Parliament Sessions, Internal Audit Unit and Bureau for Public Procurement. In addition, job descriptions for civil servants that will manage classified data were adjusted to the Data Secrecy Law and to the related secondary legislation. The new Rulebook established the Department of Research, Analysis, Library and Documentation within the Sector for Research, Documentation, and Information Network, including increased number of staff, in line with already started activities for strengthening documentary and research function of the Parliament.

The new organizational structure of the Parliament Administration and the Rulebook were prepared in cooperation with the experts from the **Westminster Foundation for Democracy** within the project on support encompassing also drafting the Training Plan and the Human Resources Development Strategy. During the preparation thereof, opinions and suggestions given by the National Democratic Institute within the multi-annual support program of this institution were used, as well.

### Most important developments and activities in strengthening the capacities of the Parliament Administration in 2010

- The practice that the Secretary should give professional opinion on each agenda item was established; precise deadlines for drafting minutes of working bodies' meetings per agenda items were set; formats of monthly, semi-annual and annual performance reports of secretaries and managers of organizational units were defined;
- The staff providing support to working bodies is significantly strengthened and there is between two and seven employees for each body, depending on its scope of work, compared with last year when the most part of bodies had only one staff member.
- The practice that the Secretary General submits Report on Funds Engagement on semi-annual basis, which is publicly available.
- The Parliament launched an initiative for getting a license for Eurovoc Thesaurus – Letters were sent to the relevant European Union institution, for providing database in the appropriate format.
- Pilot project for introducing information system, which will ensure an access to parliamentary documents and monitoring their implementation per stages, is underway.
- Drafting new rules of procedures in several key Administration segments is underway. And mainly along with an expert support from Slovenian experts within Twinning Project titled Legislative Approximation; the rules will ensure delivering an effective and professional support in doing their legislative and control roles:

- Rules of the Registry Office Function, i.e. of the procedures for managing documents provided to the Parliament, as well as accompanying enactments;
- Classification Plan, which determines classification and filing the parliamentary documents as per their respective contents, based on Negotiating Chapters, which will contribute to an effective and timely preparation of MPs for the negotiations with the EU;
- Internal enactments, which will contribute to an effective functioning of the Department of Research, Analysis, Library and Documentation within the Research, Documentation, and Information Network Sector, including the Rulebook on the Department Functioning, and standards and principles relevant to librarian and documentation related activities. It is being planned to draft also documents concerning research activity of the Parliament, by which will define rules of operations in this field.

Most important activities for strengthening **the research function** of the Parliament include the following:

- Entering into an informal consortium with the University of Montenegro has ensured an access to **EBSCO database**, which is electronic source of information of an immense importance to the modernization of the library functioning and for launching research centre functions.
- In February 2010, the Parliament of Montenegro appointed a correspondent in charge of cooperation with **the European Documentation and Research Centre (EDRC)**, which is an important step forward to the modernization of functioning of this segment of the Support Service and is regarded as ensuring an access to one additional information-abundant source. Data gathered by means of the network has already been used as a background during drafting the rationale for the Proposal Law on Amendments and Supplements to the Budget Law and the Proposal Law on Civil Servants and State Employees, the significance of which was presented in the foregoing text. A very successful cooperation with colleagues belonging to related support services of parliaments of the neighboring countries (such as Bosnia and Herzegovina, Croatia, Slovenia and Serbia).

In early May, the Department started drafting daily review of news coming from the European Union institutions, which are disseminated, by electronic mail, to all Deputies and staff in the Parliament. The research staff has already completed first research papers and will continue with developing more documents of this kind to serve as important support in parliamentary operations. A substantial attention is paid to the human resources development, professional advanced training in the Support Service of the Parliament, via a variety of trainings. Thus, during the reporting period, the staff of the Support Service of the Parliament of Montenegro participated in 97 trainings total, all arranged in cooperation with national and international institutions or by the Human Resources Authority.

Between January 1<sup>st</sup> and September 1<sup>st</sup> 2010, the staff in the Administration of the Parliament of Montenegro participated in 49 trainings total, attended by 313 employees. Out of the this number, 23 trainings were arranged by the Human Resources Authority, whereas 26 trainings were organized in cooperation with national and international organizations (such as **Twinning Project, OSCE, European Parliament, NDI, EBSCO Publishing Company, etc**) and in the form of regional workshops, study visits and seminars.

Having in mind the significance that trainings have for a further advancement, **the Training Plan** was defined for the period ranging from September 2010 to April 2011. the said Schedule, which was developed in cooperation with the Westminster Foundation for Democracy, provided for the training in a variety of fields, whereas an accent was put on improving the knowledge and skills of Deputies for the purpose of a more effective delivering their respective functions in financial control and developing communication skills.

**Cooperation with international organizations** - Strengthening the role of the Parliament and improving the effectiveness of MPs is one of the basic goals of the Parliament and is of an immense importance to a democratic development of the country on the whole. The significant support to the Parliament in reaching those goals is delivered by international organizations. Projects started in previous years have been efficiently continued during 2009 and 2010, and, among new projects, the most important ones are within Twinning Project and cooperation with WFD:

**Twinning Project:** During 2010, the implementation of Twinning Project titled Legal Harmonization has been continued, in which the Parliament of Montenegro is a beneficiary of the Fourth Component. Within the framework of the said Project, a support for improving the system of document management in the Parliament of Montenegro was delivered, the system already being in place and encompassing the classification and processing and maintaining and usage of documents

arriving to the Parliament, whereas primarily of parliamentary enactments, as well as the establishment of the Research and Documentation Service and the information system solution supporting the legislative procedure undertaken in the Parliament. The support delivered under the said Project has been ensured also to the working bodies of the Parliament, and primarily in the area of the European Integrations, legislation and budgeting.

**Westminster Foundation for Democracy:** In May 2010, the Speaker of the Parliament of Montenegro Ranko Krivokapić and Executive Officer of the Westminster Foundation for Democracy Mrs. Linda Duffield signed the Memorandum of Cooperation between the Parliament of Montenegro and the Foundation, which provides for a development and strengthening administrative capacities of the Montenegrin Parliament. The implementation of the activities agreed with the Westminster Foundation has been carried out within the planned deadlines. One of the results of the support delivered by the Westminster Foundation experts is drafting the Rulebook on Internal.

Among **cooperation with local civil sector**, the cooperation with Centre for Development of Non-Governmental Organizations (CRNVO) should be emphasized: In cooperation with the CRNVO, the Project titled Improvement of Cooperation between Civil Society and the Parliament of Montenegro has been implemented along with a support delivered by USAID/ORT. The major activity planned under the Project was the development of database of NGOs, trade union organizations and individuals, which was developed and installed in the computers in the Parliament of Montenegro, enabling access to all the data of non-governmental organizations. Also in cooperation with CRNVO and within the Project titled Strengthening Cooperation Between Organizations of Civil Society and the Parliament of Montenegro, which is co-funded by the European Union and managed by the Delegation of the European Union to Montenegro, the Working Group on Developing Draft Memorandum of Cooperation Between the Parliament of Montenegro and Civil Society Organizations Dealing with Democratization and Human Rights protection was established. A part of the Project was also one-day seminars for all MPs, on Participation of Citizens in Drafting and Implementing Public Policies – the Role of the Parliament.

### **Human Resource Authority**

The Government of Montenegro adopted the Rulebook on internal organization and classification of jobs of the Harbour Master's Office and the Public Property Administration. The procedure of employment of public servants and employees in the mentioned bodies is carried out by the Human Resource Authority.

The Human Resource Authority in cooperation with the Ministry of Interior and Public Administration with the support of the SIGMA and DSSR Norwegian project and home experts has finished the work on drafting the Policy Paper for drafting the future Law on Public Servants that contains new norms in line with the EU practice.

Great number of servants has attended trainings which the Human Resource Authority carried out in cooperation with SIGMA (support to the improvement of the public administration in the countries of central and eastern Europe), EIPA (European Institute for Public Administration), ReSPA (Regional School for Public Administration), INWENT (German Organisation for Capacity Development) on the topics which are important and contribute to the process of European integration. Realised trainings have covered the fields of the fight against corruption, public procurement, public relations, management and negotiation relations of central and local authority, management of projects financed from EU funds as well as the topics from the area of EU and NATO.

**HRIS – Human Resource Information System** – In the period from April 2010 to August 2010 there have been 2 trainings (28 April and 21 June) for working on the application for the Central Human Resource Records for 12 attendants, representatives from 10 public bodies.

The application is being constantly upgraded; new reports are made upon requests of users, every day contacts with the HRIS users and ad hoc removal of technical problems. Currently, there are 3745 employees in the HRIS data base.

**ReSPA - RESPA** Agreement entered into force in August 2010. Training programme for public servants from the region for 2010 has been drafted, and it shall be realised in ReSPA training centre in Danilovgrad.

During eight months in 2010, there have been 15 ReSPA trainings for public servants and employees from the region. The building in Danilovgrad is fully equipped.

After the meeting of the Governing Board on 23-24 September 2010 in the training centre in Danilovgrad, besides ReSPA's trainings there will be other forms of international trainings for the purpose of strengthening of regional cooperation.

## **Refugees and displaced persons**

- On the session held on 8 July 2010, the Government of Montenegro adopted the **Decree on the manner of realisation of rights of displaced persons from former Yugoslav republics and internally displaced persons from Kosovo who reside in Montenegro.**
- By means of Article 8 of the Law on the Improvement of Business Environment, adopted on 9 July 2010, the changes have been made in the Law on Administrative taxes, so that displaced and internally displaced persons have facilitated access to the status of a foreigner with permanent residence. Administrative taxes for issuing identification documents for foreigners, for temporary residence up to three months, for temporary residence over three months, for the prolongation of temporary residence and for the permanently residing have been reduced, as well as for issuing working licence for foreigners, namely for: personal working licence, employment licence and the licence for work.
- According to the records of the Refugee Care and Support Office of the Government of Montenegro, from the beginning of 2010 until today the right to voluntary return was used by **120 persons**, whereas from April 2010 until today this right was used by **27 persons**.
- Preparations for the return of **31 internally displaced persons (5 families)** to the municipality of Peć, for whom housing facilities were built/adapted is in progress.
- From the beginning of implementation of the Law on Amendments to the Law on Foreigners since 7 November 2009 until 24 August 2010, the Ministry of Interior and Public Administration received requests for the approval of permanent residence in line with the Law on Amendments to the Law on Foreigners from 164 displaced persons and 125 internally displaced persons, whereas so far, decisions on residence approval has been issued for 66 persons. Six displaced persons and one internally displaced person submitted a request for the approval of temporary residence.
- In line with the Law on Foreigners, 63 foreigners' identification documents were issued so far.
- **Internally displaced persons interested for the return to Kosovo** - the Refugee Care and Support Office in cooperation with the Danish Council for Refugees and the UNHCR runs a survey of persons interested for the return to Kosovo. In this year 168 internally displaced persons (28 families) expressed the willingness to return, 117 of them to the Municipality of Peć (20 families), 51 person to the Municipality of Đakovica (8 families). The return of these persons is conditioned by the allocation of land for the construction of houses in the land of origin, since these persons do not have any property in Kosovo. So far, the Municipality of Peć has allocated 16 parcels for the potential returnees from Montenegro.

## **Readmission**

- In Podgorica, on 23 June 2010, ministers of interior of Montenegro and the Republic of Austria have signed the Protocol between the Government of Montenegro and the Government of the Republic of Austria on the implementation of the Agreement between the Republic of Montenegro and the European Union on readmission of persons without residence permit.
- Drafting of the Law on Ratification of the Agreement between the Government of Montenegro and the Council of Ministers of Montenegro on the Return and Admission of Persons Whose Entry and Residence is Illegal is in Progress.

## **Asylum**

- **The Rulebook on the manner of realisation of health protection of persons seeking asylum, persons with recognised refugee status, persons who were granted the additional protection and persons who were granted a temporary protection** was adopted in June 2010.
- In April 2010 one person has submitted the application for seeking asylum.

## **BILATERAL RELATIONS**

### **Republic of Italy**

- Italian Foreign Minister Franco Frattini visited Montenegro during the CEI ministerial meeting where he met with Foreign Minister M. Rocen (15 June 2010)
- Minister of Foreign Affairs M. Rocen participated in the meeting of Foreign Ministers of the Member States of the Adriatic-Ionian Initiative, where Montenegro has assumed the Adriatic-Ionian Initiative leadership (4-5. May 2010 in Ancona)
- As for the environment, conference entitled "Montenegro-Italy: cooperation towards sustainable development" was organized in which a five-year results of bilateral cooperation between Montenegro and Italy in the field of environment (14 April 2010 in Brussels).

- National Biodiversity Strategy with the followed Action Plan for the period 2010-2015 was presented by the Ministry for Spatial Planning and Environment and the Italian line ministry dealing with the conservation of biological diversity and sustainable development at the conference on European environmental policy, "European Green week" (June, 1 -4, 2010, in Brussels).
- Montenegro became member of the Adriatic Trilateral Commission (June 2010).
- Based on of the Agreement signed in July 2010, Italian Navy shall train members of Montenegrin Navy to participate in the mission "Atalanta".
- Trilateral technical commission of Montenegro, the Republic of Italy and the Republic of Serbia held the meeting in the Ministry of Maritime Affairs, Transportation and Communications. Trilateral technical commission follows the development of study on technical and economic feasibility of works related to reconstruction of the railway line Beograd - Bar. Ministry of Economic Development of Italy provided funds for making this study in the amount of 1 million €. So far, a simulation in a variety of infrastructural created and operational scenarios, meaning traffic estimation - the analysis of transportation requirements (15th June 2010)
- In previous period countries agreed upon the continuation of cooperation in following areas: fight against drugs as a transit problem; money laundering and financial investigations in a variety of segments; the quality exchange of operational data and information; cooperation between National Central Bureau – Interpol; the activities in the prevention of cross-border smuggling and organized crime and prevention of illegal migration and human trafficking. The exchange of law enforcement officers of the two countries for which training will be held for further joint activities was announced.
- In the period from January to May 2010 Montenegro and Italy achieved trade exchange in value of 64.797 million €- out of which exports amounted 16.345 million € and import 48.452 million €. In the first five months of 2010, inflow of direct investment from Italy was recorded in the amount of € 1,020,550.

### Croatia

- President of the Republic of Croatia Ivo Josipovic visited Montenegro (1-2. July 2010)
- **MFA Rocen and MFAEI Jandrokovic held a meeting at the function co-chairman of the Mixed Commission for the delimitation, during which they negotiated continuation of the Commission work and the maintenance of the following, second formal session, in order to conform the text of the Agreement and its referral to the International Court of Justice (8. July 2010).**
- Minister of Foreign Affairs of Montenegro Milan Rocen participated in a regular meeting of the Ministerial Council of the Adriatic Charter member countries ( July 9, 2010), and at the International Conference "Croatia Summit" ( July 10, 2010).
- Minister of Defence of the Republic of Croatia paid an official visit to Montenegro, during which strengthening of cooperation and the establishment of a joint team of instructors to train Afghan forces was discussed (July 5, 2010).
- In order to strengthen cooperation and promotion of international legal assistance in criminal and civil matters, Montenegrin side initiated signing of the Mutual Agreement on extradition of nationals suspected or accused of criminal offences of organized crime and corruption, the Agreement on International Legal Assistance in Civil and Criminal Matters and the Agreement on mutual execution of criminal judgments.
- **Agreement on Cooperation between the Intellectual Property Office of Montenegro and the Central State Office for Intellectual Property of the Republic of Croatia** was signed (20. April 2010)
- **Working Group of Montenegro and Croatia in charge for regulation of cross-border operations** met in Cavtat, in which it was concluded that the issue of border crossing and border trade should work out through separate agreements (9 April 2010). It was agreed that **Republic of Croatia** prepare text of the agreement.
- In the first 5 months of 2010, FDI from Croatia amounted to 2.854 million €. Maintenance of second session of the Council for Economic Co-operation is planned for second half of 2010.

### Kosovo

- Minister of Internal Affairs of Kosovo B. Redzeqi visited Montenegro (21. June 2010).
- Procedure for concluding the agreement on avoiding double taxation is in progress. Montenegrin side submitted draft agreement on 28 April 2010.

- Cooperation on addressing the rights of the Montenegrin minority in Kosovo is being continued. Draft Law on the Protection and Promotion of the Rights of Communities and their members in the Republic of Kosovo was adopted on April 28, 2010, which guarantees the rights of the Montenegrin ethnic community.
- Both sides expressed willingness to join the finalization of the activities for the purpose of **demarcation** as soon as possible, which is expected by the end of 2010 at the latest during 2011, which was confirmed during the meeting of Ministers of Internal Affairs of Montenegro and Kosovo I. Brajovic and B. Redzevi in Podgorica on June 21, 2010.
- Montenegrin side sent a proposal to start negotiations for concluding the **Agreement on the opening of border crossings for international traffic and reconstruction and opening of road Murino-Cakor-Pec** (15 July 2010).
- Economic relations between the two countries are ascending. Total trade exchange in 2009 amounted to 25.6 million €, out of which export was 23.6 million €, and imports 2 million €.
- Kosovo government delegation is coming to Podgorica on September 17, 2010 for preparation of the first call for proposals for the **IPA CBC 2011**.

### Albania

- Memorandum of Understanding in the field of environmental protection and sustainable management of natural resources was signed, in order to further strengthen bilateral cooperation in the field of environmental protection (June 19, 2010 in Podgorica).
- In the area of transport, a delegation of Directorate for Transport of Montenegro met on 13 April 2010 in Tirana with representatives of the Directorate of Roads of the Republic of Albania and discussed about three roads: Skadar-Hani and Hotit (Bozaj), Plav, Podgorica (via Albania) and Sendjin-Velipoje-Ulcinj. An agreement was reached on the way Plav-Podgorica through Albanian territory. Deadline for the construction is two years (2010-2012), and the Albanian side will build the road in the length of 23 km.
- Directorate for Anti-Corruption Initiative of Montenegro and Department for Internal administrative control and anticorruption of the Republic of Albania signed Memorandum of Understanding and Cooperation (May 2010, Tirana).
- Memorandum of Understanding between Montenegro, Macedonia, Serbia, Albania and Bosnia and Herzegovina on mutual consular protection and services was signed in framework of MARRI Initiative (April 21, 2010).
- As for the strengthening of economic cooperation, signing of already agreed Agreement on Economic Cooperation is expected, and procedure of harmonization of the Agreement on Promotion and Protection of Investments is initiated.
- In the area of economic cooperation, in the period January-June 2010, Montenegro and Albania have exchanged goods worth 7.486 million € (exports: 3.625 million €; imports: 3.861 million €), while the volume of investment from Albania to Montenegro in the first five months of 2010 amounted to 9941 €.

### Macedonia

- President Vujanovic met with Macedonian President Đ. Ivanov in Prizren on June 25, 2010, at the meeting of four presidents (Albania, Kosovo, Macedonia, and Montenegro).
- Two Prime ministers, M. Djukanovic and N. Gruevski, met on the sidelines of the EBRD Annual Conference in Zagreb on May 15, 2010, as well as on the sidelines of the Conference "Together for the European Union - Western Balkans European contribution to the future" on March 20, 2010 at Brdo near Kranj in Slovenia.
- **MFA Rocen and Macedonian MFA A. Milososki** met on the sidelines of the fifth Croatia Summit in Dubrovnik on July 9-10, 2010. Minister of Foreign Affairs A. Milososki participated at the Ministerial meeting of the CEI on June 15, 2010, in Montenegro.
- **Agreement on cooperation for the training of cadets signed on 27-28 of April 2010**, during the visit of Defence Minister of Montenegro to Macedonia. Based on this Agreement the Montenegrin cadets will be trained at the Military Academy in Skopje, while Macedonian pilots in August has already begun with the implementation of the training in Helicopter Centre in Podgorica.
- During the visit of Montenegrin Minister for Maritime Affairs, Transportation and Telecommunication A. Lompar to Skopje on March 31, 2010, **Agreement on international road transport of passengers and cargo** was signed, as well as Memorandum of Understanding between Civil Aviation Authorities of Macedonia and Montenegro in February 2010.
- Memorandum of Understanding between Montenegro, Macedonia, Serbia, Albania and Bosnia and Herzegovina on mutual consular protection and services was signed in framework of MARRI Initiative (April 21, 2010).

- As for the strengthening of economic cooperation, signing of already agreed Agreement on Economic Cooperation is expected, and procedure of harmonization of the Agreement on Promotion and Protection of Investments is initiated. Trade exchange for the period January-May 2010 amounts to 8.689 million €, and FDI in the same period, about 315 thousand €.

### **Bosnia And Herzegovina**

- President of Montenegro, F. Vujanovic participated in Sarajevo on 21 Igman Initiative Session, on May 29, 2010. On that occasion, together with the Presidents of Croatia, Serbia and Bosnia and Herzegovina signed the Joint Statement on Partnership and had a meeting with Bosnia and Herzegovina Presidency Chairman Haris Silajdzic.
- F. Vujanovic President of Montenegro attended the 15-anniversary commemoration of the genocide in Srebrenica on July 11, 2010th in Potocari, where the paid honour to all the victims killed in 1995 F. Vujanovic President of Montenegro met with the President of the Republic of Srpska Rajko Kuzmanovic and Prime Minister of Republic of Srpska Milorad Dodik.
- Minister M. Rocen participated in the Summit of EU-WB on June 2, 2010, in Sarajevo.
- Bosnia and Herzegovina Ministry of Foreign Affairs S. Alkalaj participated the CEI meeting June 15-16, 2010, in Budva.
- **Declaration on cooperation of Kotor, Mostar and Dubrovnik** (cities under the protection of UNESCO) during submission of joint application to host the "10th Mediterranean Games in 2021"
- During the visit of the Montenegrin Minister of Justice M. Radovic to Bosnia and Herzegovina on July 9, 2010, the **Agreement on Legal Assistance in Civil and Criminal Matters and the Agreement on mutual execution of court decisions in criminal matters** were signed.
- **The Operating protocol for implementation of the Agreement on Social Security between the two countries** signed on June 7, 2010. The protocol stipulates that people who worked in one or other country can achieve labour rights faster and more efficient - compensation or pension.
- On August 31, 2010, line Ministers of Labour and Social Welfare of the two countries signed an **Administrative Agreement on the amendment of the Administrative Agreement for the implementation of the Agreement between the FRY and Bosnia and Herzegovina on Social Insurance, which entered into force on September 1, 2010**. This agreement determines that line ministries undertake the compensation of overpaid amount for re-calculated pension on their burden, instead of pensioners, as it was previously required. This means that overpaid amount of re-calculated pension will no longer be discounted to pensioners as end-users, from the date of payment of pensions for September 2010.
- Government of Montenegro, at its session on July 22, 2010, adopted a proposal basis for concluding a contract between the Government of Montenegro and the Council of Ministers of Bosnia and Herzegovina **on mutual relations in the field of water management**. (On April 26, 2010, Bosnia and Herzegovina side submitted the draft agreement between BiH and Montenegro on the arrangement of water management relations).
- **Second political and fourth consular consultations held on May 28, 2010, in Sarajevo.**
- Draft text of the **Treaty on State border between Montenegro and Bosnia-Herzegovina**, which is expected to be signed after completion of the Joint working body (the Commission for the border).
- Memorandum of Understanding between Montenegro, Macedonia, Serbia, Albania and Bosnia and Herzegovina on mutual consular protection and services was signed in framework of MARRI Initiative (April 21, 2010).
- Trade exchanges: according to preliminary MONSTAT data, exports from Montenegro to Bosnia-Herzegovina for the first half of 2010 amounted to 9.7 million €, and imports from Bosnia and Herzegovina in Montenegro 57.05 million €. FDI from and Herzegovina to Montenegro, in the first five months of 2010, amounted to 20.64 million €.

### **Serbia**

- **Serbian President Boris Tadic visited Montenegro on July 8 and 9, 2010.**
- **Ministry of Foreign Affairs Rocen and Ministry of Foreign Affairs Jeremic met** on at the Annual Ministerial Meeting of the Central European Initiative on June 15, 2010.
- Presidents **Vujanovic and Tadic** met in Istanbul, **on June 23, 2010**, where they attended the Summit of Heads of State and Governments of member countries of the Cooperation Process in South-eastern Europe.
- Minister of Defence of Montenegro, **B. Vucinic** visited Serbia on April 14, 2010, when **the Agreement on Exchange of military resources and documentation and the Plan of bilateral military cooperation between the two Ministries** were signed.

- Minister for European Integration Gordana Djurovic participated at the Conference “**The process of translating the Acquis - Speak European**” on May 19, 2010, in Belgrade.
- **Mayors of Podgorica and Belgrade signed Protocol on Cooperation between the two cities** on July 3, 2010, as well as **the contract to build the first phase of the travel direction Bar-Boljari-Belgrade**, 12 km long, value of 75 million €.
- The basis for negotiations and conclusion of the **Agreement Amending the Treaty on Extradition concluded on May 29, 2010**, was established with Serbia in order to create conditions for the extradition of nationals between the two countries for the most serious crimes. Representatives of the Ministry of Justice of Montenegro and the Serbian Ministry of Justice held a consultative working meeting on July 15, 2010, in Podgorica.
- Text of the **Agreement on cooperation and assistance in case of natural and civilization disasters between Montenegro and Serbia** agreed in June 2010.
- Memorandum of Understanding between Montenegro, Macedonia, Serbia, Albania and Bosnia and Herzegovina on mutual consular protection and services was signed in framework of MARRI Initiative (April 21, 2010).
- Trade exchanges: according to preliminary MONSTAT data, exports from Montenegro to Serbia for the first half of 2010 amounted to 36.77 million €, while imports from Serbia to Montenegro was 193.38 million €. FDI from Serbia to Montenegro for the first five months of 2010 amounted to 40.23 million €.

## **COOPERATION WITH THE INTERNATIONAL ORGANISATIONS**

### **Hague Tribunal**

- Montenegro has continued the intensive cooperation with the International War Crimes Tribunal in Hague. In cooperation with the Hague Tribunal and regional partner services, in the mentioned period, measures of banning the entry into the territory of Montenegro were executed related to persons indicated from the aspect of belonging to the support network, as well as the closest relatives of Ratko Mladić.
- The Agency for National Security has timely responded to two requirements of the Hague Tribunal and offered the assistance to the investigators of the Hague Tribunal regarding informative examinations with potential witnesses in procedures conducted before the International War Crimes Tribunal in Hague. Public Prosecution Office of Montenegro did not receive from the Hague Tribunal any requirements for legal assistance during the mentioned period.

### **Council of Europe**

- Montenegro signed and ratified **CG 73 conventions**. Regarding the conventions, which are given as obligatory, it is necessary to ratify 2 conventions, whereas there is one more obligation left for signing.

## **OBLIGATIONS STEMMING FROM THE MEMBERSHIP**

- **The Protector of public property-legal interests** has been appointed in line with the Law on Public Property in the Parliament in April 2010.
- **Proposal for the Law on Prohibition of Discrimination** was adopted in the Parliament on 27 July 2010.
- Proposal for the Law on the Protector of Human Rights and Freedoms was adopted by the Government on 29 July 2010.
- **Law on Amendments to the Law on Criminal Code was adopted on 22 April 2010. Further decriminalisation of defamation** has been performed by means of amendments to the Criminal Code.
- **Law on Prevention of Domestic Violence** was adopted in July 2010. This Law envisages adoption of the strategy for the protection from domestic violence and action plan for its implementation.
- **Law on Amendments to the Criminal Procedure Code** was adopted in July 2010.
- **The part of the Criminal Procedure Code which refers to proceeding in cases of criminal offence of organised crime, corruption, terrorism and the crimes of war entered into force on 26 August 2010.**
- In line with the new Criminal Procedure Code, during the previous period the following laws have been adopted: the Law on ratification of the **European Convention on the Exercise of Children’s Rights** adopted on 15 June 2010; **Law on the Ratification of the European Convention on the Non-Applicability of Statutory Limitation to Crimes against Humanity and War Crimes** – containing provisions related to the area of application, i.e. the catalogue of criminal offences that this convention applies; Law on the Ratification of the Council of Europe Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse; In line with the mentioned Law, the following

documents were adopted: the **Decree on Remuneration of Expenses in Court Procedures** and the **Decree on Penalty Recording**, as well as two rulebooks: the **Rulebook on Postponed Prosecution** and the **Rulebook on Internal Management of Public Prosecution Office**.

- **Law on Electronic Media** adopted in July 2010.
- **Law on Amendments to the Law on Electronic Communication**, adopted in July 2010.
- We received a positive opinion from the Venetian Commission and the High Commissioner for Minorities from OSCE regarding the Draft Law on Election of Parliament and Committee Members – the model of authentic representation of minorities in the Parliament. Further harmonisation of the text of the Law is underway for the purpose of its adoption.
- **Reform on the implementation of legal reform**, sent to the European Commission on 15 July 2010 (implementation of the Criminal Procedure Code, initiative of the Government towards the Parliament for changing the Constitution regarding the appointment of public prosecutors).
- **GRECO Evaluation Team** has visited Montenegro in June 2010 on the occasion of drafting the third round of evaluations and following recommendations. The evaluation refers to incriminations according to CE Criminal Legal Convention as well as the transparency of financing of political parties. On 30 June, GRECO Secretariat received the addition for the first and second evaluation round, regarding the implementation of the remaining eight partially fulfilled recommendations.
- **New Strategy for the Fight against Corruption and Organised Crime** with the corresponding Action Plan was adopted by the Government on 29. July 2010.
- Implementation of the **Strategy for the Improvement of the Position of Roma Population** is continued. In this year, 400,000 euro has already been allocated, projects were chosen and the contracts on their realization were signed. Most importantly, financing of scholarships for all Roma high school and faculty students is continued, personal documentation is regulated, housing facilities are constructed etc.
- **Report on the implementation of the Law on Financing of Political Parties**, sent to the European Commission on 28 July 2010.
- **Set of new financial regulations** (Central Bank, the law on banks, insolvency and liquidation, deposit protection, establishment of the Council for the Financial Security), adopted in July 2010.
- **Report on the realisation of the remaining obligations within the visa liberalisation**, submitted to the European Commission in July 2010.

## CHAPTER 1 – FREE MOVEMENT OF GOODS

### Horizontal legislation – technical regulations

The Law on the Control of Objects Made of Precious Metals has been adopted (Official Gazette of Montenegro 40/10 of 22.07.2010). Activities on vertical measures within competent ministries are in progress, namely by groups of products.

### Standardisation

Internal rules of standardisation (ISME IPS) are internal rules of the Institute for Standardisation of Montenegro. They regulate the issues regarding the preparation, adoption, publishing and maintenance of Montenegrin standards and related documents. In the first quarter of this year the Management Board of the Institute adopted 2 out of 6 documents which constitute the Institute's Internal Rules of Standardisation, namely:

- ISME IPS 1 – Founding and work of the Institute's expert bodies,
- ISME IPS 2 – Types of documents and their marking,
- ISME IPS 6 – Structuring and formatting of Montenegrin standards and related documents is in the final phase and it is expected to be adopted soon.

Although it was envisaged that the remaining documents, which constitute ISME IPS, are adopted by the end of May 2010, their adoption has been postponed. The mentioned documents should be prepared in cooperation with the European experts, so it is expected that they will be adopted by the end of the current year. Those are the following documents:

- ISME IPS 3 – Development of original Montenegrin standards and related documents,
- ISME IPS 4 – Participation in the work of European organisations for standardisation on the development of European standards and related and their acceptance on the national level,

- ISME IPS 5 – Participation in the work of international organisations for standardisation on the development of international standards and related and their acceptance on the national level.

During 2010, the Institute adopted **1,250 Montenegrin standards and related documents**. Besides, **850 Montenegrin standards** are being prepared and those are expected to be adopted by the end of the year.

Concluding with August 2010, the Institute disposed of in total **3,750** valid Montenegrin standards and related documents which are fully harmonised with international and European standards. From the adopted Montenegrin standards, circa 50% are harmonised standards, which provide the implementation of EU directives of the "New Approach". Furthermore, 7.5% of the adopted Montenegrin standards are translated into English.

The Institute for Standardisation offers regularly the information to interested parties regarding standards and standardisation. Regular informing is performed via telephone, e-mail; fax or direct communication with users in the premises of the Institute.

Internet portal of the Institute ([www.isme.me](http://www.isme.me)) is also available to users and it is regularly updated. Internet portal of the Institute is also connected with a database, by means of which the interested parties are provided with online search of information on the valid Montenegrin standards and related documents. Furthermore, also available are the information on drafts of standards which are being prepared or which are published for a public debate for the purpose of submitting comments by interested parties.

The Institute has in total **18 employees**, 15 of them with high education and 3 with high school education. The existing organisational scheme and job description of the Institute envisages 32 working posts.

Because of the specific professional tasks of standardisation, which require additional expert knowledge and which can not be acquired through regular schooling, the Institute pays special attention to training programmes for all employees. During 2010, representatives of the Institute were presents on several seminars and workshops.

- two representatives of the Institute participated in the regional ISO workshop, namely in drafting the ISO Action Plan 2011-2015 for the countries in development, which was held in Belgrade in May 2010;
- three representatives of the Institute were in Brussels in May 2010, on the seminar organised by the European institutions for standardisation which was intended for the associated members of all organisations;
- in June 2010, two representatives of the Institute participated in the seminar called "Preparation of EU projects, project documentation, public tenders and project management";
- in June 2010, two representatives of the Institute participated in the workshop on food safety from international perspective – HACCP integrated food chain, supervision and monitoring,
- in July 2010 two representatives of the Institute were on a training in London in the British Institute for Standardisation under the Regional Project IPA 2008.

The Institute acquired a membership in the following international and European organisations for standardisation such as: Correspondent member in ISO, Associate member in IEC, Affiliate member in CEN, Affiliate member in CENELEC. Besides the Institute is also the Codex Alimentarius Contact Point for Montenegro.

The Institute for Standardisation of Montenegro has signed the Agreements on business-technical cooperation with national institutions for standardisation of Serbia, Bosnia and Herzegovina, Macedonia, Slovenia and Albania. In the end of January 2010, the Institute initiated activities on the conclusion of a similar agreement with the Croatian Institute for Standards (HZN), which would further improve the already good cooperation of the Institute with all national bodies for standardisation of countries from the region. Signing of this agreement should be realised by the end of 2010.

In the middle of 2010, the Institute established the contractual cooperation with the **German Institute for Standardisation** (DIN) thus offering to the interested parties the possibility to have the insight in texts of German standards in the premises of the Institute for Standardisation of Montenegro, and if they wish to get those in paper form over the Institute. In 2008, the Institute signed a similar contract with the British Institute for Standardisation, whereas by the end of the current year a similar cooperation should be established with the French Institute for Standardisation (AFNOR).

The Institute also gives a basis to the public administration bodies (offers information on the existing standards) during the drafting of technical legislation.

The Institute for Standardisation of Montenegro is currently a user of **two projects of technical assistance**, namely:

- EU "IPA 2008 Regional Quality Infrastructure in the Western Balkans and Turkey", which should provide the organisation of two seminars (HOTs) from the area of standardisation, and where 4 representatives of the Institutes for Standardisation of Montenegro should participate;

- EU "IPA 2007 Development of Quality Infrastructure in Montenegro", which provided a part of IT equipment necessary for the work of the Institute. Realisation of the technical assistance envisaged by this project should provide the improvement of administrative capacities of the Institute.

## **Metrology**

According to the Law on Metrology (Official Gazette of Montenegro 79/08) the representatives of the Metrology Office prepared an expert basis for drafting the following secondary legislation published in the Official Gazette of Montenegro:

- Rulebook on the procedure and the manner of examining and approval of types of measurements (Official Gazette of Montenegro 10/10);
- Rulebook on technical and metrological conditions and the procedure of authorising persons for the preparation of measurement systems for liquids which are not water for certification (Official Gazette of Montenegro 15/10);
- Rulebook on technical and metrological conditions and the procedure of authorising persons for the preparation of instruments for measuring liquid fuels and instruments for measuring liquid oil gas for certification (Official Gazette of Montenegro 15/10);

The Metrology Office is an associate member of EURAMET (European Association of National Metrology Institutes) since July 2007. Because of the evident progress in the development of metrology in the last three years, on the General Session of EURAMET in May 2010 in Lisbon, the status of associate member has been prolonged.

The Metrology Office represents Montenegro in OIML (International Organisation for Legal Metrology) since 2007 in the status of Corresponding Member, and since January 2009 in WELMEC (European Cooperation in the Legal Metrology) in the status of Associate Member.

The setting of calibration laboratories in the Metrology Office is in progress. Specifically, the realisation of the programme IPA 2007 is in progress: the Development of Quality Infrastructure in Montenegro worth 2,000,000.00 euro under which the European Delegation will deliver to the Metrology Office the equipment worth over 950,000.00 euro.

## **Accreditation**

In the mentioned period two accreditations were allocated, namely to: the Bio-technical Faculty of the University of Montenegro – Laboratory for dairying and the Institute for Development and Technical Research in the area of protection on work – control body.

Two new applications for accreditations were submitted, namely in the area of microbiology and biochemistry.

## **Evaluation of concordance**

Committee for Quality of the Government of Montenegro allocated stimulating funds (subventions) for the implementation of standards from the series MEST EN 17000 for 4 bodies for the evaluation of concordance.

## **Market supervision**

Adoption of the Rulebook on the content of the information on a dangerous product (Official Gazette of Montenegro 30/2010) is carried out. Market inspection received the first report on a product by a distributor, on a form prescribed by the related Rulebook.

Development of the Information System for the work of Market Inspection (Contact point) is in the final phase; this system will support the development of the system for the exchange of data on dangerous products on the level of Montenegro.

The period June 2010 - December 2011 is planned for the realisation of the project AIM (Accession to Internal market) IPA 2009 which help the beginning of the work of the contact point, founding and the work of the body for coordination of market supervision and transfer of knowledge on best practices of market supervision in the EU. Furthermore, work on the preparation of a web page for Market Inspection has started.

## **Directives of the New Approach**

In the mentioned period, work on transposing 7 directives of the new approach has begun through the project IPA 2007 – Strengthening of Quality Infrastructure in Montenegro, namely:

- Directive on construction products (89/106/EEC), is fully transposed in the Law on Construction Products which is currently in drafting phase and it is expected to be submitted in the form of a proposal for the procedure of adoption

- by the end of September,
- Directive on Measuring Instruments (2009/137/EC) is partially transposed through the Law on Metrology, which has already entered into force, and rulebooks, which define measuring instruments by groups, are in drafting phase and their adoption should be realised during the fourth quarter 2010.
- Directive on Non-automatic Weighing Instruments (2009/23/EC) is fully transposed through the Rulebook on Weighing Instruments, which will be adopted by the end of October 2010.
- Directive on Machinery (2006/42/EC) – a working group was formed for drafting the Rulebook on the Safety of Machinery and the adoption should be carried out by the end of 2010, which will provide full transposing of this directive.
- Directive on Lifts (95/16/EC) is fully transposed through the Rulebook on the Safety of Lifts the working version of which is already made, but the review of EU consultants is still expected.
- Low Voltage Directive (2006/95/EC) is fully transposed through the Rulebook on Low Voltage Instruments the adoption of which is expected for the second quarter of 2011.
- Directive on Toys (2009/48/EC) is fully transposed through the Rulebook on Toy Safety the adoption of which is expected to be carried out by the end of 2011.
- Directive on Recreational Vessels is so far transposed through the Law on Yachts.

### Directives of sectoral (old) approach

The manner of transposing the directives of sectoral (old) approach, competences and deadline will be defined through the finalisation of NPI 2010-2014.

## CHAPTER 2: FREE MOVEMENT OF WORKERS

### Access to labour market (general principles)

**Decree on the Realisation of Rights of Displaced Persons from Former Yugoslav Republics and Internally Displaced Persons from Kosovo Residing in Montenegro** was adopted in August 2010. This act envisages that the displaced persons from former Yugoslav republics and internally displaced persons from Kosovo residing in Montenegro, until acquiring the status of foreigners with permanent residence in line with the Law on Foreigners, have the rights as Montenegrin citizens, namely:

- right to work and employment and right to the insurance from unemployment in accordance with the regulations from the area of work and employment;
- right to education and professional training as well as the right to recognition of diplomas and certificates in line with the regulations from the area of education;
- right to social and child protection in accordance with the regulations from the area of social and child protection;
- right to health protection and health insurance in accordance with the regulations from the area of health protection and health insurance;
- right to pension and disability insurance, in line with the regulations from the area of pension and disability insurance.

### Coordination of the social insurance system

In the period from April to September 2010 the following documents were signed: the Agreement between Montenegro and the Republic of Austria on the Social Insurance with the Administrative Agreement for the implementation of the Agreement between Montenegro and the Republic of Austria on the Social Insurance. This agreement was signed in Podgorica on 1 June 2010.

Agreement between Montenegro and the Kingdom of Belgium on the Social Insurance was signed in Brussels on 9 June 2010.

Adoption of the Law on the ratification of these agreements is pending.

## CHAPTER 3: RIGHT TO ESTABLISHMENT OF ENTERPRISES AND THE FREEDOM OF PROVIDING SERVICES

The Ministry of Economy is in charge of the implementation of the Directive on Services 2006/123/EZ. TAIEX programme for 2010 also includes a study visit to the Department for Business, Innovation and Skills-BIS in London for the servants of this ministry.

## CHAPTER 4: FREE MOVEMENT OF CAPITAL

After entering into force of the SAA, according to the Article 63 citizens of the EU Member States have got the **national treatment** as regards acquiring real estates on the territory of Montenegro. Limitation in acquiring right to real estates (Article 415) prescribed by the Law on Property Legal Relations (Official Gazette of Montenegro 19/09) does not refer to the EU citizens and they are completely equal with Montenegrin citizens.

## CHAPTER 5: PUBLIC PROCUREMENT

**Report on public procurement in Montenegro for 2009** was adopted by the Government of Montenegro on 1 July 2010. The report was published on the internet page of the Public Procurement Directorate.

Activities on the preparation of the new Draft Law on Public Procurement were continued within the Project IPA 2007 "**Further Development and Strengthening of the Public Procurement System in Montenegro**". The first working draft of the Law is prepared by the special working group formed by the Ministry of Finance with the support of the consortium "Planet, Bip Solutions and Crown Agents". So far, around 90% of provisions of the working version of the Draft is prepared. The Draft Law will be prepared by the end of September 2010.

Montenegro established the Training Programme for Specific Target Groups – procurement officers and servants and commercial subjects (May – September 2010, Podgorica, Bar, Bijelo Polje, Budva). There was also the Training Seminar on the system of public contracting with the Chamber of Commerce (28 April 2010).

The following training modules were included and realised through the special Training Programme:

- Module I, "Public Procurement System in Montenegro" (27 May 2010 – Podgorica, 17 June – Bar, 15 July – Bijelo Polje)
- Module II, "Open Procedure of Public Procurement" (28 May 2010 – Podgorica, 18 June – Bar, 16 July – Bijelo Polje)
- Module III, "Limited Procedure of Public Procurement" (3 June 2010 – Podgorica, 24 June – Bar, 22 July – Bijelo Polje)
- Module IV, "Negotiation Procedure" (4 June 2010 - Podgorica, 25 June– Bar, 23 July – Bijelo Polje)
- Module V, "Special Procedures of Public Procurement" (11 June 2010 - Podgorica, 2 July – Bar, 26 July – Bijelo Polje)

Total number of attendants in the mentioned modules: **585**.

## CHAPTER 6: COMPANY LAW

The Ministry of Economy has formed the Working Group for drafting the **Proposal for Amendments to the Company** (deadline is the end of October 2010).

**Proposal for the Law on Bankruptcy** is prepared and submitted to the Government for adoption.

## CHAPTER 7: INTELLECTUAL PROPERTY LAW

**The Law on Branding** is prepared and it is currently in parliament procedure. This Law is fully harmonised with the codified Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks.

The new **Law on Legal Protection of Industrial Design** is prepared and in Government procedure; it will be adopted in 2010. Draft Law is harmonised with the Directive 98/71/EC of the European Parliament on the legal protection of design, partially harmonised with the Directive 2004/48EC of the European Parliament and Council on the enforcement of the intellectual property right which will be fully harmonised by drafting the new Law on the enforcement of the intellectual property rights, Regulation (EC) no. 6/2002 on the community design and with TRIPS.

The new **Law on the Protection of Topographies of Semiconductors** is drafted and it is currently in the Government procedure; it is harmonised with the TRIPS and Directive 2004/48EZ.

Draft Law on Copyrights and Related Rights is prepared and sent to the EC for a comment.

### Strengthening of international cooperation

Intellectual Property Rights Office of Montenegro has signed the bilateral Agreement on Cooperation with the Public Intellectual Property Office of Croatia on 20 April 2010.

The bilateral agreement which will be signed by Montenegro and Slovenia is currently in preparation phase. The Office regularly cooperates with WIPO and EPO.

## CHAPTER 8- COMPETITION POLICY

Drafting of the new Law on Competition is in progress and it will be fully harmonised with the EU regulations. Conditions for forming the Agency for the Protection of Competition will soon be created.

As regards the strengthening of **administrative capacities** of the Administration for the Protection of Competition, one servant has been employed in the Desk for Conducting of Criminal Procedure on the position of authorised officer, whereas during the employment activities one more servant was employed on the position of a superior public employee II. In line with the Law on the Protection of Competition, in the period from May (III Subcommittee in Brussels) to September 2010, **three cases** have been resolved – upon requests for issuing permission for concentration, whereas **two** more requests are still in procedure.

Furthermore, the Administration for the Protection of Competition has resolved one case upon the request for issuing permission for a separate exclusion of an agreement from the prohibition.

There is one procedure of the confirmation of doubt regarding the breach of competition in the traffic department – road transport of passengers.

Furthermore, there is also one more procedure of the confirmation of doubt regarding the existence of agreement on prizes of technical car examination.

In the end of June 2010, with the support of EC and GTZ, the Project “*Accession to Internal Market – AIM (Components I and II)*” has started with the aim of providing technical support to the Administration for the Protection of Competition. The Project will last 18 months and the support includes drafting of the new Law and secondary legislation, strengthening of administrative capacities, so that in June there was a seminar for training for the employees of the Administration for the Protection of Competition.

### Area of state aid – Ministry of Finance

On 9 April 2010 the Government of Montenegro adopted the following regulations:

- Decree on the criteria, conditions and the manner of allocation of state aid (Official Gazette of Montenegro 27/10)
- Decree on the manner and procedure of submitting the application for state aid (Official Gazette of Montenegro 27/10)
- Decree on the manner of keeping records on the state aid (Official Gazette of Montenegro 27/10), adopted by the Government of Montenegro on 09.04.2010
- Rulebook on the content of annual reports on the allocated state aid (Official Gazette of Montenegro 31/10) brought by the Minister of Finance.

For the purpose of expanding administrative capacities of the Section for preparation of state aid, one more servant was employed in the Section in June 2010.

### Commission for the state aid control

- In June 2010, the Government of Montenegro adopted the Annual Report on the Allocated State Aid in Montenegro in 2009. The Report has been sent to the Parliament of Montenegro for consideration and adoption.
- Technical meeting on the state aid was held in Podgorica on 6 and 7 July with the EC representatives. Topic of the meeting was the state aid for the steel (Protocol 5) and the state aid for the Aluminium Plant from Podgorica and Bauxite Mines Nikšić. After the meeting, the EC sent additional question to Montenegro. Answers to the questions will be sent to the EC until 15 September 2010.
- In line with the obligations from SAA, in October Montenegro will submit to European Commission the inventory of state aid for a review.

## CHAPTER 9: FINANCIAL SERVICES

### Banks

Activities in this sector were related to the preparation of legal solutions, which were adopted by the Parliament of Montenegro in the second half of July 2010.

### **Law on the Central Bank of Montenegro**

The new Law on the Central Bank of Montenegro (Official Gazette of Montenegro 40/10) entered into force on 30 July 2010. This Law regulates functions of the Central Bank and its management, namely:

- Monetary and other instruments;
- International reserves of Montenegro;
- Securing and protection of bank notes and coins and buying of rare and original money;
- Responsibility for the functioning of banking system;
- Payment operation and payment systems;
- Collection, processing and publishing of data and information, including statistical data and information;
- Relations of the Central Bank and other public bodies and organisations;
- Management and control over Central Bank;
- Capital, property, incomes and expenses of the Central Bank;
- Internal revision of the Central Bank

### **Law on the Council for Financial Stability**

The Law on the Council for Financial Stability (Official Gazette of Montenegro 44/10) envisages the founding of the Council for Financial Stability, and regulates the structure, manner of work, competences and other issues important for its work without questioning the realisation of goals and functions of the Central Bank of Montenegro, Commission for Securities and the Insurance Supervision Agency.

Founding of the Council for Financial Stability is in line with the global initiatives for the strengthening of coordination in issues of financial stability and requirements of the EU in this area, and it represents the further development of the existing frames of the financial sector of Montenegro.

The goal of establishing the Council for Financial Stability is monitoring, identification, prevention, and reduction of potential systemic risks in the financial sector of Montenegro as a whole, for the purpose of providing stability of the financial system and avoiding the influence of the factors, which would lead to the financial crisis of larger scale.

Members of the Council for the Financial Stability are the Governor of the Central Bank who is chairing the Council for Financial Stability, the Minister of Finance, president of the Council of the Insurance Supervision Agency, and the president of the Commission for Securities.

Scope of work of the Council for the Financial Stability is regulated so that it is prescribed that the Council:

- identifies, collects and analyses data and information important for the stability of the financial system, and management of the potential financial crisis;
- provides the coordination and exchange of data and information between the authorised bodies;
- estimates and identifies the danger for the financial system, that is the vulnerability of the financial system;
- recognises risks in the financial system and determines the degree of their influence on the stability of the financial system;
- establishes the plan for management of the financial crisis on the level of the entire financial system (Contingency plan), as well as the stress testing and exercises of simulation of the financial crisis;
- monitors the development of the financial system;
- monitors the best practices with the aim of adopting the regulatory standards in the area of the financial system;
- establishes its own rules of procedure

Constitutive session of the Council for the Financial Stability will be held within 90 days from the day of entering into force of this Law.

### **Law on the Protection of Deposits**

Adoption of the new **Law on the Protection of Deposits** provides the approximation of the deposit-guarantee system in Montenegro with the EU regulations in this area - Directive 94/19/EC and Directive 2009/14/EC. Besides, the existing law on the protection of deposits is improved by the implementation of international standards, including the good practices based on the normative legal and practical experiences of other countries. The Law stipulates:

- establishing of the system for the protection of deposits in which all banks are included;
- that the branch offices of banks working outside Montenegro are also included in the deposit-guarantee system;

- the increase of the level of guaranteed deposit, so that from the day of entering into force of this Law to 31 December 2011 it amounts to 20,000 euro; from 1 January to 31 December 2012 – 35,000 euro, and from 1 January 2013 – 50,000 euro;
- shortening of the deadline for the payment of the guaranteed deposit, so that it lasts no more 20 working days starting from the day of appearance of the protected case, with the exceptional possibility of prolongation of this deadline for 10 more working days.

### **Law on Amendments to the Law on Banks**

Amendments of the existing Law on Banks aim to further improve the effectiveness of the control function of the Central Bank of Montenegro, in accordance with the newest solutions of the European legislation and international practice, and most importantly it refers to three key issues – acquiring the qualified participation in the bank, corporative management and supervision competences for solving the crisis in operating of an individual bank.

1. Envisaged solutions on acquiring the qualified participation in the bank are harmonised with the newest EU Directive in the procedural legal and material legal sense.
2. Upgrading of frames of corporative management includes the following:
  - specifying of conditions for the membership in the board of directors, with the aim of eliminating legal insecurities and providing predictability in decision making of the Central Bank when issuing approvals for the election of proposed candidates in the board of directors of the bank,
  - licensing of the executive directors and specifying duties and responsibilities of executive directors for daily management of the entire bank business, and not only in the key risk areas as it was the case so far,
  - the president of the board of directors can not be engaged in activities of daily management of the bank business, since because of the purpose of his/her function, the president has to ensure the effectiveness and efficiency of the work of the board, which includes supervision over the operation of the bank and the work of executive directors.
3. Proposed solutions on supervision competences toward the bank – measure towards the bank, which has significant irregularities of regulatory nature as well as because of inadequate risk management – are significantly improved in relation to the existing legislation framework.

On one side, conditions for the revoking of the licence for bank work are more rigid, whereas on the other side, there are some improved solutions on acting in a crisis through a temporary management of a bank which has primarily a crisis of solvency, i.e. liquidity;

- moratorium on the payment to creditors and termination of the procedure of execution;
- account blockage;
- additional capitalisation;
- transfer of property and obligations to another bank;

### **Law on Amendments to the Law on Bank Bankruptcy and Liquidation**

Amendments to this Law refer to the following:

- Revoking bank work permit is defined as the only condition for initiation of bankruptcy or liquidation procedure. It defines whether to enforce bankruptcy or liquidation procedure, namely: bankruptcy procedure shall be enforced on a bank the license of which has been revoked by the Central Bank and the liabilities of which exceed its assets and liquidation procedure shall be enforced on a bank the license of which has been revoked by the Central Bank and the conditions for enforcement of bankruptcy procedure have not been met.
- defines in more details the procedure for issuance and publishing of decision on initiation of the bankruptcy procedure. For the reason of efficiency, it is envisaged that, in the cases when proposal for initiation of bankruptcy procedure is lodged by the liquidation administrator, the Central Bank shall issue the decision on initiation of bankruptcy procedure not later than the first working day following that of the proposal's reception.
- This Article is harmonised with the provisions of Article 13 Directive 2001/24/EC on reorganisation and winding up of credit institutions by stipulating for the decision on initiation of bankruptcy procedure to be published in the Official Gazette of Montenegro and in minimum two daily papers distributed in the territory of Montenegro.
- it is envisaged, as a new provision, that the commitment of the Fund for Protection of Deposits to pay guaranteed bank deposits occurs on issuance of the decision on initiation of bankruptcy procedure in the bank and that realisation of such a commitment is performed in accordance with the law governing the protection of deposits.

Current Law on Bank Bankruptcy and Liquidation did not recognize the institution of the Fund for Protection of Deposits because it was adopted well before the adoption of the Law on Protection of Deposits, which established the Fund.

- New provision introduces the standard in protection of bankruptcy administrator and persons he employs to perform their duties.
- it is explicitly specified that undue creditor's claims due from the bank shall be deemed matured on the day of occurrence of legal repercussions arising from initiation of bankruptcy procedure. Provisions of the current Law did not provide such a solution which eliminates significant legal risks, such as defining the bankrupt's estate, procedure of reporting and reviewing the bank's claims, drafting of main split and payment to creditors.
- manner of defining the amount of claims of each creditor individually is defined and the amount of claims on basis of deposits, protected in accordance with the law governing the deposit protection, is therewith defined based on reduction of reported claims in the amount of guaranteed deposits paid by the Fund for Protection of Deposits. This solution aligns the Law on Bank Bankruptcy and Liquidation and the Law on Protection of Deposits.
- Bankruptcy administrator is authorised to offset the bank and creditor's claims due before issuance of the decision on initiation of bankruptcy procedure. Current law strictly prohibited offset of bank's and creditor's claims, which proved to be an unnecessary burden and threat for the procedure considering that bank's liabilities towards creditors also implied the disbursement to those who had due commitments towards the bank at the same time which could not have been recovered or had to be recovered by the bank in court or executive procedure.
- new institute is stipulated to transfer the assets and liabilities of the bank in bankruptcy to other bank or banks. This provision represents extremely significant institute, which directly affects the efficiency of procedure on one hand and increase of level of safety of deponents and other creditors on the other. Transfer of assets and liabilities to the other bank proportionately reduces assets and liabilities of the bank in bankruptcy, which facilitates defining the bankrupt's estate, drafting the main split and disbursement to creditors.

It is of extreme importance that transfer of assets and liabilities of the bank in bankruptcy to the other bank unburdens the Fund for Protection of Deposits in such a manner, which provides to the Fund to be released from recovering guaranteed deposits for deposits.

- New prioritisation is established for recovering claims to the banks' creditors, primarily because of appropriate treatment of claims on basis of protected and guaranteed deposits. New provision relates to the right of the Fund, which paid guaranteed deposits, to recovery of claims on this grounds starting with the third disbursement line. Fourth disbursement line defines claims of those deponents whose deposits are protected in accordance with the law, on basis of difference in amount of deposits not recovered by the Fund. In fifth disbursement line, claims of other deponents are defined i.e. of those not protected under the Law on Protection of Deposits. New provisions relate also to defining the special disbursement line for creditors' claims on grounds of subordinate debt and/or hybrid instruments, which are classified in seventh disbursement line, after other creditors and before the bank's shareholders.
- fines in value amounts are prescribed, within the limits defined by the Law on Misdemeanours.

## **BANKING SECTOR- latest developments, impact of the crises and surveillance**

### **Performances of banking sector on 30 June 2010 (latest developments)**

**Balance sheet sum** On 30 June 2010, balance sheet sum of banks totalled €2 981.9m and realised decrease of 5.01% compared to relevant one-year period i.e. decrease of 1,43% in the current year. However, compared to the previous quarter, total assets realised growth of 2.23%.

**Loans** Total approved banks' loans in reporting period totalled €2 334.3m and realised decrease of 11,37% compared to relevant one-year period i.e. decrease of 2,65% compared to the end of 2009. Compared to the previous quarter, loans slightly decreased by 0.92%. In loans portfolio structure, there are 77.33% long term loans, out of total approved loans in the system. Most important beneficiaries are privately owned companies and physical persons (92.6 %). Greatest concentration of loans is concentrated in population sector (37.92%), trade (21.92%), civil engineering (8.18%) and tourism and catering services (7.87%).

**Quality of assets** On 30 June 2010, poor quality assets of banks (C, D i E), totalled €414.5m and represented 90% of total assets. In one-year period, poor quality assets of banks realised growth of 48.04% while in current year it increased by 20,25%. Compared to the previous quarter, poor quality assets of banks grew by 11.22%, and its share in total assets grew by 1.12 percentage points. Non-performing loans totalled €392.3m and their share in total loans is 16.8%. Since

June 2009, these loans increased by 48.54% while by the end of 2009 the increase totalled 20.97%. Compared to the previous quarter, non-performing loans grew by 12.06% and decrease of these loans was identified in four banks. Loans in delay over 30 days total €566.4m and make 24.26% of total loans. Greatest share in loans in delay were loans in delay of 31-90 days – 46.34%. In one-year period, loans in delay increased by 12.72%, that is 3.34% in current year. However, compared to the previous quarter loans in delay decreased by 22.8%. Loans in delay over 90 days total €303,9m and make 13.02% of total loans. In one-year period, these loans realise growth by 81.5% i.e. 35.4% in current year. However, compared to the previous quarter these loans realised decrease of 2.79%.

**Deposit potential** In second quarter 2010, trend of deposit level decrease realised at the end of previous and in the beginning of this year was stopped. Total deposit potential of banks on 30 June 2010 totalled €1 808.3m. At annual level, total deposits increased by 2.91% while at the end of 2009 they realised slight decrease of 0.9%. However, compared to the previous quarter, total deposits realise growth of 2.3%. The most significant deponents of banks are physical persons with the share of 48.02% and companies with majority of privately owned shares with 26.95%. Out of total deposits in the system, 38.28 % relate to sight deposits. Greatest concentration of deposits is realised in sector of population, finance and transport (68.2% of total deposits).

**Liquidity** - Liquidity of banking sector has been significantly improved in one-year comparative period. Namely, liquid funds of banks on 30 June 2010 amounted to €468.6m and realised growth by 41.08% compared to June 2009. Compared to June 2009, balance in liquid funds was improved for €30.3m or 6.91 % and compared to the previous quarter for €59.4m or 14.52 %. Also, daily and decade-based indicators of liquidity are above prescribed minimum amount (0.9 on daily i.e. 1 at decade level).

Table provides decade-based average of liquidity indicators in period March – July 2010:

Period	Average
I decade of March 2010	1,94
II decade of March 2010	1,99
III decade of March 2010	1,93
I decade of April 2010	1,90
II decade of April 2010	1,97
III decade of April 2010	1,97
I decade of May 2010	1,95
II decade of May 2010	1,98
III decade of May 2010	2,02
I decade of June 2010	2,07
II decade of June 2010	2,04
III decade of June 2010	2,14
I decade of July 2010	2,22
II decade of July 2010	2,22
III decade of July 2010	2,20

**Capital** On 30 June 2010, total capital of banks totalled €340.8m and realises growth of 25.6% compared to one-year comparative period, i.e. growth by 2.73% in current year. Comparing to previous quarter, total capital realises growth by 12.02%. In first half of 2010, three banks performed capital increase through emission of common shares amounting to €65m. and two banks ensured €15m on grounds of subordinate debt. In June 2010, solvency ratio on aggregate level amounted to 16.48% and it is above minimum-10% regulated by the law. Solvency ratio realises growth both compared to previous quarter when it amounted to 14.34% and compared to one-year comparative period when it amounted 11.89%. In total capital structure, dominant share is held by ino capital with 81.98% followed by national private capital with 15.58% and the state with 2.44%. In this and the previous period, according to the ownership structure, two banks are in major national private ownership while other nine banks with major (5 banks) or 100% ino capital (4 banks).

**Active interest rates** Average weighted interest rates to total loans in the system amounted to 8.91% nominal and 9.52% effective. Average weighted interest rates to loans approved to legal persons totalled 8.38 % nominal and 8.90 % effective i.e. to loans approved to physical persons 9.77 % nominal and 10.51 % effective.

**Passive interest rates** Average weighted passive interest rates to deposits of banks totalled 3.88%, to deposits of legal persons 3.33% i.e. 4.47% to deposits of physical persons.

**Operation of banks** On 30 June 2010, financial result at the level of banking system was negative and it totalled €47,6m. Four banks in the system showed negative financial result.

**Operations of MFI** Micro crediting represents significant segment in financing of physical persons. There are five micro credit financial institutions (MFI) operating in Montenegro whose total balance sheet sum amounted to €66.1m on 30 June 2010. Decrease of balance sheet sum of these institutions at annual level totalled 14.95% and in current year, it realises decrease by 12.42%. Compared to previous quarter, balance sheet sum realises decrease of 7.35%. Total approved loans totalled €54.3m and realised annual decrease by 24.9% i.e. decreases by 17.46% in current year. According to the previous quarter, total MFI loans decreased by 9.6%. Greatest amount of loans was allocated for financing agriculture (57.41%). Total MFI capital totalled €19,3m and realised increase of 2.63% in one-year period i.e. decreases of 3.81% in current year. Compared to the previous quarter it realised decrease of 1.24%. MFIs showed negative financial result amounting to 764 thousand euros. Three MFIs realised loss.

## CHAPTER 10: INFORMATION SOCIETY AND MEDIA

- Law on Amendments to the Law on Electronic Trade was adopted, July 2010;
- Law on Amendments to the Law on Electronic Signature was adopted, July 2010;
- Law on Amendments to the Law on Central Population Register was adopted, July 2010;
- Law on Amendments to the Law on Data Secrecy, July 2010;
- Law on Electronic Media was adopted, July 2010;
- Law on Amendments to the Law on Electronic Communications was adopted, July 2010;
- eDMS project is in its final stage of preparation- Introduction of contemporary information system for managing documentation catalogues in the Government of Montenegro. Preparations for implementation of the project are ongoing.

## CHAPTER 11: AGRICULTURE AND RURAL DEVELOPMENT

Reforms in the sector of agriculture and fisheries have been continued in four main directions a) drafting and adoption of legislation b) implementation of strategic documents c) building institutions and administrative capacities and d) international integration processes.

**Law on Alcoholic Beverages** (Official Gazette of Montenegro 83/2009) was adopted in late 2009. The law regulates production and trade in alcoholic beverages, labels, conformity assessment, as well as other issues relevant for production and trade in alcoholic beverages. The Law defines geographic indications of alcoholic beverages and regulates following matters: procedure for registration of geographic indication, usage of geographic indication, relation between geographic indication and generic name, homonymous geographic indication, relation between geographic indication and stamp, civil and legal protection, procedure for conformity assessment and surveillance.

### **Agriculture and rural development**

**Law on Agriculture and Rural development** is the umbrella law regulating objectives and measures of agricultural policy, initiatives, establishing payment agencies, registers and other important issues for development of agriculture and rural areas.

**Strategy for Food Production and Development of Rural Areas** is continuously implemented. Apart from implementation of legal regulations, agricultural policy is being gradually reformed and harmonised with the principles of the EU Common Agricultural Policy (CAP).

Positive trend of allocating budgetary funds to agriculture and rural development is continued (increase by 20% in 2010 compared to previous year). Government adopted the budget for fostering agricultural development – **Agro budget 2010** on 11 February 2010.

Policy of rural development, which is allocated the third of total budgetary support, is implemented through measures for fostering competitiveness of primary agriculture (several types of support to investments for production modernisation) and manufacturing industry (restructuring of certain sectors and introduction of safety and quality standards) – axis 1; measures for protection of environment (organic agriculture, sustainable usage of mountain grazing lands and genetic resources in agriculture)- axis 2; improvement of rural living conditions in (diversification of economic activities in rural areas, reconstruction and development and construction of rural infrastructure)- axis 3. Measures for support of general services to social transfers to population are also continued.

In February 2010, IPA 2008 Twinning project „**Support to establishment, programming and implementation of IPARD system**” was initiated. Also in April 2009, World Bank approved loan in the amount of €11m and \$4m grant from

GEF funds for realisation of the project „Institutional Development and fostering Montenegrin agriculture with five-year dynamics of usage. Good synergy between these two projects has been established.

In accordance with the activities related to development draft **Rulebook on organisation and job classification in the Ministry** has been prepared with the support of World Bank-Midas and Twinning project. This rulebook will be adopted by the Government until the end of 2010.

**Unit for Rural Development** was established within the Ministry. This unit will be in charge of implementation of rural development policy, it will intensively work on harmonisation of rural development policy of Montenegro with the EU rural development policy, and it will select projects in accordance with defined criteria. Also, the unit will perform programming, monitoring and evaluation of rural development measures from IPARD plan. Currently, there are 4 employees working on these tasks and the extension of the unit is planned in accordance with increase of obligations.

**Agricultural statistics** In the period between 7 and 21 June 2010, Statistical Office – MONSTAT conducted agricultural census, which was conducted for the first time in Montenegro after 50 years. The census was followed by control of scope and quality of the census. Statistical Office published first results in July for agricultural households and comparative review with data from Census of Population and Households from 2003. Results of the Census are expected by the end of December 2010.

With a view to fulfilling commitments arising from the SAA (Article 33) and harmonising national legislation in area of quality policy with relevant EU regulations, **draft Law on designation of origin, geographic indications and indications of guaranteed traditional specialties of agricultural and food products**. It was envisaged for the Government to adopt proposal for this Law until the end of September 2010.

## CHAPTER 12: FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY

### TRANSPPOSITION OF EU LEGISLATION

#### Documents published in II and III quarter of 2010:

- Programme for monitoring pesticide residues in food of plant origin for 2010 (Official Gazette of Montenegro 12/10 of 5 March 2010);
- Programme for monitoring nitrates in food of plant origin- leaf vegetables for 2010 ( Official Gazette of Montenegro 16/10 of 26 March 2010);
- Programme for monitoring residues in 2010 (veterinary medicaments, heavy metals, organochlorine and organophosphoric compounds, mycotoxins in live animals and food of animal origin).

#### Prepared drafts of following bylaws:

- Draft Rulebook on methods of taking samples in official control of remaining pesticides in products of animal and plant origin (competence of Phytosanitary Administration)
- Draft Rulebook on food labelling and declaration;
- Draft Rulebook on procedure of registration and approving objects for production and trade in food of animal origin, contents and manner of keeping registers of registered and approved objects and procedure of entry into the register;
- Draft Rulebook on food macrobiotic criteria.

#### **EU assistance programmes and support of other donors:**

##### **1. Project IPA 2008- Establishing of integrated food safety system in Montenegro**

Aim of the project is to support development of food safety system, assistance is provided to administrations (institutions) involved in food safety system (improvement of legislation, capacities responsible for food safety, laboratory capacities, and administrative capacities of the National Council for Assessment of Food Safety and exchange of information between responsible institutions).

**2. TAIEX 2010** – harmonisation of submitted Training map for 2010 is underway as well as the ToR for Twinning.

##### **3. MIDAS Subcomponent – Creation of contemporary food safety system:**

- Improvement of Specialised Veterinary Laboratory in Podgorica;
- Improvement of the Institute for Sea Biology in Kotor;
- Improvement of veterinary and phytosanitary border inspection posts, Port of Bar;
- Support to non-harmful removal of by- products of animal origin;

- Improvement of objects for food processing.

## VETERINARY POLICY

### Adoption of framework legislation

- **Law on Amendments to the Law on Identification and Registration of Animals** modifying the current law in part regulating the identification and registration of sheep and goats and its financing in accordance with EU legislation is in the Parliament procedure.
- **Draft Law on Veterinary** which will create grounds for transposition of EU legislation in area of animal health, veterinary and official controls; adoption by the Government is expected for III quarter 2010.
- **Draft Law on Management of By-Products of Animal Origin** which will regulate collection, transport, storage, processing, handling, processing and use or removal of by-products of animal origin in line with EU legislation; adoption by the Government is expected for IV quarter 2010.

## ZOO TECHNIQUES

- Law on Cattle Breeding regulating: production of quality breeding cattle, seed for insemination of cattle, fertilised egg cells, production and introducing newly created cattle races, beekeeping as well as implementation of measures for cattle production is in the parliamentary procedure.

### Adoption of secondary legislation

Set of bylaws in the area of health and trade in animals, welfare, and control of live animals and products of animal origin is in final stage of legal alignment with the Secretariat for Legislation.

Rulebook on technical conditions for approving border crossing point with veterinary inspection i.e. border inspection posts for performing veterinary animal examination and/or products of animal origin entering Montenegro.

Decision on amendments to the Decision on amount of fee for performed veterinary and sanitary examinations in trade across Montenegrin border (Official Gazette of Montenegro 37/10).

### Administrative and institutional capacities

It is planned for employing two veterinary inspectors who will be in charge of border controls and controls in internal trade. Accreditations, granted by the Accreditation Body of Montenegro, for specialised veterinary laboratory are underway.

### EU assistance programmes and support of other donors:

Ongoing:

1. **IPA 2007 Project:** Development and implementation of identification system for identification and registration of domestic animals / Phase II - Aim of this project is to improve safety standards of food of animal origin, strengthening and expanding the concepts of integrated I&R system and veterinary information system (VIS) in accordance with EU standards for cattle, sheep and goats with the possibility to expand to other animals.
2. **TAIEX 2010** – harmonisation of submitted Training map for 2010 is underway as well as the ToR for Twinning project in the area of veterinary.

## PHYTOSANITARY POLICY

### Framework legislation

Preparation of draft Law on Amendments to the Law on Plant Health Protection is underway, with TOC table, with a view to further harmonising current legislation with the EU legislation - adoption of the proposal for the law is planned for IV quarter of this year.

Drafting of the Law on Amendments to the Law on Seed Material of Agricultural Plants is ongoing, aiming at further harmonisation of current legislation with EU legislation.

Drafting of the Law on Amendments to the Law on Seed Material is going, aiming at further harmonisation of current legislation with EU legislation.

**Secondary legislation** - Documents published in II and III quarter 2010:

### Area: Plant Health Protection

- Rulebook on phytosanitary measures for identification, prevention of spreading of fungus *Synchytrium Endobioticum* (Schilb.) Perc; causing potato wart disease(Official Gazette of Montenegro 15/10 of 23 March 2010);

- Rulebook on phytosanitary measures for identification, prevention of spreading of potato cyst nematodes (Official Gazette of Montenegro 43/10 of 29 July 2010)

**Area: Plant protection products and pesticide residues**

- Programme for monitoring pesticide residues in food of plant origin for 2010 (Official Gazette of Montenegro 12/10 of 5 March 2010);

Drafts of following bylaws:

**Area: Plant health protection**

- Draft Rulebook on phytosanitary measures for prevention of plotting and spreading organisms which are harmful for plants, planting products and objects under surveillance and measures to combat these organisms with the list of harmful organisms and plants, plant products and objects under surveillance (Annexes Council Directive 2000/29/EC);
- Draft Rulebook on phytosanitary measures for identification, prevention of spreading of bacteria -*Ralstonia Solanacearum*, which causes potato brown rot and bacterial withering of potato and tomato (Celex 31998L0057);
- Draft Rulebook on phytosanitary measures for identification, prevention of spreading -*Clavibacter Michiganensis* *Sepedonicus*, which causes potato ring rot (Celex 31993L0085);
- Draft Rulebook on urgent phytosanitary measures in case of occurrence or plotting *Phytophthora Ramorum* (Celex 32002D0757).

**Area: Plant protection products and pesticide residues**

- Draft Rulebook on methods of sampling in performance of official control of remaining pesticides in products of animal and plant origin;
- Draft Rulebook on procedure for registration of plant protection products;
- Draft list of registered plant protection products;

**Area: Seeding and planting material**

- Draft Rulebook on trade in seed potato (Celex 32002L0056, 31993L0017, 32004D0003)
- Draft Rulebook on trade in cereals seed (Celex 31966L0402, 32006L0055);
- Draft Rulebook on trade in vine seed material (Celex 31968L0193, 32005L0043);
- Draft Rulebook on trade in vegetables seedings (Celex 32008L0072, 31992L0033, 32003L0091, 31993L0061, 31989L0014, 31993L0062, 32005D0055);
- Draft Rulebook on trade in seeding material of fruit plants (Celex 31992L0034, 32008L0090, 31993L0048, 31993L0064, 31993L0079)
- Draft Rulebook on trade in seeding material of decorative plants (Celex 31998L0056, 31993L0049, 31999L0066, 31999L0068).

**Area: Protection of plant varieties**

- Draft Rulebook on procedure for plant varieties protection;

**Trainings**

**Area: Plant health protection**

1. 12 – 15 April 2010 expert mission for drafting:
  - Draft Rulebook on urgent phytosanitary measures in the event of occurrence or plotting of *Phytophthora ramorum* (Celex 32002D0757);
  - Draft Rulebook on urgent phytosanitary measures in the event of occurrence or plotting of Pepino mosaic virus (Celex 32004D0200);
  - Draft Rulebook on urgent phytosanitary measures in the event of occurrence or plotting of Potato Spindle Tuber Viroid (Celex 32007D0410);
2. 01 – 03 June 2010 expert mission for drafting:
  - Draft manual for phytosanitary inspectors;
3. 26 – 28 July 2010 expert mission for drafting:

- Draft Law on amendments to the Law on Plant Health Protection (with TOC table);

#### **Area: Plant protection products and pesticide residues**

On 22 – 31 June 2010 expert mission for drafting:

- Draft Rulebook on procedure for registration of plant protection products;
- Draft List of registered plant protection products;

#### **Area: Seeding and planting material**

On 31 May – 03 June 2010 expert mission for drafting:

- Draft Rulebook on trade in cereals seed (Celex 31966L0402, 32006L0055);
- Draft Law on Amendments to the Law on Seeding Materials of Agricultural Plants;

#### **Area: Protection of plant varieties**

1. On 31 May – 03 June 2010 expert mission for drafting:
  - Draft Rulebook on procedure for protection of plant varieties;
2. On 24 June 2010: **International seminar on protection of plant varieties-Poland;**

## **CHAPTER 13: FISHERIES**

### **TRANSPOSITION OF EU LEGISLATION**

**Drafts of the following bylaws** have been prepared and their publishing is expected by the end of September 2010:

- Rulebook on basic constructive and technical characteristics, manner of usage, time, quantity and purpose of certain fishing tools and equipment which is allowed to be used in large-scale and small-scale commercial fishing.
- Rulebook on form and contents of catch logbook, landing statement, catch statement and deadline for delivery of report on total catch and catch landing and manner of reporting and keeping registers on transshipment of fish and other marine organisms.
- Rulebook on conditions, fishing tools and equipment, period to perform fishing and manner of licensing small-scale commercial fishing of certain employed persons and pensioners.
- Rulebook on manner of usage, maintenance, protection, marking and length of coast, name and position of fishing area
- Rulebook on form of licence, licence issuance procedure, manner of paying fee for commercial fishing and conditions for transferring licence to commercial fishing
- Rulebook on register of fishing boats
- Rulebook on conditions, limitations and sequence in performing fishing in certain fishing areas
- Rulebook on sport and recreational maritime fishing
- Order on prohibition of fishing and placing on market fish fry of undersized fish and other maritime organisms
- Decision on the amount of individual fee for performance of commercial fishing and mariculture

Number of employees in the Unit for Fisheries within the Ministry stays the same – senior adviser and two junior advisors who perform activities in the area of fisheries.

### **DONOR SUPPORT TO FISHERIES SECTOR**

**Project IPA 2009 "Sustainable management of maritime fishing" (€1 000.000)**- Beginning of realisation of part of the project relating to expert support to building of administration, of inspection, of scientific and research capacities in fisheries sector (value - €560.000) is planned for 15 September 2010.

**Reconstruction and equipping of laboratory of the Institute for Sea Biology for monitoring and bio-monitoring of sea water in fish farms (MIDAS-World Bank) - €380.000** - Preparation of technical documentation by selected architect is necessary for opening tender for further realisation of restructuring of laboratory.

### **OTHER ACTIVITIES**

In May 2010, system for collection and processing of data on prices of agricultural products – Agricultural marketing Information System (AMIS) was extended by data on fish price regularly updated by information from four fish markets at weekly basis.

## CHAPTER 14: TRANSPORT POLICY

Implementation of project IPA 2007, activity 2 is ongoing- Implementation of main project rehabilitation of railway Bar- Vrbnica realised by Italian company „Italferr“.

On 14 April implementation of the project Technical support to transport sector was initiated and it is realised by Swedish consortia NTU-International ApS (Swedavia AB and SweRoad). Provided technical assistance consists of provision of services to Railway Infrastructure, Railway Directorate, Transport Directorate, Civil Aviation Directorate, Ministry of Transport, Maritime and Communications.

On 14 May, the Ministry signed Grand Agreement for cross-border cooperation project (IPA II component) between the South Eastern European countries „SEETAC“, for performance, inter alia, of combined transport. In April 2010, ministerial conference entitled Multimodal Transport was held in Kolašin where the experiences of members of Central-European Initiative in the area of multimodal transport were exchanged.

### ROAD TRANSPORT

**Rulebook** on necessary conditions for vehicles on roads in terms of dimensions, total mass, axle load, environmental protection, devices and equipment was published in Official Gazette of Montenegro 40/10 in July 2010.

Following normative acts are in parliamentary procedure:

- Proposal for the Law on Amendments to the Law on Transportation in Road Transport;
- Proposal for the Law on Working Hours, Rest Periods During Working Hours of Mobile Workers and Devices for Record-Taking in Road Transport ;
- Law on Ratification of Amendments to AETR Agreement.

**Regarding commitments arising from the SAA (Protocol IV on land transport)**, following articles have been fully complied with:

- Article 11 paragraph 2 (*The Parties hereby agree to grant unrestricted access to Community transit traffic through Montenegro and to Montenegrin transit traffic through the Community with effect from the date of entry into force of this Agreement*);
- Article 14 paragraph 1 (*Montenegro accepts that road vehicles complying with Community standards on weights and dimensions may circulate freely and without hindrance in this respect on the routes covered by Article 5. During six months after the entry into force of this Agreement, road vehicles which do not comply with existing standards of Montenegro may be subject to a special non-discriminatory charge which reflects the damage caused by additional axle weight*);
- while article 16 paragraph 2 (*Montenegro as a contracting party to the European Agreement concerning the work of crews of vehicles engaged in international road transport (ERTA), and the Community will coordinate to the maximum extent possible their policies concerning driving time, interruptions and rest periods for drivers and crew composition, in respect of the future development of the social legislation in this area*),

**will be complied with by adoption of Law on Working Hours, Rest Periods During Working Hours of Mobile Workers and Devices for Record-Taking in Road Transport which is in parliamentary procedure.**

### RAILWAY TRANSPORT

**Law on Contractual Relations in Railway Transport** (Official Gazette of Montenegro 41/10) was adopted.

- With the assistance of consultants, provided under IPA 2007 (Technical Assistance to Transport Sector), creation of legal basis and establishment of independent body for investigation of accidents is being prepared as well as the improvement of safety in railway transport through establishing the organ competent for transport safety and through preparation of new Law on Transport Safety, envisaged by the Government Work Programme for 2010 for IV quarter),
- Strengthening competence of regulatory body within Transport Directorate is ongoing,
- Railway Directorate as the regulatory body initiated issuance of licences,
- Negotiations have begun on conclusion of the Agreement on joint border control in railway transport between Montenegro and Albania,
- Apart from the mentioned, the activities on harmonisation of national legislation with the EU legislation have been intensified (implementation of relevant directives and regulations), in this case of the Law on Safety in Railway Transport and the Law on Railways, in line with the commitments arising from the SAA.

## MARITIME TRANSPORT

- In July 2010, Rulebook on amendments to the Rulebook on forms for entering yachts into yacht register and stay of yachts in Montenegrin waters was adopted.
- Proposal for the Law on Protection of Sea from Pollution Inflicted by Floating and Sailing Vessels is in phase of alignment with comments and suggestions of competent organs and other subjects and will be forwarded to working teams in the Government and to the Government in September 2010.
- Preparations for drafting working version of the Proposal for the Law on Safety and Security of Navigation are underway.

## AIR TRANSPORT

### **Bylaws adopted and published in Official Gazette of Montenegro:**

- Rulebook on contents and form of official ID of aviation supervisor ( Official Gazette of Montenegro 15/2010)
- Rulebook on conditions and manner of issuing certificates and safety (professional) surveillance over aviation services provider (Official Gazette of Montenegro 17/2010)
- Rulebook on manner and contents of keeping Register of Aircraft Crew (Official Gazette of Montenegro 22/2010)

### **Bylaws prepared and forwarded to further procedure to competent ministries and working teams:**

- Rulebook on more detailed conditions for issuance of certificate on professional capability for safe usage of aircraft to air carrier ,
- Rulebook on licences and centres for pilots training,
- Rulebook on organisation and schedule of working hours, rest periods and protection measures for members of aircraft crew,
- Rulebook on procedure and manner of performing investigation of threat to safety, accidents and serious accidents in air transport,
- Rulebook on conditions that legal person which performs professional training of pilots of sport aircrafts has to meet,
- Rulebook on manner of performing activities of Aviation Association of Montenegro,
- Rulebook on manner of reporting, investigation and analysing of threat to safety, accidents and serious accidents in aircraft and manner of collecting, analysis, storage and distribution of data on threat to safety, accidents and serious accidents,
- Rulebook on manner and conditions for issuance certificate of capability- certificate to airport operator,
- Rulebook on professional training programme and conditions that have to be met by legal person performing professional training of flight controllers,
- Rulebook on closer criteria for acquisition, issuance, publishing and renewal of licence and authorities of flight controllers,
- Rulebook on manner of establishing medical fitness of flight controller,
- Guidelines ( order) on establishing and using safety management system of service providers in air navigation,
- Rulebook on estimating and reducing risk in provision of services in air navigation
- Rulebook on conditions and manner of issuance of the approval for navigation of foreign aircrafts in Montenegrin air space

Following is in drafting procedure: Rulebook on conditions that cabin crew has to meet and Rulebook on conditions and manner of issuance of certificate on ability to perform other activities in air transport not related to transport of persons and goods. In addition, preparation of amendments to the Law on Air Transport is underway for further harmonisation with the EU regulations.

## TELECOMMUNICATIONS AND POSTAL SERVICES

New **Law on Electronic Communications** was adopted. **Plan for purpose of radio frequency spectrum** is published.

Proposal for laws adopted by the Government, currently in parliamentary procedure:

- Proposal for the Law on Ratification of the Eighth Additional Protocol to the Statute of Universal Postal Union, Geneva 2008.

- Proposal for the Law on Ratification of the First Additional Protocol to General Rulebook of Universal Postal Union, Geneva 2008.
- Proposal for the Law on Ratification of Universal Postal Convention and its Final Protocol, Geneva 2008.
- Proposal for the Law on Ratification of Agreement on Postal Monetary Services, Geneva 2008.

Proposal for the Decree on minimum set of services performed by universal service was forwarded to the Government.

Following rulebooks have been prepared:

- Rulebook on quality of Universal Service
- Rulebook on appointing persons with rights to certain conveniences in provision of universal service.

## CHAPTER 15: ENERGY

### ENERGY

#### Adopted regulations:

In period between 12 April and 1 September 2010 the following regulations were adopted:

- **Law on Energy** (Official Gazette of Montenegro 28/10 of 14.05.2010); this law regulates: activities in the area of energy and conditions and manner of their performance, for quality and safe supply of end users with the energy; public services and other activities in the area of energy relevant for Montenegro; manner of organising and functioning of the market of electric power and gas; manner and conditions for using renewable sources of energy and cogeneration; energy efficiency in production sector, transfer and distribution of energy and other matters relevant for energy;
- **Law on Ratification of the Statute of International Agency for Renewable Sources of Energy** (IRENA) (Official Gazette of Montenegro –International Agreements 06/10 of 14 May 2010);
- **Law on Energy Efficiency** (Official Gazette of Montenegro 29/10 of 20 May 2010); this law regulates the manner of efficient energy using, measures for improving energy efficiency and other matters relevant for energy efficiency;
- **Law on Ratification of the Agreement between Montenegro and Italy** on construction of submarine electro-energetic interconnection between transfer networks of Montenegro and Italy with realisation of strategic partnership of transfer systems operators (Official Gazette of Montenegro –International Agreements 08/10 of 22 July 2010);
- **Rulebook on methodology for calculation of purchase price of electrical energy from wind-power plants** (Official Gazette of Montenegro 27/10 of 12 May 2010).

#### Preparation of regulations

In accordance with the Law on Energy, Ministry of Economy prepares following regulations:

- Rulebook on criteria for issuing energy licences, contents of the request and register of energy licences,
- Decree on mandatory operational and strategic reserves of oil and oil derivatives,
- Decree on tariff system for production of electric power from renewable sources of energy and cogeneration,
- Decree on types and manner for fostering production from renewable sources of energy and cogeneration,
- Rulebook on origin guarantees,
- Rulebook on privileged producers,
- Rulebook on types and classification according to groups of plants for generation of electric power from renewable sources of energy and highly efficient cogeneration generation – on conditions for measuring and researching potential of renewable sources of energy.

In accordance with the Law on Energy, **Regulatory Agency** prepares the following regulations:

- Provisional methodology for defining regulatory revenue and prices for usage of electric power transfer system,
- Provisional methodology for defining regulatory revenue and prices for usage of electric power distribution system,
- Provisional methodology for defining regulatory revenue of public supplier and regulated tariff for electric energy supply.

In accordance with the Law on Energy Efficiency, **Ministry of Economy** prepares the following regulations:

- Rulebook on energy efficiency of buildings,
- Rulebook on energy characteristics of buildings,
- Rulebook on energy certifying of buildings,

- Rulebook on registering experts for certifying buildings energy efficiency and performance of energy testing,
- Rulebook on performance of energy testing.

In June 2010, **2010-2012 National action plan for energy efficiency** was prepared and submitted to Energy Community Secretariat. After it is approved by the Secretariat, it will be forwarded to the Government of Montenegro for adoption.

## **PROJECTS THE REALISATION OF WHICH IS ONGOING**

### **1. Project for construction of hydro-power plant on Morača**

In May 2010, in open and second instance concession award procedure for hydropower plants on river Morača (4 cascade hydropower plants on river Morača - Andrijevo, Raslovići, Milunovići i Zlatica, of total power of 238 MW, possible annual production of around 700 GWh), qualified bidders have been selected for participation in second round of tender procedure.

### **2. Project for construction of hydro-power plant Komarnica**

For hydro-power plant Komarnica (power 168 MW, average annual production of 231,8 GWh), there are ongoing preparations for elaboration of detailed spatial plan for area in which the construction is planned for as well as the preparations for research activities necessary to draft preliminary design.

### **3. Project for construction of small hydropower plants**

Activities from contract on concessions for research and construction of small hydropower plants (to 10 MW), concluded with six concessionaries for construction of small hydropower plant on eight watercourses, are being realised.

Based on two instance procedure conducted according to announcement for prequalification for granting concessions for usage of watercourses to build small hydropower plants in Montenegro, published on 15 September 2009, top-placed bidders for five watercourses were selected in June 2010. Signing the concession agreement for construction of small hydropower plants on these watercourses is expected to take place in September this year.

### **4. Project for construction of wind power plants**

After public competition conducted on public announcement for selection of investor for construction of wind power plants and leasing of land, published on 24 December 2009, contracts with selected investor were signed, namely:

- Contract on leasing of public land and construction of wind power plants for sight Možura (municipalities Ulcinj and Bar) was signed on 5 July 2010;
- Contract on leasing of public land and construction of wind power plants for sight Krnovo (municipalities Nikšić and Šavnik) was signed on 5 August 2010.

### **5. Projects for revitalisation and modernisation of existing electric power generation objects**

Ongoing activities on realisation of projects concerning revitalisation and modernisation of existing electric power plants: Hydropower Plant Perućica, Hydropower Plant Piva i Thermal Power Plant Pljevlja.

### **6. Projects for development of electric power networks**

Activities related to realisation of project for construction of power line 400 kV Podgorica – Tirana are ongoing and for construction of submarine high-voltage cable for unidirectional power between electric power systems of Montenegro and Italy are ongoing. Realisation of the project for reconstruction and expanding of electric power distribution grid is ongoing.

## **NUCLEAR SAFETY**

Regarding the area of nuclear safety and radiation protection, **secondary legislation** is now being prepared based on the Law on Protection against Ionising Radiation and Radiation Safety. It is planned for all bylaws to be prepared parallel with amendments to the Law, which is planned for the end of 2011.

Considering that Montenegro is signatory to the Agreement on non-proliferation of nuclear weapons which is taken over by succession (Official Gazette of Federal Republic of Yugoslavia 010/70-313), currently the **proposal for the Law on Ratification of the Agreement on Protection Measures with accompanying protocols** is being drafted (**Additional protocol and Protocol on small quantities**), the adoption of which is planned by the end of September 2010.

Preparation of the **proposal for the Law on Ratification of the Protocol to the Vienna Convention on Civil Liability for Nuclear Damage** is being prepared and its adoption is planned by the end of September 2010.

**Proposal for the Law on Ratification of the Convention on Supplementary Compensation for Nuclear Damage** (planned for IV quarter 2010) establishes the regime responsibility aiming at completion and improvement of envisaged measure through increasing the amount of fee for responsibility in case of nuclear damage.

## **PROJECTS IN THE AREA OF NUCLEAR SAFETY AND RADIATION PROTECTION**

**Cooperation with the International Agency for Atomic Energy**, based on expressed interest of Montenegrin institutions, is developed through **technical cooperation projects** (regional, sub-regional and national) which represents a part of cooperation the most significant to Montenegro. Currently, in the area of radiation protection **46 projects** are being realised, regional and national, (<http://tc.iaea.org>), of which there is the greatest number of new projects-around 30 and only one (area of protection of cultural and historic heritage by nuclear methods) is continued from the previous cycle.

Since mid 2009, three national projects are being implemented: „Improvement of system in order to establish efficient system of monitoring of prohibited ingredients in food and air control systems “ (PI »Ecotoxicological Examination Centre of Montenegro «, \$667.390), „Support to development of regulatory infrastructure in Montenegro“ (Ministry of Spatial Planning and Environmental Protection , \$248.550 and „Improvement of services in the area of radiotherapy in Clinical Centre of Montenegro “ (Clinical Centre of Montenegro – Oncology Clinics, \$156.000 ). In this respect, expert and technical assistance has been provided as well as the software, hardware and sophisticated equipment necessary for activities performed by Environmental Protection Agency.

Implementation of six **MB IPA 2007 projects of horizontal programme initiated in January 2009** in the area of nuclear safety and radiation protection. Realised projects: „Assessment of regulatory infrastructure in the area of nuclear safety and radiation protection“, „Assessment of needs and proposed activities for improving security and safety in closed radiation sources“ „Assistance to Western Balkans countries in improvement of their abilities in elaboration of regulations on naturally occurring radioactive material (NORM) and technologically enhanced naturally occurring radioactive materials (TENORM)“, „Assessment of needs and proposed activities for improvement of ability for combating illegal trade in nuclear and other radioactive material“, „Managing medicinal radioactive waste“ and „Assessment of needs and proposed activities for monitoring radioactivity in environment“. Total value of the projects amounts to €3m and the projects are implemented in Montenegro, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Kosovo and Serbia. The aim of the projects is to assess current situation in the country and to build regulatory infrastructure, based on which the Strategy for programmes to be realised by 2015 will be elaborated. In implementation of IPA 2007, relevant institutions in the area of radiation protection took part while implementation agencies were ENCONET from Austria, Consortia WISUTEC from Germany, Institute for Radioelements from Belgium, Regulatory Body for Protection against Radiation from Germany, Nuclear Safety Administration of the Republic of Slovenia and International Agency for Atomic Energy from Vienna.

Under **MB IPA 2008**, the project entitled „Development, strengthening and support to national regulatory infrastructure capacities in the area of nuclear safety and radiation protection“ was awarded to the Ministry of Spatial Development and Environmental Protection and the Environmental Protection Agency in value of €1 200.000. Apart from Montenegro other countries of Western Balkans participate in the project. Currently, preparation of tender documentation, the publishing of which is expected by the end of September, is being realised.

**MB IPA 2009** programme approved the regional project IPA 2009 “Managing closed radioactive sources of radiation including radioactive lightning conductors” CRIS No. 2009/021-640, in the amount of €1.350.000. Apart from Montenegro, Macedonia and Kosovo participate in the project. Call for tenders for the mentioned project is expected in October next year while the implementation of the project will start in 2011.

## **CHAPTER 16: TAXATION**

The following laws were adopted by the Government on 29 July 2010

- Proposal for the Law on Amendments to the Law on Local Self-Government Financing, and
- Proposal for the Law on Amendments to the Law on Real Estate Tax.

The proposed amendments to the Law on Local Self-Government Financing would provide more stable sources for financing local self-government functions for a long term, through increasing particular types of taxes and by conceding new revenues of the State to the local self-government.

The proposed amendments to the Law on Real Estate Tax would extend the basis for taxation of real estates in the territory of Montenegro, and increase the range of tax rates from 0.08% to 0.10% and from 0.80% to 1.00% (for 25% respectively). Within these ranges, local self-governments can define tax rates for particular types of buildings, with the view to providing resources to the largest possible amount and using them, afterwards, for financing defined functions of local self-government.

***Planned activities of the Department for Tax and Customs System within the Ministry of Finance by the end of 2010:***

- Proposal for the Law on Amendments to the Law on Administrative Fees. The mentioned Law will abolish the obligation of paying taxes for documents and operations to customs bodies, all with the view to harmonising the mentioned provisions with Article VIII of the General Agreement on Tariffs and Trade (GATT) and meeting obligations taken by SAA. Proposal for the Law will be submitted to the Parliament of Montenegro for adoption during the autumn session, in order to make it possible to apply this Law as of 1 January 2011, i.e. starting with the new fiscal year.
- Proposal for the Law on Amendments to the Law on VAT. It will further harmonise a set of the existing legislation with Directive 2006/112/EC and Directive 2008/8/EC. The Proposal of the Law will be completed in the fourth quarter of 2010, and it will be applied as of 1 January 2011.
- Proposal for the Law on Amendments to the Law on Real Estate Tax will be completed in the fourth quarter of this year. The mentioned Law will improve the system of taxation of real estate transactions in Montenegro, including mechanisms of taxation, and improve methodology for defining the market value of real estates.

## CHAPTER 17: ECONOMIC AND MONETARY POLICY

In the first seven months of 2010, the key balance positions of banks (total assets, credits, deposits and loans) have decreased. The assets have been reduced for 1.9%, credits for 3.5%, deposits for 0.8% and loans for 6.2%, compared to the end of 2009.

Total **assets** of banks amounted € 2,967 million at the end of July 2010, and it has decreased for € 15 million or 0.5% compared to June 2010, i.e. it has decreased for € 58.3 million or 1.9% compared to the end of 2009. At the monthly level, assets of six banks have increased, while assets of seven banks have increased compared to the end of 2009. Poor quality assets have increased from 11.39% at the end of 2009 and 13.85% in June 2010 to 14.20% in July 2010 (share in total assets of banking system).

**Table 1: Monetary indicators, changes in %**

Description/Period	July 2010 July 2009	July 2010 December 2009	July 2010 June 2010
<b>Banks' assets</b>	-4.3	-1.9	-0.5
<b>Total credits</b>	-11.4	-3.5	-0.9
Corporate credits	-14.7	-4.0	-1.6
Retail credits	-9.5	-4.8	-1.1
<b>Total deposits</b>	4.5	-0.8	0.1
Corporate deposits	18.8	2.4	-1.7
Retail deposits	17.5	6.4	3.4
<b>Loans</b>	0.1	-6.3	-0.6

Total **deposits** in the system totalled € 1,810.2 million in July 2010, with the monthly growth of € 1.9 million or 0.1%, while compared to the end of 2009 they have decreased for 0.8% and nominally they were lower for € 14.5 million.

Savings of citizens totalled € 898 million at the end of July 2010, and they have decreased for € 29.7 million or 3.4% at monthly level, i.e. for € 54.1 million or 6.4% compared to the end of 2009. Deposits of the sector of economy totalled € 522.3 million at the end of July 2010, with the decrease of € 9.1 million or 1.7% at monthly level, while compared to the end of 2009 they have increased for € 12.2 million or 2.4%.

Non-performing credits (C, D, E) totalled 17.2% and overdue credits 26.1% of total credits at the end of July 2010. Credit loss reserves have increased compared to the end of 2009 as well as compared to June 2010, and they amounted 7.9% of total granted credits. Restructured credits have increased as well, and they amounted 10.9% of total credits at the end of July 2010.

**Table 2: Indicators of credit activity of banks, share in total credits**

Description/Period	4 <sup>th</sup> Q 2009	1 <sup>st</sup> Q 2010	2 <sup>nd</sup> Q 2010	July 2010
Overdue credits	22.9	31.2	24.3	26.1
Credit loss reserves	-6.3	-6.8	-7.5	-7.9
Restructured credits	9.3	9.8	10.9	10.9

Total **credits** of banks amounted € 2,314 million at the end of July 2010, with monthly decrease of € 20.3 million or 0.9%, while compared to the end of 2009 they have decreased for € 83.7 million or 3.5%. Corporate credits and retail

credits, totalling over 94% of overall credits, were lower for 1.6% and 1.1% respectively compared to the end of June 2010, i.e. for 4.0% and 4.8% respectively compared to the end of 2009.

Average float in May 2010 totalled € 504.5 million and it has increased for 7.7% at monthly level, while compared to the end of 2009 it has increased for 15.1%.

Overall bank loans totalled € 689.3 million at the end of July 2010, which represents increase of € 8.5 million or 1.2% compared to June 2010, while compared to the end of 2009 they have decreased for € 45.5 or 6.2%.

Total banks' capital amounted € 322.4 million at the end of July 2010, and it has decreased for 5.4% since June 2010 i.e. for 2.8% compared to the end of 2009. During 2010, four banks have provided additional capital to the overall amount of € 68.4 million.

Financial result of banks at the end of July 2010 was negative and it totalled € 68.1 million. Compared to June 2010, the loss of banks increased for € 20.5 million, while compared to the end of 2009, it has increased for € 46.5 million. Negative financial result was recorded in four banks at the end of July.

Active average weighted effective interest rate at the end of June was 9.52%, with 0.04 pp increase at monthly level, i.e. 0.14 pp increase compared to the end of 2009. Interest rate for credits granted to individuals was 10.51%, while interest rate for credits granted to legal entities was 8.90%. Passive average weighted effective interest rate in July 2010 was 3.72%, and it was for 0.16 pp lower than in June 2010, as well as 0.15 pp lower compared to the end of 2009.

### Legislation adopted since April 2010

- **Decision on the amount of cash that can be carried into or carried out of Montenegro without declaring it (Official Gazette of Montenegro 38/10)**
- A resident or a non-resident can, without declaring it to the administrative body competent for customs affairs, physically carry cash in or out of Montenegro in Euros and/or some other currency to the total amount of € 10,000, instead of € 2,000 as it was previously allowed. Carrying of cash into or out of Montenegro is thus harmonised with EU directives regulating carrying of cash in and out of EU.
- **Decision on keeping special records on foreign current and capital transactions and submission of data on such transactions to the Central Bank of Montenegro (Official Gazette of Montenegro 38/10)**
- According to this Decision, residents – legal persons are obliged to keep special records on foreign current and capital transactions and to submit data from those records to the Central Bank of Montenegro in prescribed forms and within prescribed deadlines. Such a reporting will enable keeping records on direct investments and private foreign debt, and it will increase comprehensiveness and quality of payment balance statistics. Data will be entered into special records depending on the time of the recorded transaction, on the basis of documents accompanying those transactions. Special records will be kept in the form of a book, cards or electronic records, or in any other form enabling insight into records.
- **Decision on determining late payment interest** in the period 1 July – 31 December 2010 (Official Gazette of Montenegro 36/10)

## NATIONAL AND INTERNATIONAL PAYMENT TRANSACTIONS

With the view to creating necessary preconditions for taking required measures and activities for the purpose of eliminating deficiencies in the observed and analysed areas (payment systems) and their complete harmonisation and approximation with European standards, it is important to emphasize that the **Law on the Central Bank of Montenegro** (Official Gazette of Montenegro 40/10) entered into force at the end of July 2010. Article 14 of this Law authorises the Central Bank to regulate and control national and international payment transactions. This provision enables the Central Bank of Montenegro to pass a bylaw regulating the method and conditions for performing international payment transactions.

### 1. Securities

On 16 July 2010, the Parliament of Montenegro adopted the Law on the Council for Financial Stability (Official Gazette of Montenegro 44/10). This Law establishes the Council for Financial Stability for the purpose of monitoring, identification, prevention and mitigating potential systemic risks in the financial system of Montenegro as a whole, in order to provide preservation of financial system stability and avoiding effects of factors that could lead to financial crisis of wider consequences.

The Council and its members are responsible for developing and maintaining a comprehensive national framework, which should enable management in circumstances of financial crisis, including taking joint intervention measures with the view to earlier detection of crisis.

In the reporting period, the Securities Commission has adopted the **Rules on Amendments to the Rules on Trading in Block of Shares**. These Rules have introduced a restriction according to which block of shares could be traded at the price deviating not more than 10% from the average market price. Introduction of such a restriction would result in greater discipline among participants in the market and reduce the possibility for manipulating the market prices.

The Securities Commission has taken activities as regards creating the **conceptual framework** for future regulation of investment funds in Montenegro. By adopting the new Law on Investment Funds, this area will be completely harmonised with UCITS Directive 2009/65/EC.

In the reporting period, the Securities Commission has continued its activities on developing the concept for regulating open-end investment funds and control of closed-end funds, by implementing the **project “Analysis of possible directions for amending regulation of investment funds in Montenegro”**, with the view to stimulating further efficient development and functioning of this segment of the financial market and creating possibilities for development of new institutional forms of collective and individual investments. The analysis included as follows:

- Analysis of the existing legislation in Montenegro, analysis of the state of play of joint investment funds, with special emphasis put on the structure of funds' assets and their liquidity, ownership structure of funds and relations between management companies and owners of funds;
- Analysis of UCITS investment structures and possibility for their efficient implementation in the capital market system in Montenegro;
- Analysis of organisational structures and operation methods of investment companies that provide investment management services to a great number of private savings owners, and analysis of the accompanying regulations governing this area in the EU;
- Analysis of the role of institutional investors and investment companies in corporate management of portfolio companies and improvement of efficiency in their operation;
- Analysis of the model of rewarding managers of collective investment schemes and possible implications that particular motivation structures have for efficiency and management methods;
- Analysis of possibilities, conditions and procedures for changes of managers of collective investment schemes;
- Analysis of conditions and procedures to be met by a foreign financial institution interested in managing financial assets and collective investment schemes in Montenegro;
- Analysis of conditions and procedures to be met by collective investment schemes managers from Montenegro interested in performing these activities abroad;
- Analysis of possibilities and conditions for transferring the management functions and/or particular activities to other domestic or foreign providers of financial services;
- Analysis of the accompanying infrastructure (central depository, custody function, audit, public reporting of companies, etc.) required for development of collective investment area;
- Analysis of supervision principles for adequate monitoring and directing of development of investment funds industry.

The Securities Commission has actively participated in preparing the proposal for the Law on Takeover of Joint Stock Companies, which is expected to be adopted by the end of 2010.

Within **IPA 2008** programme, the Securities Commission has signed Twinning contract on project MNO8 IB FI 01 entitled **“Strengthening Regulatory and Supervisory Capacity of Financial Regulators”**, concluded between the EC and the Bulgarian National Bank. During the third quarter of Twinning project, all the planned activities have been carried out, with the view to defining the level of harmonization of legislation governing the capital market in Montenegro with EU regulations as well as drafting future legislation. Within the project, cooperation has been established not only with FSC experts, but also with experts from BAFIN (Federal Financial Supervisory Authority of Germany) and experts from CNMV (National Securities Market Commission of Spain).

**Rules on the contents, deadlines and manner of publishing financial reports of issuers of securities** (Official Gazette of Montenegro 18/10) – Discipline of participants in the market as regards financial reporting has been improved by launching numerous misdemeanour procedures for failing to act in accordance with these Rules. This has enabled further development and completion of the **Public Information Book** and consequently also a better availability of financial reports and other information need by investors for making investment decisions.

**Rules on the manner of operations of authorised participants in the securities market** (Official Gazette of Montenegro 87/09) – Implementation of these Rules has enabled short-selling of securities and introduced the obligation to

transfer the money, immediately after completed transactions with securities, to the client's account, thus providing complete separation of accounts of clients and authorised participants. Furthermore, trading in foreign securities is prevented, thus introducing greater discipline in realisation of transactions with securities. Special obligations have been introduced as regards taking measures for prevention of money laundering and their implementation.

**Draft Rules on performing transactions with securities on margin** is under public hearing. A consultative meeting has been organised with brokers' representatives.

In the period 2010-2012, the following primary and secondary legislation **is planned to be adopted**:

- **Law on Amendments to the Law on Securities** (2012) with accompanying bylaws (2012):
- Rules on issuing operating licence to authorised participants in the securities market, which will be harmonised with provisions of the Directive **32006R0073** as regards organisational requirements and operating conditions for investment firms;
- Rules on the manner of operations of authorised participants in the securities market and Rules on the control of transactions with securities, which will be harmonised with the Regulation **32006R1287**, especially as regards the obligation of keeping registries on transactions and clients, as well as special conditions I terms of transparency of information prior to and after the transaction. These Rules should be particularly harmonised with the provisions referring to risk management, actions upon clients' complaints, methods and conditions for conducting the so-called "connected" transactions, possibility of transferring the activities to third persons, conditions under which it could be done, and responsibilities related to transferring these functions to third persons;
- Rules on the contents of the prospectus for public offering of the issue of equity and long-term debt securities, Rules on the contents of the abbreviated prospectus and the manner and procedure for recording closed offers of equity and long-term debt securities and Rules on determining more detailed conditions for issuing, registering and trading in short-term debt securities, which will be harmonised with provisions of the Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, especially as regards information contained in the prospectus and regulating situations when securities could be issued without the prospectus;
- Rules on determining conditions for operations of foreign persons dealing with securities in Montenegro; and
- Instructions on the manner of trading in foreign securities.
- **Law on Amendments to the Law on Voluntary Pension Funds** (2012), which will be harmonised with the Directive **32003L0041** on the activities and supervision of institutions for occupational retirement provision as well as with the Council's Directive **31998L0049** on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community.

## 2. Insurance

Amending of the **Law on Insurance** is under way in line with EU directives in the areas such as actuary, audit, accounting, qualified participation in the insurance company, insurance brokerage and agency, protection and informing of customers. By the end of 2010, it is planned to amend the Law on Insurance in the part regulating the financial operations of insurance companies, with the view to its further harmonisation with provisions of Solvency I.

By the end of 2010, its is also planned to initiate amending of the Law on Compulsory Insurance in line with the EU Directive 2009/103/EC, while amending of the Law on Bankruptcy and Liquidation of Insurance Companies in line with the EU Directive 2001/17/EC is planned to be completed in the first half of 2011.

As regards secondary legislation, drafting of two new **rulebooks** is in the final stage:

- Rulebook on the method for evaluating assets of insurance companies; and
- Rulebook on the chart of accounts of insurance companies.

In the reporting period, the Agency has improved cooperation not only with institutions in Montenegro, but also with international institutions and insurance supervisors. In July 2010, the **Agreement on Cooperation** was signed with the Administration for Protection of Competition with the view to providing competition protection in the insurance market in Montenegro, while at the international level Memorandums of Understanding were signed with the Insurance Supervision Agency of Macedonia (April 2010) and with the Central Bank of Kosovo (July 2010). Cooperation with supervisors, with whom memorandums of understanding had been signed earlier, has been significantly improved in the previous period.

Within the IPA 2008 **project** “Strengthening Regulatory and Supervisory Capacity of Financial Regulators”, all the planned activities with partners from the Nederlandsche Bank (DNB) and the Bulgarian National Bank (BNB) have been completed:

- analyses of harmonisation of national laws and bylaws with EU directives in the area of insurance;
- assessment of harmonisation of competences and functioning methods of the Insurance Supervision Agency with basic principles of the International Association of Insurance Supervisors (IAIS);
- preparation for harmonising the Agency's legal and internal procedures with European standards in the area of prevention of money laundering and terrorism financing.

Through the **project** “Strengthening capacities of the Ministry of Finance for efficient monitoring, analysing and managing public finances with the view to supporting the country's aspirations towards achieving objectives of sustainable development and integration into the European Union” implemented in cooperation with the Ministry of Finance and the Capacity Development Programme (CDP), the Insurance Supervision Agency has received expert assistance in the reporting period in the area of actuary and improvement of legislation governing the insurance system, while in the near future it is planned to organise a study visit to the insurance supervisor in Malta (September 2010) and to further develop supervisory capacities of the Agency through engaging professional consultants.

In the reporting period, the Agency has performed regular and systemic on-site and off-site inspections of operators in the insurance market, which in some cases resulted in taking corrective measures towards certain operators. At its webpage, the Agency provides regular reports on the situation and trends of indicator in the insurance market in Montenegro.

### 3. Prevention of Money Laundering

After the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) has adopted the Third Round Detailed Assessment Report on Montenegro on anti-money laundering and combating the financing of terrorism, drafting of the Law on Amendments to the Law on Prevention of Money Laundering and Terrorism Financing is under way.

On 2 June 2010, Montenegro was granted the observer status in the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG).

The Administration for Prevention of Money Laundering and Terrorism Financing (APMLTF) currently employs 27 civil servants and public employees, whether for an indefinite or definite period, plus one trainee (although there are planned 34 job positions). It is planned to increase the number of employees, particularly in the Division for Obligors Control.

Statistics on suspicious transactions in the period 1 April – 20 August 2010

Suspicious transactions	Obligors	Analysis APMLTF	Residents		Non-residents	
			Others	Natural persons	20	32
62	44	18	0	Legal persons	20	8
Amount of suspicious transactions			€ 9,819,564.06 \$ 888,737.92			
Blocked transactions	3		Natural persons	3		
			Legal persons	2		
Amount of blocked transactions			€ 160,631.31			

The number of opened cases in the **Division for Suspicious Transactions** in the reporting period was **97**, involving 158 natural persons (58 residents and 100 non-residents) and 72 legal persons (51 residents and 21 non-residents). Out of that number, 29 cases have been opened upon the initiative of obligors, 24 cases have been opened upon the initiative of the Administration for Prevention of Money Laundering and Terrorism Financing, while the rest of the cases have been opened upon the initiative of other administrative bodies and foreign FIUs.

In the period 1 April – 20 August 2010, the Administration for Prevention of Money Laundering and Terrorism Financing submitted **52 notifications** to competent bodies, out of which 21 notifications were submitted upon the initiative of the Administration itself, while 31 notifications were submitted upon the request of other administrative bodies.

In the reporting period, **8 requests** have been submitted to obligors **to monitor financial operations of clients** – for 6 natural persons (2 residents / 4 non-residents) and for 5 legal persons (3 residents / 2 non-residents).

In the period 1 April – 16 August 2010, the Administration exchanged **117 information with financial intelligence units of other countries** (19 requests were received from foreign FIUs while 46 requests submitted to foreign FIUs; in the same period, 35 responses were received and 17 responses delivered), out of which 30 information were exchanged with FIUs from 12 EU member states.

**Inspectors from the Division for Control of Obligors** have, in the period 1 April – 20 August 2010, carried out **84** controls, submitted **18** requests for launching misdemeanour procedure, launched **4** initiatives with other administrative bodies and submitted **9** initiatives to other divisions in the Administration for Prevention of Money Laundering and Terrorism Financing.

In the period 1 April – 23 August 2010, **19 requests for launching misdemeanour procedure** have been submitted to bodies competent for first-instance misdemeanour procedure (18 submitted by the Division for Control of Obligors, and 1 submitted by the Division for Suspicious Transactions). In 9 cases, the misdemeanour procedure has been completed. Total amount of fines imposed in this period was € 11,220, while the misdemeanour procedure costs totalled € 360. The Misdemeanour Panel of Montenegro has received 4 complaints on decisions adopted in the previous period; out of that, 2 decisions were confirmed and 1 decision annulled.

With the view to improving international cooperation, the Administration plans to improve the agreement on cooperation / exchange of information with the Russian Federation, as well as to sign agreements with Japan, Cyprus, Azerbaijan and San Marino.

For the purpose of meeting obligations arising from membership in the **Egmont Group** and **Moneyval**, representatives of the Administration for Prevention of Money Laundering and Terrorism Financing regularly attend plenary sessions of these organisations, as well as participate in seminars and workshops organised by international institutions with the topic of prevention of money laundering and terrorism financing.

In the first half of 2010, the Administration's employees attended **trainings** organised by the Police Academy with topics such as data protection, financial investigations, information resources and international cooperation, and participated in seminars organised by the Human Resources Administration, in line with the Programme of professional training of civil servants and public employees, with topics such as integrity, public procurement, etc. In the same period, within Twinning project, a training on use of new analytical tools was organised for analysts working in the Administration. Also, within Twinning project for strengthening supervisory capacities in the area of prevention of money laundering and terrorism financing, a training was organised for inspectors from the Division for Control of Obligors at the end of June 2010.

#### 4. Economic Policy

In accordance with SAA Article 89, in April 2010 the Government adopted the **Guidelines for Macro-economic and Fiscal Policy 2011-2013** as well as the Analysis of implementation of economic policy of Montenegro in the first quarter of 2010, while the Analysis of implementation of economic policy of Montenegro in the first half of 2010 was adopted in July. By the end of the year, it is planned to complete Analysis of implementation of economic policy of Montenegro in nine months of 2010, Economic Policy of Montenegro for 2011 and **Economic and Fiscal Programme**.

## CHAPTER 18: STATISTICS

### POPULATION

#### Module 1.01.01 Demography, census and projections

The Statistical Office of Montenegro intends to carry out the population census in Montenegro in the period 1-15 April 2011. The census will be carried out in a traditional manner, without using registries. Activities for preparation of the population census were initiated at the end of 2008, by preparing questionnaires, instructions and programs for data entry and processing. In the period April – September 2010, the following activities have been completed:

- **The Law on Census of Population, Households and Dwellings in 2011** was adopted by the Parliament of Montenegro and published in the Official Gazette of Montenegro 41/10 and 44/10. When drafting the Law, informal consultations have been held with representatives of Eurostat, while through IPA MB project an expert has been engaged in drafting the Law through IPA MB project.
- As regards **financing of census**, the Law stipulates that resources will be funds from the Budget of Montenegro. Resources intended for the next year are planned as a special line in the regular 2011 budget of the statistical Office.

- **Questionnaires** and other instruments that will be used in the census have been tested in a trial census, and the final forms of these instruments were obtained after the second round of consultations with external users and all interested parties and after adoption of the Law.
- **The population census steering committee was established**, composed of Mr Igor Lukšić, Minister of Finance of Montenegro and two representatives of the European Union: Mr Pieter Everaers (Eurostat) and Mr Pierre Mirel (DG Enlargement).
- The European Union provides **support to the population census in Montenegro**. One of support activities refers to an evaluation by an independent high-level expert team. The evaluation team will, through several visits, assess all main aspects of census activities in Montenegro. The first mission was organised on 15-19 July 2010. The evaluation will result in an independent report on compliance of the population census with international standards.

#### Theme 4.01 Agricultural statistics

The agricultural census was carried out in the period 7-21 June 2010, in accordance with the **Law on Agricultural Census 2010** (Official Gazette of Montenegro 54/09 and 14/10), using the methodology harmonised with the Regulation (EC) No 1166/2008; Handbook on implementing the FSS and SAPM definitions.

In the period 25 June – 5 July 2010, the Statistical Office conducted a post-census research on quality control and agricultural census scope. Methodology for evaluation of quality of results of the agricultural census was prepared by Mr Bruno Masoli, independent expert, through Midas project. Results of the post-census research showed that the census was carried out in accordance with the methodology as well as that deviations in scope and quality of data gathered through the census and post-census research are statistically insignificant i.e. within permitted deviation intervals. The first results for family farming were published on 22 July 2010.

Processing of data gathered through the agricultural census is under way, and they will be published by the end of 2010.

## CHAPTER 19: SOCIAL POLICY AND EMPLOYMENT

### LABOUR LAW

In May 2010, the Parliament of Montenegro adopted:

- **Law on Representativeness of Trade Unions**, Official Gazette of Montenegro 26/10, and
- **Law on Voluntary Work**, Official Gazette of Montenegro 26/10. Technical corrections of the Law were published in the Official Gazette of Montenegro 31/10.

On basis of the Law on Representativeness of Trade Unions, the Ministry of Labour and Social Welfare adopted the following bylaws:

- Rulebook on registration of trade union organisations, Official Gazette of Montenegro 33/10, and
- Rulebook on registration of representative trade unions, Official Gazette of Montenegro 36/10.

On basis of the Law on Amicable Settlement of Labour Disputes (Official Gazette of Montenegro 16/07), the Ministry of Labour and Social Welfare adopted the Rulebook on amicable settlement of labour disputes (Official Gazette of Montenegro 26/10).

### HEALTH AND SAFETY AT WORK

**The Law on Amendments to the Law on Safety at Work** was adopted by the Parliament of Montenegro (Official Gazette of Montenegro 26/10).

The former Law on Safety at Work did not contain legal basis for the process of implementation and harmonisation with EU *aquis*. Concept of amendments to the Law on Safety at Work was primarily focused on harmonisation with the Constitution of Montenegro, as well as on creation of legal basis for adoption of secondary legislation transposing EU directives in the area of safety at work into the Montenegrin legal system. Particular very important issues and measures for safety at work will be regulated by bylaws passed by competent authorities.

## SOCIAL DIALOGUE

Law on Representativeness of Trade Unions (Official Gazette of Montenegro 26/10), Rulebook on registration of trade union organisations and Rulebook on registration of representative trade unions were adopted (See under sub-chapter I. Labour Law).

## EMPLOYMENT POLICY AND EUROPEAN SOCIAL FUND

No significant activities have been taken in this area in the period April – September 2010.

## SOCIAL INCLUSION

In the period April – September 2010, draft grant application for IPA 2010 project “Reform of the social and child welfare system: Improvement of social inclusion” has been completed. This project was approved by the European Commission, and the agreement on grant to the value of € 3 million will be signed in September 2010, when its implementation will start as well. The project will be implemented by the Ministry of Labour and Social Welfare in cooperation with the Ministry of Education and Science, and UNDP and UNICEF offices as implementing agencies.

## SOCIAL WELFARE

The **Decree on the manner of exercising rights of displaced persons from the former Yugoslav republics and internally displaced persons from Kosovo residing in Montenegro** was adopted in August 2010. According to this bylaw, displaced persons from former Yugoslav republics and internally displaced persons from Kosovo residing in Montenegro, until they acquire the status of foreigners with permanent residence in Montenegro in line with the Law on Foreigners, can exercise the rights like Montenegrin nationals, such as:

- right to work and employment, and exercise of rights to unemployment insurance, in accordance with legislation governing labour and employment;
- right to education and professional training, and to right to recognition of diplomas and certificates, in line with legislation in the area of education;
- right to social welfare and child care, in accordance with legislation in this area;
- right to health protection and health insurance, in line with legislation governing health protection and health insurance;
- right to pension and disability insurance, in accordance with legislation in the area of pension and disability insurance.

## ANTI-DISCRIMINATION AND EQUAL OPPORTUNITIES

The Parliament of Montenegro adopted the **Law on Prohibition of Discrimination** (Official Gazette of Montenegro 46/10) on 27 July 2010.

**Proposal for the Law on Protector of Human Rights and Freedoms** was adopted by the Government of Montenegro at the session held on 29 July 2010.

## CHAPTER 20: ENTERPRISE AND INDUSTRIAL POLICY

For the purpose of quality drafting and implementation of the Strategy for Development of Small and Medium-Sized Enterprises 2011-2015, the **Coordination Team** was established in July 2010 with the task to manage, organise and coordinate the overall process. The Coordination Team prepares information and opinions, defines strategic goals and tasks, defines priorities, dynamics and deadlines for implementation, and evaluates the achieved results. Besides representatives of the Ministry of Economy and Directorate for Development of Small and Medium-Sized Enterprises, members of the Coordination Team are also representatives of the Chamber of Commerce, Employers Federation, Investment and Development Fund, Employment Office, Montenegro Business Alliance, Association of Municipalities, GTZ, European Commission, UNDP and USAID. Consultancy assistance in drafting the Strategy is provided by GTZ.

With the view to efficient execution of tasks of the Coordination Team, it is planned to establish permanent or temporary working teams and to engage experts in relevant fields.

The Parliament of Montenegro has adopted the **Law on Improvement of Business Environment** (Official Gazette of Montenegro 40/10), which contains provisions that modify or repeal provisions of other laws for the purpose of creating favourable conditions for business, eliminating barriers and improving conditions for business. By applying a single application for registration of tax payers, contribution payers and insured persons (within the project “Unified registration and

collection of taxes and contributions”), the process of registration of companies has been significantly simplified as far as the Tax Administration is concerned. The single application replaces 16 various documents that had been previously submitted to 4 institutions. Since April this year, the Central Register of the Commercial Court has initiated issuing of a unique statistical number, thus avoiding additional procedures.

In line with the obligations taken at the third Sub-committee meeting and Enhanced Permanent Dialogue on trade, industry, customs, taxation and cooperation with other candidate countries held on 25 March in Podgorica, the Montenegrin side submitted the information on industry and SMEs required by the EC on 1 June 2010.

Preparation of a project within short-term assistance from IPA funds for elaboration of a framework document for industrial policy is under way, and it will represent a basis for proposing the project “Industrial Strategy of Montenegro” for IPA 2011.

## CHAPTER 21: TRANSNATIONAL NETWORKS

- Transport Community Treaty between the European Community and South Eastern European countries – negotiations on the manner of functioning of the transport community and its role are in the final stage. It will improve and enhance monitoring of activities related to all forms of transport.
- **SEETO** (South East Europe Transport Observatory) – Activities are taken as regards collecting data required for preparation of MAP, covering four-year period, which will be annually updated. Montenegro fully respects provisions of the **Memorandum of Understanding** signed in 2004 between 7 signatories and the European Commission. Meetings of the Steering Committee will be held by the end of the year, while the Ministerial Conference will be held in December.

### INFRASTRUCTURE:

In the reporting period, the Government of Montenegro has received a final bid from the second-ranking Greek-Israeli consortium for construction of highway from Bar to the border with Serbia. In May 2010, bids for construction of the following sections were accepted: priority section Smokovac-Mateševo (length 42km, value € 1,047 million); sub-section Đurmani-Sotonići (length 8km, value € 158 million) within the section Đurmani-Virpazar; and sub-section bypass around Podgorica (length 18km, value € 370 million) within the section Smokovac-Virpazar.

In June, protocol was signed governing issues related to award of concessions for projecting, financing, constructing, managing and maintaining sections of the highway Bar-Boljare, thus creating conditions for addressing the International Financial Institutions (IFIs) and closing the financial construction, which will enable further implementation of the project.

In the meantime, Montenegro and Serbia will endeavour to proclaim Belgrade-Bar route as a European corridor, which would facilitate financing of the project.

## CHAPTER 22: REGIONAL POLICY AND COORDINATION OF STRUCTURAL INSTRUMENTS

### IPA Component I

- During the reporting period, NF, CFCU and MEI (Sector for programming, monitoring and evaluation of EU technical and financial support) were focused on analysing **KPMG recommendations** related to introduction of DIS in Montenegro. Having in mind findings and necessary update of MoP, it has been agreed that revised and updated national **Roadmap for IPA Component I** will be adopted by the Government at the beginning of IV quarter of 2010. This document will be part of the joint DIS Roadmap for **all** IPA components. Updated version of **Description of financial management** and control system with regard to decentralised management of IPA Component I in Montenegro has been prepared in June 2010.

### IPA Component II

- The model of the **Operating Structure** for IPA component II under the Decentralised Implementation System has been defined as a result of consultation process between the Ministry for European Integration and the Ministry of Finance. Horizontal approach has been adopted, where the CBC Sector in the Ministry for European Integration is in charge for programming and implementation of the cross-border programme, while the CFCU in the Ministry of Finance is in charge of implementation and monitoring of projects. CBC coordinator and PAO have been appointed and there will be no HOS. This model has been proposed to the European Commission.
- CBC Sector has drafted the template of the **Manual** of procedures for the Joint Technical Secretariat (JTS Manual) for CBC programmes implemented under the Decentralised Implementation System in Montenegro and Centralised

Implementation System in partner countries. The Government of Montenegro has been informed on the Manual, which includes recommendations received from the CFCU in the Ministry of Finance and KPMG during the Gap assessment.

- Preparation of the **Operational Document** for CBC programme between **Kosovo and Montenegro** has started in the September 2010. Members of the Programming team are to be nominated. Programming process will be supported by the CBIB.

### **IPA Components III and IV**

- Considering the conclusions of the document “**Overall Action Plan of the Government of Montenegro for IPA Components Regional Development and Human Resource Development**”, adopted by the Montenegrin Government in December 2009, the Ministry for European Integration began with activities related to establishing a system for efficient use of funds that will be available through the IPA Component III (Regional Development) and IPA Component IV (Human Resources). In order to prepare the necessary strategic documents, the Delegation of the European Union to Montenegro and the Ministry for European Integration have provided the technical support to establishing a complete system for future use of funds available through the above components. Technical support is provided through the project "Support to the establishment of structures and preparation of strategic documents for IPA III and IV components", which is funded from reserves of the annual IPA programme for the year and the technical support is provided by consulting company B & S from Brussels.
- First necessary steps were taken with the aim to create legal basis for structures that will be in charge for fulfilment of requests regarding preparation for **IPA III and IPA IV Components**. In the previous period, institutional structure was set up, which will be responsible for preparation of the relevant documents and coordination of operations in field of IPA components III and IV. Taking into account sector strategies and priorities of the Government of Montenegro, recommendations of the General Directorates as well as funds that will be available through the IPA III component, it was decided that the head of the operational structure will be the Ministry of Spatial Planning and Environmental Protection, and the Ministry of Transport, Maritime Affairs and Telecommunications, as part of the operational structure. When it comes to Human Resources Development component, given the responsibilities of ministries and priority areas within this component, the head of the operational structure will be the Ministry of Labour and Social Welfare, with the Ministry of Education and Science as part of the structure.
- The Ministry of European Integration, with relevant operating structures in the line ministries, prepared the first draft of **Strategic Coherence Framework (SCF)** and at the end of April of this year distributed it to the relevant General Directorates for further comments and improvements. In June 2010, the first public debate was organised with participation of the relevant stakeholders. During this public debate, first draft of this document was presented to the broad public representatives, including representatives of relevant ministries, agencies, representatives of the University of Montenegro, NGOs, and the Chamber of Commerce, trade unions and individual experts. This debate gave a great opportunity to the relevant stakeholders from sector dealing with environment, transport, human resource and education to improve quality of the Strategic Coherence Framework document.
- The European Commission has sent first comments on the SCF as a contribution for the preparation of the second draft of this document. Both the comments from the European Commission and comments received from the public debate were incorporated in the preparation of the second draft of Strategic Coherence Framework. At the end of August this year, the second draft of Strategic Coherence Framework was distributed to the relevant General Directorates for further comments and improvements.
- In the previous period, priorities and measures (potential projects) were defined within the relevant area for the preparation of **Operational Programmes within the IPA III and IV components**. Relevant Ministries involved in the preparation of strategic documents, supported by the team of experts, prepared the first draft of the Operational Programme for the Regional Development component as well as first draft of the Operational Programme for the Human Resources Development component. At the end of August 2010, first drafts of these documents were distributed to the relevant General Directorates for further comments and improvements.
- The Ministry of European Integration and the National Fund, jointly with expert engaged through **Capacity Development Program (CDP)**, started with activities on preparation of the Road Map for Introduction of DIS for components III and IV. At the end of August 2010, first draft of this document was prepared and forwarded to the European Commission for further comments. The Second public debate is planned for early October.

## REGIONAL DEVELOPMENT

- The **Regional Development Strategy of Montenegro** is prepared with the expert support of the United Nations Development Programme and adopted by the Government of Montenegro in the second quarter of 2010. **Preparation of the Law on Regional Development** is underway and is expected to be adopted in the fourth quarter of 2010.

## CHAPTER 23: JUSTICE AND FUNDAMENTAL RIGHTS

- The **Law on Amendments to the Criminal Code** was adopted by the Parliament of Montenegro at its session held on 22 April 2010. The need for adopting amendments to the Criminal Code was grounded in several reasons such as: harmonisation with ratified international treaties important for the area of criminal legislation, harmonisation with EU legal acts and *acquis communautaire*, as well as harmonisation with recently adopted laws (Criminal Procedure Code, Law on the Armed Forces, Law on Data Confidentiality, etc). Moreover, the Law on Amendments to the Criminal Code is a result of further improvement of the existing solutions, taking into account the contemporary theory and practice.
- The **Law on Family Violence Prevention** was adopted by the Parliament of Montenegro in July 2010. The Law regulates protection against family violence, protection measures, procedure for determining protection measures, and other issues important for protection against violence. It stipulates definition of family violence, definition of family member, bodies competent for protection against family violence, as well as right of victims of violence to psycho-social assistance, legal aid and social welfare. Important innovation is the principle of urgency in procedures related to family violence, in particular as regards well-being of a child victim in all procedures. The Law envisages adoption of a Strategy for protection against family violence. Activities for implementation of measures and achievement of goals will be defined in an Action Plan for strategy implementation. According to the Law, the Strategy and the Action Plan will be adopted by the Government.
- The **Law on Amendments to the Criminal Procedure Code** was adopted by the Parliament of Montenegro in July this year. The Criminal Procedure Code (Official Gazette of Montenegro 57/09) entered into force 26 August 2009, while the beginning of its implementation was scheduled for 26 August 2010, a year after its entry into force. The most significant innovation was change in the investigation concept, i.e. its transfer from the court to the public prosecution office. Introduction of the prosecutorial investigation into CPC was the comprehensive change in the future criminal procedure. After the public prosecution offices' capacities in terms of premises, technical and human resources had been taken into account, it was concluded that complete preconditions for implementation of CPC were provide in the Department for Suppression of Organised Crime, Corruption, Terrorism and war Crimes within the Supreme Public Prosecutor's Office, acting before the specialised departments of High Courts in Bijelo Polje and Podgorica. Strengthening of human resources capacities in public prosecution offices has not been fully completed, and therefore, out of planned 35 new deputy public prosecutors, only 12 deputy public prosecutors have been appointed thus far. As regards employing new civil servants and public employees, the number of newly employed servants, envisaged by the Plan for Implementation of the Criminal Procedure Code (adopted by the Government of Montenegro in October 2009), has not been achieved. Furthermore, some of basic public prosecutor's offices have fulfilled conditions for implementation of CPC, while others are still lacking premises and technical equipment. Since it is not possible to partially apply CPC, it is necessary to start its gradual implementation in a manner that, as of 26 August, it will be applied to cases treating criminal offences of organised crime, corruption, terrorism and war crimes, i.e. in the Special Department within the Supreme Public Prosecutor's Office and in specialised departments within High Courts in Bijelo Polje and Podgorica. Thus, the new concept contained in CPC will applied to cases involving organised crime, corruption, terrorism and war crimes.
- On 15 June 2010, the Parliament of Montenegro adopted the **Law on Ratification of the European Convention on the Exercise of Children's Rights**. The Law contains provisions related to procedural measures for stimulating exercise of children's rights in the proceeding, such as: right to be informed, right to express his/her views in proceedings, right to apply for the appointment of a special representative, right to apply to be assisted by an appropriate in order to help them express their views, right to apply for the appointment of a separate representative, right to appoint their own representative, as well as provisions related to the role of representatives of national bodies.
- The **Law on Ratification of the European Convention on the Non-Applicability of Statutory Limitation to Crimes against Humanity and War Crimes** contains provisions related to applicability, i.e. a list of criminal

offence to which this Convention has to be applied. The criminal offences to which this Convention must be applied include the following: crimes against humanity specified in the 1948 UN Convention on the Prevention and Punishment of the Crime of Genocide; violations specified in the 1949 Geneva Convention for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field, in the 1949 Geneva Convention for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea, in the 1949 Geneva Convention relative to the Treatment of Prisoners of War and in the 1949 Geneva Convention relative to the Protection of Civilian Persons in Time of War; any comparable violations of the laws of war having effect at the time when this Convention entered into force and of customs of war existing at that time, which are not already provided for in the above-mentioned provisions of the Geneva Conventions; specific violations considered to be of a particularly grave character by reason either of its factual and intentional elements or of the extent of its foreseeable consequences; any other violation of a rule or custom of international law which may hereafter be established and which the Contracting State concerned considers as being of a comparable nature.

- The **Law on Ratification of the Council of Europe Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse** contains provisions related to: taking measures for strengthening capacities of those institutions working in contact with children, mechanisms for supervision of committers or possible committers of such offences, as well as taking measures for raising risk awareness among children and adults, through stimulating reporting of sexual exploitation and abuse of children. Having in mind frequent misuse of information technologies for purposes of child pornography and sexual abuse of children, the Convention addresses a wide range of such misuses and stipulates a set of safeguard measures for children in the proceedings as well as measures for developing inter-institutional and international cooperation in the fight against these types of crimes.
- The **Decree on reimbursement of costs incurred in legal proceedings**, in line with the new Criminal Procedure Code, stipulates the amount of and manner for reimbursing of costs incurred in legal proceedings.
- The **Decree on penal records**, in accordance with the new Criminal Procedure Code, regulates the manner of keeping penal records. These records should be kept by the Ministry of Justice, in line with the innovations contained in the Criminal Procedure Code.
- The **Rulebook on postponement of prosecution** regulates applying of the institute of postponement of prosecution, in accordance with the Criminal Procedure Code.
- The **Rulebook on internal operation of public prosecution office** regulates internal operation of public prosecution offices and new types of records to be kept by public prosecutors in line with the new Criminal Procedure Code.

## REGIONAL COOPERATION

- Agreements on judicial cooperation – Agreement on Legal Aid in Civil and Criminal Matters, and Agreement on Mutual Execution of Court Judgements in Criminal Matters – have been signed with Bosnia and Herzegovina, and they are currently in the ratification procedure.
- Basis for negotiations and conclusion of agreements on judicial cooperation with the Republic of Croatia has been defined for the following agreements: Agreement on Legal Aid in Civil and Criminal Matters, Agreement on Extradition, and Agreement on Mutual Execution of Court Judgements in Criminal Matters.
- Basis has been defined for negotiations and conclusion of the Agreement on Amendments to the Agreement on Extradition concluded on 29 May 2010 with the Republic of Serbia, with the view to creating conditions for extradition of nationals between these two countries for serious criminal offences.

## CHAPTER 24: JUSTICE, FREEDOM, AND SECURITY

### DISPLACED PERSONS AND INTERNALLY DISPLACED PERSONS

The Government of Montenegro, on the session held on 25 March 2010, has adopted the Information on re-registration of internally displaced persons from Kosovo residing in Montenegro – 2009. **Total 10,951 persons were registered** during re-registration of internally displaced persons from Kosovo in Montenegro – 2009.

During re-registration procedure, total 196 persons were not re-registered. Out of that number, and following verification in the electronic database of the Bureau for Refugee Care, total 24 persons, who fulfilled all conditions, were re-registered. Other persons were recommended that, in case that they consider to have fulfilled conditions for acquiring status of refugee in Montenegro, in accordance with provisions of the Law on Asylum („OJ RMNE no 45/06“), they can submit request to the Office for Asylum within the Ministry of Interior and Public Administration for acquiring that status. So far, total 5 persons who were not re-registered, addressed the court, in order to exercise their rights through the court proceeding.

Currently, total **10,987 internally displaced persons from Kosovo** reside in Montenegro. Database on internally displaced persons is kept in Bureau for Refugee.

In addition, total **5,798 displaced persons from former Yugoslav republics** reside in Montenegro as well. Database on these persons is kept in the Ministry of Interior and Public Administration.

Pursuant to recommendations of the European Commission and UNHCR to simplify administrative procedures for permit issuing as well as for reducing of administrative fees for this process, the Parliament of Montenegro adopted, on 22 July 2010, the Law on Business Ambience Improvement („OJ MNE, no 40/2010“), which envisages reducing of certain costs and fees for displaced persons from former Yugoslav republics and internally displaced persons from Kosovo, that reside in Montenegro.

The amount of administrative fees that relate to this category of persons is as following:

- for temporary residence up to three months	10, 00 €
- for temporary residence exceeding three months	10, 00 €
- for prolonging of the temporary residence	10, 00 €
- for personal work permit	10, 00 €
- for permit for employment	10, 00 €
- for work permit	10, 00 €
- for issuing of the ID for foreigners	10, 00 €
- for permanent residence permit	10, 00 €

**In period since the Law on Amending the Law on Aliens entered into force** (7 November 2009), until 24 August 2010, Ministry of Interior and Public Administration received **request for issuing of permanent residence permit from 164 displaced persons and 125 internally displaced persons**, while **decisions on approving permanent residence** were issued for **66 persons**. In addition, six displaced persons and one internally displaced person submitted request for issuing of temporary residence permit.

Out of abovementioned number of submitted requests, **during the reporting period, total 117 displaced persons and 88 internally displaced persons** submitted requests to the Ministry of Interior and Public Administration, and **decision on permitting the permanent residence was issued for 56 persons**. In addition, one displaced person and one internally displaced person submitted request for issuing of temporary residence permit.

Total 63 IDs for foreigners were issued so far, in accordance with the Law on Aliens („OJ MNE no 82/08 and 72/09“).

Pursuant to the conclusions of the **Coordination Committee** for monitoring implementation of the Action Plan for solving of status of displaced persons from former Yugoslav republics and internally displaced persons from Kosovo, who reside in Montenegro, the Government of Montenegro adopted **Decree** on exercise of rights of displaced persons from former Yugoslav republics and internally displaced persons from Kosovo residing in Montenegro („OJ MNE, no 45/10“), which prescribes manner for exercise of rights for abovementioned persons. This act envisages for displaced persons from former Yugoslav republics and internally displaced persons from Kosovo, who reside in Montenegro, to **exercise the same rights as Montenegrin citizens in period prior to acquiring the status of foreigner with permanent residence in accordance with the provisions of the Law on Aliens**, as follows:

- Right to work and employment, as well as eligibility of unemployment insurance, in accordance with regulations governing field of labour and employment;
- Right to education and vocational training, recognition of diplomas and certificates, in accordance with regulations governing field of education;
- Right to social and child protection, in accordance with regulations governing field of social and child protection;
- Right to medical protection and health insurance, in accordance with regulations governing field of medical protection and health insurance;
- Right to pension and disability insurance, in accordance with regulations governing field of pension and disability insurance.

## PERSONAL DATA PROTECTION

Law on protection of data on individual was adopted in December 2008 („OJ MNE, no 79/08). Law on Amending the Law on protection of data on individual was adopted in October 2009 („OJ MNE, no 70/09“). In addition, Parliament of Montenegro adopted Law on ratification of Additional Protocol and Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, which relates to surveillance of cross-border data exchange (CETS 108).

The Parliament of Montenegro, in December 2009, appointed Council of the Agency for protection of data on individual. The Council comprises of president and two members. Staff, premises, and technical capacities were provided for full functioning of the Agency. Act on internal organization and systematization of job positions of the Agency was adopted.

Following job positions were fulfilled: president of the Agency Council, two members of the Agency Council, director of the Agency, advisor – 1 position, controllers – 2 positions, civil servants – 2 positions.

New act on systematization of job positions in the Ministry of Interior and Public Administration introduces new Department in the Ministry – Department for protection of data on individual.

## **MIGRATION**

During the reporting period, Ministry of Interior and Public Administration of Montenegro organized and carried out **training of employees** working on the implementation of the Law on Aliens and relevant bylaws, both employees from **Department for Foreigners, Migration, Visa and Readmission**, and employees from regional units and outposts for administrative internal affairs in all municipalities in Montenegro (total 23). Training on legal affairs was carried out as well as technical part of the training aimed at using and input of data in electronic database.

Ministry, in cooperation with Police Directorate – **Department for foreigners and combating of illegal migration** – continuously realizes training of employees engaged in work with foreigners, in order to increase promptness and strengthen professionalism in implementation of relevant regulations.

There is continuous data exchange between Ministry of Interior and Public Administration, Ministry of Labour and Social Welfare, Ministry of Foreign Affairs, Police Directorate, Employment Agency, the Statistics Office (MONSTAT), on both central and local level.

Ministry of Interior and Public Administration established **electronic database on foreigners** with temporary residence permit and foreigners with permanent residence permit, which is updated on daily basis

## **READMISSION**

Preparation of Proposal Law on ratification of Agreement between Government of Montenegro and Council of Ministers of **Republic of Albania** on return and acceptance of persons whose entry or residing is illegal is underway.

Minister of Interior of Montenegro and Minister of Interior of **Republic of Austria** signed on 23 June 2010, in Podgorica, Protocol on implementation of the Agreement between Montenegro and European Commission on Readmission.

Montenegro has realized all working consultancies between members of delegation, appointed by the Government of Montenegro for negotiations and signing of the Protocol on implementation of the Agreement between Montenegro and European Commission on Readmission, with all EU Member States, and it is important to emphasize activities in preparation of negotiations with **Check Republic, Estonia, and Bulgaria**.

## **ASYLUM**

In April 2010, one person submitted request for asylum. First instance body passed decision on refusing of request, and applicant lodged the appeal on this decision. Appeal procedure is underway.

Having in mind the obligation of the Asylum Office, in accordance with the Law on Asylum (OJ MNE; no 45/06) to continuously re-asses need to prolong protection of already protected persons in Montenegro, in reporting period, the Office passed decision to revoke refugee status for one person. Person in question lodged an appeal on decision, which was delivered to the second instance body – State Commission for Appeals on Asylum. State Commission dismissed appeal as ungrounded and confirmed first instance decision.

In addition, in course of re-assessing need to prolong protection of already protected persons in Montenegro, the Asylum Office determined that in case of one person, with protected status, circumstances that caused protection were not changed, so that protection is prolonged for that person.

In order to provide full implementation of the Asylum Office and to create necessary pre-conditions for full exercise of rights guaranteed to persons encompassed by the Law on Asylum, Montenegro, on 4 June 2010, adopted Rulebook on exercise of rights to medical protection for asylum-seekers, for persons with recognized refugee status, for persons with approved additional protection and for persons with approved temporary protection.

## **REGISTRATION OF SMALL AND LIGHT WEAPON**

**Law on weapons** of Montenegro (OJ RMNE, no 49/04, and OJ MNE, no 49/08) prescribes control of purchase, possession, as well as registration of small and light weapon. Purchase, possession, carrying, producing, trade and

transport of weapons and ammunition, registration, as well as manner of handling with weapons will be conducted under the conditions prescribed by the Law on weapons and implementing regulations (Rulebook on forms of permits on weapons and ammunition, Rulebook on housing and technical conditions for safe producing and storage of weapons and ammunition, Rulebook on forms and manner of evidence keeping on weapons and ammunition, Rulebook on program and manner of training for handling and appropriate use of weapons).

In course of registration of small and light weapons, Ministry of Interior is obliged to keep records on issued permits for acquiring weapons and ammunition, issued weapon lists and permits for possession of weapons, issued permits for weapons collecting, as well as evidence on weapons which is seized, found and handed over.

In addition, Law, in details, regulates following issues: acquisition, holding, carrying weapons and ammunition and collecting it; manner of handling the weapons and ammunition; seizure of weapons and ammunition; fixing and revising of weapons, traffic of arms and ammunition, the production of weapons and ammunition, transportation of arms and ammunition, shooting field as an object intended for sports and recreational shooting, monitoring and records and prescribes offences for violations of this law.

The Law defines registration of weapons as input of data on weapon and owner, i.e. user of weapon in official records prescribed by the law and implementing regulations, with issuing of adequate document (weapon list and permit for weapon holding).

The Working Plan of the Government for 2010 prescribes amendments to the existing **Law on Weapons**, in order to harmonize fully it with the European legislation and best practices in this field, and in terms of registration of small and light weapons.

## CHAPTER 25: SCIENCE AND RESEARCH

**Draft Law on scientific-research activities** has been prepared and is available on the website of the Ministry of Education and Science since September 1, 2010. The new law will provide the appropriate legal basis for the efficient implementation of the **Scientific-Research Activities Strategy**.

Ministry of Education and Science is conducting activities on continuous implementation of the **Scientific-Research Activities Strategy 2008-2016**. In the segment of institutional framework reform for dealing with scientific and research activity, the Ministry has adopted the project "Automation of Scientific Research Information System (e-NID)" whose implementation should begin in September 2010, as well as Information-Communication Technologies Development Plan for the research community in Montenegro.

This plan, as its main activities identifies strengthening the Montenegrin research and academic network (MREN), which should combine all the scientific and research institutions in Montenegro, and program funding research in the field of information and communication technology in which, besides the Ministry of Education and science, should participate Ministry of Information Society. Also within this segment of the Strategy, on the basis of achieved cooperation between the Ministry of Finance and Ministry of Education and Science, content of both Statistical Annex and Financial Statements for companies other businesses and entrepreneurs have been specified, by introducing issues related to investment in research and development.

As for encouraging international cooperation, Ministry has organized two informational events dedicated to the **promotion of the Seventh Framework Programme (FP7)**.

The Ministry has appointed representatives to the following **boards of ERA**: A strategic forum for international cooperation in science and technology and the Steering Group for human resources and mobility, and changed a few representatives to the Program Committee, as well as national contact person for the Seventh Framework Programme.

Ministry, in June 2010, adopted the Action Plan to encourage the participation of Montenegrin scientists in **COST Programme**, which provides appropriate promotional activities and defines monitoring indicators of achievement.

In the domain of bilateral scientific cooperation, competition for co-financing scientific and technological cooperation between Montenegro and the Republic of Croatia 2011-2012 is opened.

## CHAPTER 26: EDUCATION AND CULTURE

During the first half of 2010, The Ministry of Education and Science coordinated the work of six working groups that prepared the following draft laws:

- Law on Amendments to the General Law on Education;
- Law on Amendments and Supplements to the Law on Primary Education;

- Law on Amendments and Supplements to the Law on Vocational Education;
- Law Amending the Law on Secondary School;
- Law on Amendments and Supplements to the Law on Higher Education and
- Law on Amendments and Supplements to the Law on Education of Children with Special Needs.

All of the above-mentioned laws were adopted by the Government of Montenegro; the Parliament of Montenegro adopted them at its tenth session of the first regular meeting, on July 27, 2010 and published in "Official Gazette of Montenegro" no. 45/10.

In order to achieve the goals of Education High School, and taking into account current practice in the application of existing law, the need for amendments to the Law on Secondary School has been pointed out.

In that sense, the Law on Amendments includes provisions relating to fees in public institutions financed from the Budget of Montenegro, the definition of the completion of general secondary education and enrolment of students in mixed schools in educational programs of general secondary education, more precise regulation of enrolment in High school and the acquisition of regular and special education of students, as well as harmonization of the teaching organization with educational program.

It was also necessary to define a method of determining the final assessment, then issues of re-assessment of knowledge, taking grade exam and preparation of context of teaching for exceptional students, more precisely defining the content of leaving exam, the Commission for monitoring the leaving exam and leaving exam course and cancellation of leaving exam. Finally, in the part of the law governing the termination of student status and the right to take grade exam, as well as making decisions on termination of the status of regular students, it was necessary to supplement and amend the existing provisions and requirements regarding the level of teacher and professional associates' education.

Law on Amendments and Supplements to the Law on Vocational Education is a contribution to the further development of vocational education in Montenegro and aims to contribute to inclusion and encouraging employers to organize practical training with work, meaning that students can exercise part of practical education or practical education of the whole in the immediate work environment, at all educational backgrounds and levels of vocational education; encouraging schools to co-operate with the employer and the local community; encourage social partners to participate in the development of qualifications, implementation of educational programs and participation in practical education implementation. Amendments to the Law defines the secondary art schools, which have not been particularly recognized in the Law, as they differ from other vocational schools, both in terms of organization of teaching, and in terms of requirements for entry into the educational program and how to acquire that education. The law also defines specified ways to acquire higher professional education, provides better-defined means to obtain education for regular and part-time students, defines content of professional examinations that students take in four-year vocational school, and defines terms of education level that perpetrators of educational work must meet. In addition, the law explicitly establishes right that regular student who acquire vocational education in institutions that are entirely financed from public funds do not pay full student tuition, which is new provision compared to the previous text of the Law.

Since at this time in Montenegro there are two private universities and six independent private colleges, amendments to the provisions of existing law relating to the Council for Higher Education, and the structure and authority have been prepared, to thereby enable the relevant representatives to participate in policy-making in higher education. Amendments and Supplements to the Law, among other things, aimed at further defining the financing of higher education institution and more adequate evaluation criteria for the enrolment of students at public and private institutions.

During the reporting period selection of Tempus projects in the third tender period has been completed. Montenegro participates in four projects - three regional and one national Tempus project. University of Montenegro for the first time participates as a holder of two projects - one national, which refers to the development of the concept of lifelong learning, as well as one regional project, which is related to the curriculum reform in language studies at the Faculty of Philosophy in Niksic.

**Approved projects:**

- „The development of the concept of lifelong learning in Montenegro “ (in this project, except the University of Montenegro, following partners from Montenegro participate: Ministry of Education and Science, Chamber of Commerce, Centre for Vocational Education, Employment Service);
- „Improvement of language study in the region of Southeast Europe”, holder of this project is the Faculty of Philosophy in Niksic;
- „ Improving the quality of distance learning at the universities of the Western Balkans”, (Montenegrin partners are the University of Montenegro and the University of the Mediterranean) and

- „ Improving the capacity for structural reform in higher education in the Western Balkans”, (Montenegrin partners are the University of Montenegro and Ministry of Education and Science).

In the framework of project “National Qualifications Framework and quality assurance in higher education” which is financed through the IPA 2007, Working Group has prepared proposals of levels and sub levels within the national framework of qualifications, which were sent to all relevant institutions for comments, while at the same time, developing software for these purposes has began.

Within the project “Reform of the labour market and labour force” which is financed through the IPA 2008, and where the Ministry of Education and Science is a main beneficiary of the third component related to professional orientation, Working Group for the Strategy professional orientation in Montenegro was formed and started operating, with the task to finish the draft text of this strategy by the end of 2010.

## CULTURE

Montenegrin Parliament passed key legislation in the field of cultural heritage in its session on July 27, 2010:

- Law on Protection of Cultural Property;
- Law on Museum activity;
- Law of archival activities and
- Law on library services.

The aforementioned laws are published in “Official Gazette of Montenegro” no. 49/10.

A draft national cultural development program for the period 2011-2016 is prepared. The public hearing held in Bijelo Polje, Kotor, and Cetinje.

Bearing in mind that the provision of the SAA concerning culture, is related to cooperation in this area, it is important to point out that Montenegro has chaired the Council of Ministers of Culture of South East Europe and the Sixth Ministerial Conference on Cultural Heritage of Southeast Europe “Cultural Heritage - The Bridge to common future”. On this occasion, two declarations and Action Plan were adopted: Cetinje Declaration of Ministers of Culture of South East Europe and Italy on the promotion of cultural heritage for the purposes of dialogue, integration and sustainable development and following Action plan for implementation of the Declaration of Cetinje (April 23, 2010.); Cetinje Declaration of the Council of Ministers Culture of South East Europe (24.april 2010th year).

## CHAPTER 27: ENVIRONMENT PROTECTION

In accordance with the obligations arising from the provisions of Article 111 of the SAA, the **initiated reform of the institutional framework in the field of environmental protection is being implemented** in the part concerning separation between the legislative and executive affairs, as well as the separation between the operations of planning and conducting policy in the field of environmental protection. Activities aimed at adjusting the administrative, institutional and organisational structures to the requirements in the field of environmental protection in the context of forthcoming activities related to European integration are being carried out. Activities for reinforcement of administrative structures and procedures are being carried out for the same purpose.

- **Strategic planning of environmental protection and sustainable development** – National Strategy of Sustainable Development of Montenegro is being implemented; monitoring and evaluation of the process of implementation of the Strategy and accompanying five-year Action Plan has been set up. On the basis of environmental protection policies and the Environmental Law, the National Biodiversity Strategy, with the Action Plan up to 2015, was finalized and adopted by the Government on 29 July 2010. Work on strategic documents on the fight against climate changes continues.
- **Harmonisation of legislation in Montenegro with the Community *acquis*** – intensive activities area taken as regards revision of the National Programme for Integration, which will contain a detailed plan for harmonisation of legislation in the field of environment by 2014.

A significant number of laws and regulations in the environmental area **is being implemented**, including the Law on Air Protection, the Law on Environmental Impact Assessment (only from April to September 2010, 59 approvals have been issued, 1 has been rejected, 43 are in the procedure, and the decision was made that the approval for 34 of them was not necessary), the Law on Strategic Environmental Impact Assessment (from April to September 2010, 20 opinions on the local plans and programmes have been issued, 10 approvals for the studies of sites and detailed urban plans, and 3 procedures are still in the process), the Law on Ratification of the Kyoto Protocol, etc. Work on harmonisation of national

legislation with the EU is being continued in other areas of environmental protection: nature protection, industrial pollution control and risk management, waste management, noise and chemicals.

Activities on **integration of the provisions of multilateral environmental agreements** that are part of European legislation are being actively carried out, particularly in the areas of environmental protection and preservation of biodiversity, mitigation of adverse effects of climate changes, air pollution reduction, protection of the sea and coastal areas. So far, Montenegro has taken over, through succession or ratification, 57 multilateral environmental agreements. With regard to implementation of the Kyoto Protocol, the assessment of national capacities for realisation of CDM projects has been prepared, a national body authorised to approve CDM projects has been established, as well as the technical operational body for the assessment of CDM projects, while several individual CDM projects are under way in the field of using the energy obtained from combustion of waste, processing of biomass, use of solar energy, etc..

**Provisions of Article 110 of the SAA relating to nuclear safety are also in charge of the Ministry for Spatial Planning and Environmental Protection** - The process of drafting accompanying bylaws to the Law on Protection against Ionizing Radiation and Radiation Safety is being continued, with the aim of further transposition of Euratom legislation in the field of protection against radiation (the Agency for Environmental Protection performs the professional and related administrative tasks in the field of protection against ionizing radiation and radiation safety). The programme of systematic examination of the contents of radionuclides in the environment is carried out by the Agency. Thus far, 12 multilateral agreements in this field have been retrieved through succession, while preparations for ratification

## CHAPTER 28: PROTECTION OF CONSUMERS AND HEALTH

### CONSUMERS PROTECTION

- The Government of Montenegro has adopted the second annual report on realization of the National Program of Consumers Protection, for period April 2009 - March 2010 (session held on 29.04.2010).
- The Government of Montenegro has adopted the second National Program of Consumers Protection, for period 2010 – 2012, with supplementing Action Plan for its realization (session held on 29.07.2010).
- Ministry of Economy, in accordance with the conclusions of the MNE Government, initiated activities on establishment of inter-ministerial commission for monitoring realization of National Program of Consumers Protection.
- Handover of the Information system for Market Inspection is underway. This system enables support to monitoring of data on complaints submitted by consumers, and general monitoring in field of consumers protection, and at the same time, it represents basis for development of system for exchange of data on dangerous products at the national level (Market Inspection is contact point for exchange of data on dangerous products at the national level).
- In period June 2010 – December 2011, AIM Project (Accession to Internal market) will be realized in Montenegro, through IPA 2009, which supports harmonization of national consumers legislation with the EU Acquis, as well as beginning of work of contact point for exchange of data on dangerous products at the national level, establishment and work of body for market surveillance coordination, and exchange of knowledge in terms of best practices in field of market surveillance in the EU.
- Activities on preparation of web page for Market Inspection are initiated, which will enable and facilitate better communication with the consumers.
- Rulebook on content of notification on dangerous product („OJ MNE” no 30/10) is adopted, prepared by the Ministry of Economy, in accordance with the Law on General Safety of Products. Market Inspection received first complaint by distributor, on the form prescribed by the Rulebook.

### HEALTH PROTECTION

In period April – September 2010, set of reform laws was adopted, as well a number of bylaws, programs and other documents:

- Law on rights of patients ("OJ MNE", no 40/10)
- Law on health care of patients ("OJ MNE ", no 25/10)
- Law on protection of genetic data ("OJ MNE ", no 25/10)
- Law on amendments to the law on medicines ("OJ MNE", no 34/10)
- Rulebook on conditions and realization manner of obligatory Immunoprophylaxis and chemoprophylaxis against certain infectious diseases („OJ MNE “, no 31/10)

- Rulebook on the operation, composition and powers of the medical commission of the second instance („OJ MNE“, no 31/10),
- Rulebook on the health care of persons seeking asylum, the persons with recognized refugee status, the person who has been granted additional protection and the person who has been granted temporary protection („OJ MNE“, no 31/10)
- Rulebook on Amendments to Rulebook on detailed conditions for the performance of health services in hospitals and natural spas („OJ MNE“, no 32/10)
- National program of early detection of breast cancer, adopted in June 2010.
- Action plan for implementation of international sanitary regulation in Montenegro for period 2010-2012, adopted in July 2010.

In first half of 2010, the Government adopted **Master plan for development of health sector in Montenegro (2010 – 2013)**, as framework document, which directs development of health system, in accordance with the general development of the country, and which follows directives of the health strategy of the EU »Together for health«: strategic approach of the EU for period 2008–2013, applied by the European Council in 2007.

**In period April-September 2010, TAIEX organized following workshops for the employees of the Ministry of Health:**

- Public Health and Organized crime – Zagreb, 27 – 29 April 2010
- Expert mission to assist in drafting the Regulation on microbiological criteria for food in accordance with EC regulation no. 2073/2005 – Podgorica, 25 – 27 May 2010.
- Study Visit to Portugal for improving food safety in cafés and restaurants – Lisbon, 01 – 02 June 2010.
- Expert mission for the registration of entities that do business with food, Podgorica.

Realization of project of technical cooperation IPA3 with European Centre for monitoring of drugs and drug addicts is underway („Preparation of countries users of IPA funds for membership in EMCDDA “), which is coordinated by the Department for Drugs at the national level.

By decision, adopted by the Government, National Council for preventing drug abuse is established. Council is chaired by the President of Montenegro; deputy chair is Minister of Health. The goal of this Council is to support and promote all activities for combating drug abuse in Montenegro. In accordance with the recommendations of this Council, and in order to increase preventive measures on higher level, Department for Drugs coordinated complex process of forming and networking of municipal offices for drug abuse prevention. Office for Drug Abuse Prevention is established in every municipality in Montenegro, they are networked (total 21 offices), and they work in accordance with unique methodology, they are bearers of preventive activities in local communities and, in cooperation with schools, they will cover school population with educative and preventive programs. In cooperation with the UNDP, at the end of July 2010, activities in health centres in Berane and Kotor are almost completed, which are aimed at creating of conditions for establishment for centres for methadone substitution therapy. Cooperation with civil sector is continuous, and they will be integrated in the work of the National Council for preventing drug abuse.

## **CHAPTER 29: CUSTOMS UNION**

In framework of IPA 2008, Twinning contract was signed (Project - "Support to Customs Administration") between EU Delegation and Agency for European integration and economic development AEI (Consortium Austria – Czech Republic). Beneficiaries of the project are Ministry of Finance and Customs Administration of Montenegro. Implementation of the project started on 18 January 2010, and implementation period is 18 months. Project consists of three components, as follows:

- **Component I – MCA Governance improved;**
- **Component II - Customs legislation and procedures aligned with the EU acquis;**
- **Component III - integrated Border Management and Enforcement enhanced.**

Basic activities in framework of component II relate to preparation of new customs law and implementing bylaws and regulations. Proposal customs law will be delivered to the Government for adoption in first half of 2011. it is important to emphasize that dynamic of adoption of implementing regulations for customs law depends on adoption of the European Regulation for implementation of Modernized Customs Law, and final deadline for this activity is 24 June 2013.

In framework of Twinning project – "Legal Harmonization", which is signed between Montenegro and Republic of Slovenia, it is envisaged to have 30 working days for support and assistance in harmonization of existing customs legislation with the EU acquis. Mentioned project will be also used for drafting of customs bylaws that are not encompassed by the Component II of Twinning project – "Support to Customs Administration". Project - "Legal Harmonization" will end on 5 November 2010.

Ministry of Finance will prepare, in November 2010, pursuant to Article 7 of the Law on Customs Tariff, Proposal Decree on harmonization of nomenclature of customs tariff for 2011. Mentioned decree will harmonize, therefore, customs tariff nomenclature with combined nomenclature of the EU. In addition, decree will contain integrated customs rates as agreed in framework of SAA.

Ministry of Finance is preparing Proposal law on amendments to the law on administrative fees. This law will revoke obligation to pay fees on documents and actions before customs bodies. Proposal law will be delivered to the Parliament of Montenegro for adoption in autumn sessions, and it is planned that this law enters into force on 1 January 2011, i.e. from the beginning of the fiscal year.

## CHAPTER 30: FOREIGN AFFAIRS

**Three meetings of Sub-committee for trade, industry, customs, taxation, and cooperation with other candidate countries** were held so far<sup>10</sup>. In accordance with the conclusions from the last meeting, and in part relating to the trade, all **requested documents were delivered** to the EC (1 June 2010), **as follows:**

- Data related to number of employees in Ministry of Economy in sector for multilateral and regional trade cooperation and economic relations with abroad, for period April 2009 - April 2010.
- Information on role of Commission for economic policy and financing, in terms of foreign trade policy
- Analysis of need for training of employees in Ministry of Economy in sector for multilateral and regional trade cooperation and economic relations with abroad
- Additional information on state of play in negotiations on FTA with Kazakhstan, Belarus and Russia

**Implementation of trade part of the SAA** – Montenegro continuously performs monitoring and implements obligations in terms of reducing customs rates in accordance with the SAA and gradual opening of market

**World Trade Organization/WTO** – VI round of bilateral negotiations on access to market of goods and services with Ukraine was held on 30 July 2010. Montenegro has offered certain concessions in order to conclude bilateral negotiations. Montenegro is still waiting on answer from the Ukrainian part.

Montenegro fully implements **CEFTA 2006 Agreement**. Republic of Serbia was chairing CEFTA during 2010. Basic issues were discussed during 2010, as follows: liberalization in agriculture, public procurement, and competition, financing of persons employed in CEFTA Secretariat after September 2011, opening of negotiations on liberalization of services, removing of non-tariff barriers that exist between members.

**EFTA** – EFTA accepted initiative of Montenegro for signing of FTA, which is one of the EC recommendations, which would include Montenegro in SAP+ cumulation. According to EFTA Secretariat letter, during the autumn 2011, EFTA will deliver requests for opening of negotiations.

The Government of Montenegro, at the session held on 29 July 2010, adopted **Decision on determining National Control List of weapons and military equipment**, which is harmonized with the Common Military List of The European Union of 15 February 2010, (CFSP), (2010/C 69/03), and also adopted Decision on determining **National Control List for goods of dual use**, which is harmonized with the EU Directive Council Regulation(EC) No 428/2009.

## CHAPTER 31: FOREIGN, SECURITY AND DEFENCE POLICY

- Law on Foreign Affairs **adopted on 27 July 2010 („OJ MNE“, no 46/10)**
- Agreement on social insurance between Montenegro and Republic of Austria, and Administrative agreement for its implementation, signed on 1 June 2010;
- Agreement between Montenegro and Belgium on social insurance, signed on 9 June 2010;

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<sup>10</sup> 26 May 2008, 3 April 2009, 25 March 2010

- Agreement between Montenegro and Belgium on performing income activities of certain family members of diplomatic and consular representatives, signed on 9 June 2010;
- Agreement between Government of Montenegro and Government of Czech Republic on amendments to the Agreement between Federal Republic of Yugoslavia and Government of Czech Republic on reciprocal promotion and investment protection, signed on 3 June 2010;
- Agreement between Government of Montenegro and Government of Czech Republic on mutual protection and exchange of secret data, signed on 29 April 2010;
- Agreement between Montenegro and Republic of Peru on protection, conserving, renewing, and return of stolen or illegally exported cultural, archaeological, artistic, and historical pieces, signed on 7 May 2010.
- Agreement between Government of Montenegro and Government of Malta on fight against illegal trade in narcotics, drugs and psychotropic substances, organized crime and international terrorism, signed on 2 June 2010,
- Agreement between Government of Montenegro and Government of Malta on cooperation in field of tourism, signed on 2 July 2010.
- Agreement between Government of Montenegro and Government of Ukraine on revoking of visa for persons with diplomatic and official passports, signed on 15 June 2010.
- In field of security policy of Montenegro, the Government of Montenegro adopted, on 22 July 2010, Proposal Law on amendments to the Law on Military Forces of Montenegro, and delivered it to the Parliament to be adopted.
- On 1 July 2010, Montenegro adopted Strategic Defense Review of Montenegro – basic program document defining mid-term defense planning, efficient defense resource management, transparency in defense affairs, and creating of preconditions for democratic and civil control, increase in professionalism and efficiency of military forces in realization of assigned missions and tasks.
- In order to ensure implementation of all defense laws, the Government of Montenegro adopted eight decrees and one decision, while Ministry of Defense adopted four rulebooks and one instruction book.
- Joining to the EU statements – in 2008, Montenegro joined in 92,7% cases of EU declarations, in 2009, Montenegro joined in 95,8% cases, and in 2010 – in almost 100% cases.

#### List of countries, which did not recognize Montenegro as independent state until 16 August 2010

STATE	Date / MFA MNE sends letter asking recognition of MNE as independent country	STATE	Date / MFA MNE sends letter asking recognition of MNE as independent country
Antigua i Barbuda	28 June 2006; 21 July 2009	Gabon	27. July 2006.; 21. July 2009.
Bahamas	28 June 2006; 21 July 2009	Gambia	27. July 2006 <sup>11</sup> .
Barbados	28 June 2006; 21 July 2009	Ghana	6. June 2006.; 21 July 2009.
Belize	20 sept.2006; 21 July 2009	Granada	28. June 2006.; 21 July 2009.
Benin	12 July 2006; 21 July 2009.	Gahanna	5. June 2006.; 21 July 2009.
Bolivia	5 June 2006; 21 July 2009.	Haiti	5. June 2006.; 21 July 2009.
Burkina Faso	4 Aug 2006; 21 July 2009.	East Timor	3. avg. 2006.; 21 July 2009.
Burundi	11 July 2006; 21 July 2009.	Jamaica	28. June 2006.; 21 July 2009.
Butane	3 avg. 2006; 21 July 2009.	Yemen	4.avg. 2006.; 21 July 2009.
Chad	3 avg.2006; 21 July 2009.	Cameron	8. June 2006.; 21 July 2009.
Central African Republic	9. June 2006.; 21. July 2009.	Kenya	29. June 2006.; 21 July 2009.
Dominica (Commonwealth)	28. June 2006.; 21. July 2009.	Kiribati	14. avg. 2006.; 21 July 2009.
Djibouti	27 July 2006.; 21. July 2009.	Komori	27 July 2006.; 21 July 2009.
Equatorial Guinea	4. avg. 2006.; 21. July 2009.	Congo	16.avg. 2006.; 21 July 2009.
El Salvador	5. June 2006.; 21. July 2009	Lesotho	27 July 2006.; 21 July 2009.
Ethiopia	3. avg. 2006.; 21. July 2009.	Liberia	9. June 2006.; 27 July 2006. <sup>12</sup>
Madagascar	4. avg. 2006.; 21. July 2009.	Coast d' Ivory	4. avg.2006.; 21 July 2009.
Malawi	29. June 2006.; 27. July 2006.	Palau	10.avg. 2006.; 21 July 2009.
Mali	4. avg. 2006.; 21 July 2009.	Papua New Guinea	3. avg.2006.; 21 July 2009.
Marshal Islands	4. avg. 2006.; 21 July 2009.	Rwanda	19 July 2006.; 21 July 2009.

<sup>11</sup> Procedure initiated/Permanent Mission of MNE to OSCE, Vienna

<sup>12</sup> Procedure initiated/Permanent Mission of MNE to UN, New York

<b>Mauritius</b>	26 July 2006.; 21 July 2009.	<b>Sao Tome and Principe</b>	27 July 2006.; 21 July 2009.
<b>Micronesia</b>	4. avg. 2006.; 21 July 2009.	<b>Saudi Arabia</b>	6. June 2006.; 21 July 2009. <sup>13</sup>
<b>Nauru</b>	11 July 2006.; 21. July 2009.	<b>Senegal</b>	27 July 2006.; 21 July 2009.
<b>Nepal</b>	5. June 2006.; 21 July 2009.	<b>Sierra Leone</b>	4. avg. 2006.; 21 July 2009.
<b>Niger</b>	27 July 2006.; 21 July 2009.	<b>Solomon's Islands</b>	27 July 2006.; 21 July 2009.
<b>Nigeria</b>	4. avg. 2006.; 21 July 2009.	<b>Somalia</b>	27 July 2006.
<b>Swaziland</b>	4. avgust 2006.; 21. July 2009.	<b>Vanuatu</b>	26 July 2006.; 21. July 2009.
<b>St Lucia</b>	28. June 2006.; 21 July 2009.	<b>Venezuela</b>	5. June 2006.; 21 July 2009.
<b>St Kitts and Nevis</b>	28. June 2006.; 21 July 2009	<b>Capo Verde</b>	27 July ul 2006.; 21 July 2009
<b>St Vincent and Grenadine</b>	4. avg.2006.; 21 July 2009.	<b>Zimbabwe</b>	6 . June 2006.; 21 July 2009.
<b>Sri Lanka</b>	5. June 2006.; 21 July 2009.		
<b>Tanzania</b>	7. June 2006.; July 2009.		
<b>Tonga</b>	11 July 2006.; 21 July 2009.		
<b>Trinidad and Tobago</b>	10. avg. 2006.; 21 July 2009.		
<b>Tuvalu</b>	2 July 2006.; 21 July 2009.		
<b>Uganda</b>	19. July 2006.; 21 July 2009 .		

### COOPERATION WITH REGIONAL ORGANIZATIONS / REGIONAL INITIATIVES

- As of 1 January 2010, Montenegro undertook one-year chair over **Central-European Initiative (CEI)**. A large number of thematic meetings were held so far, as well as the Meeting of the Ministries of Foreign Affairs of CEI members (15 June 2010). Holding of Summit of Prime Ministers of CEI countries is planned for November 2010.
- As of 23 June 2010, Montenegro is chairing the **South East Europe Cooperation Process (SEECP)**. First meeting of SEECP political directors will be held in Podgorica on 10 September 2010.
- As of June 2010, Montenegro is in charge for six-month chairing over **Adriatic-Ionic Initiative**.
- Montenegro became member of Three-lateral Commission of Adriatic, on the session held in May 2010 in Ancon.
- As Member of America-Adriatic Charter A5, Montenegro will be chairing A5 in second part of 2011.
- On 29 April 2010, Montenegro became member of **SEDM** (Southeast Europe Defence Ministerial).
- **RACVIAC** – Montenegro chaired **MAG** in period October 2009 – May 2010.
- **RESPA** – opening and official beginning of work of Regional School, located in Danilovgrad, is expected in November 2010.
- **RAI** – Montenegrin representative is elected for chair of initiative for second mandate in a row.

### POLITICAL DIALOGUE WITH OTHER COUNTRIES (COOPERATION WITH WESTERN BALKANS COUNTRIES IS EXPLAINED IN CHAPTER III – POLITICAL CRITERIA, REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS)

#### Turkey:

- **Free Trade Agreement** entered into force on 1 March 2010
- **Agreement on economic cooperation and Agreement on transport of passengers and cargo in international road transport** (in procedure) is expected to enter into force
- Following documents are currently in harmonizing phase: **Agreement on reciprocal promotion and investment protection, Agreement on cooperation in field of defence, Agreement on cooperation in field of culture, Agreement on cooperation in field of education, Agreement on science-technological cooperation, Agreement on mutual assistance in customs affairs, and Agreement on air transport.**
- Government of Turkey has established **mixed economic commission**, within Ministry of economy and trade. Montenegrin part has established **coordination body** headed by Minister of Economy. First meeting of mentioned two commissions is to be held.

### EASTERN PARTNERSHIP

#### Belarus:

- Negotiations on harmonization of proposed text of the **Free Trade Agreement** are underway. Last round of negotiations between Montenegrin representatives and representatives of the Customs Union (consisting of Russia, Belarus, and Kazakhstan) was held in Minsk, on 22-23 June 2010.

<sup>13</sup> In procedure

#### Ukraine:

- On 15 June 2010 – on the margin of CEI Ministerial Conference in Montenegro – **Consultancy Plan of MFAs of two countries and Agreement on mutual travel of citizens of two countries** were signed.
- New rounds of bilateral negotiations between Montenegro and Ukraine on **MNE accession to WTO** were held during 2010. During the last negotiating round, held at the end of July 2010, certain progress was achieved in order to sign bilateral agreement between two parties.
- At the end of May 2010, harmonizing of text of **Agreement on economic cooperation** between MNE and Ukraine was initiated. In addition, both parties are working on strengthening of cooperation in field of education.

### EURO-MEDITERANEAN PARTNERSHIP

#### Jordan:

- **Montenegro and Jordan** has established diplomatic relations on 20 May 2010 by signing Protocol between Heads of permanent missions of MNE and Jordan to the UN in New York.

#### Israel:

- Internal legal procedures in Montenegro and Israel are completed aimed at entering into force of **the Agreement on visa free regime for holders of regular, diplomatic, and official passports**. Pursuant to the provisions of the Agreement, it will enter into force on 28 September 2010.

#### USA

- In July 2010, **Memorandum on Understanding** between Government of Montenegro and Government of the USA was signed, aimed at **realization** of MEDCEUR 2010 exercise.
- In the framework of humanitarian aid program to U.S. forces in Europe, EUCOM 2010th began the construction of **the Emergency Centre** in Kolasin in July 2010.
- In period January 2010 – May 2010, inflow of FDI from USA amounted 6,4 mil.€..

#### Canada

- On 1 July 2010, Honorary Consulate of Montenegro was open in Vancouver.

#### Russia:

- Following documents are currently negotiated: **Agreement on cooperation in field of culture, Agreement on cooperation between Ministry of Justice of MNE and Ministry of Justice of Russia, and Agreement on cooperation between Ministry of Justice of MNE and General Prosecutor's Office of Russian**. It is planned to harmonize and sign **Agreement in field of education and science-technological cooperation**.

#### China:

- **Agreement in field of science-technological cooperation** was agreed in mid-May 2010, and at the beginning of June 2010, **Agreement in field of education between MNE and PR China** is agreed as well.
- In July 2010, Ministry of transport, telecommunication and maritime affairs of Montenegro initiated negotiations with Government of China on opening of **container shipping lines** between Bar and Shanghai.

### CFSP AND EBOP – POLITICAL STRATEGY

#### Restrictive measures

In accordance with the Working Plan of the Government, preparation of the **Proposal law on implementation of the international restrictive measures** is planned until the end of 2010.

- Inter-ministerial **Working Group** is established for preparation of abovementioned Proposal law (consisting of representatives of Ministry of Defence, Ministry of Economy, Ministry of Interior and Public Administration, Ministry of Justice, Police Directorate, Administration for prevention of money laundering and terrorism financing, Customs Administration, Central Bank of Montenegro).

#### Non-proliferation and strategy for weapons of mass destruction and small and light weapons:

- Following adoption of the Proposal Law on amendments to the Law on Weapons, **National Commission for small and light weapons** will be established (preparation of both in parallel).
- The Government of Montenegro, at the session held on 29 July 2010, adopted **Decision on determining National Control List of weapons and military equipment**, which is harmonized with the Common Military List of The European Union of 15 February 2010, (CFSP), (2010/C 69/03), and also adopted Decision on determining **National Control List for goods of dual use**, which is harmonized with the EU Directive Council Regulation(EC) No 428/2009.

- The Parliament of Montenegro ratified, in March 2010, **Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management**. Ratification instrument was delivered to the depository in July 2010.
- Ministry of Economy has prepared and published **four annual reports on foreign trade** in controlled goods (last one for 2009).

## COOPERATION WITH INTERNATIONAL ORGANIZATIONS

### UN

- At the session of the Economic-Social Council, held on 28 April 2010 in New York, **Montenegro became member of the Commission for Sustainable Development**. Mandate refers to period 2011-2014.
- Montenegro submitted application for membership in UNESCO Executive Committee, for period 2011-2015. Election will take place on 36. UNESCO General Conference, in October 2011.

### Council of Europe

- So far, Montenegro **signed and ratified total 73 conventions**. It is necessary to ratify 2 more conventions, and only one obligation remained for signing.

### NATO

- Montenegro joined MAP in December 2009. Preparation of first Annual National Program of Montenegro and NATO is underway. In June 2010, positive Report was adopted and it completed two-year IPAP cycles between Montenegro and NATO.

## SECURITY MEASURES (SECRET DATA)

- In period 19-21 May 2010, in Brussels, Montenegro and EU agreed on Proposal **Agreement between Montenegro and EU on security procedures for exchange and protection of secret data**. Agreement should be signed in September 2010.
- The Parliament of Montenegro adopted **Law on amendments to the law on data secrecy** which prescribes new functions of the Directorate for protection of secret data in field of IT security (body competent for: communication security – NCSA, security accreditations of IT systems – SAA, and crypto material management – NDA), on the session held on 15 July 2010.
- The Government of Montenegro adopted **Decree on manner and conditions for realization of information measures for secret data protection**, which regulates field of IT protection of secret data, on the session, held on 1 July 2010.

## EBOP – CONTRIBUTION CAPACITY

### Civil crisis management and military crisis management

- Procedure for signing of the **Agreement between EU and Montenegro – initial framework for participation of Montenegro in operations for EU crisis management** is underway.

### Participation in EBOP Missions and other missions

- On basis of the decision passed by the Parliament of Montenegro on sending members of the Army of Montenegro to United Nations peacekeeping mission INTERNATIONAL SECURITY ASSISTANCE FORCE (ISAF) in Afghanistan, Ministry of Defence in March 2010 sent first rotation of members of the Army of Montenegro, while second rotation was sent in August 2010.
- Three members of the Army of Montenegro were sent to the EU Mission „NAVFOR – ATALANTA“ in Somalia, in late August 2010.

## CHAPTER 32: FINANCIAL CONTROL

### Public internal financial control – PIFC:

- During the reporting period, following **bylaws** were adopted:
  - Rulebook on the manner and procedure of establishing and implementing financial management and control («OJ MNE», no 37/10);
  - Guidelines on Amendments to the Guidelines on the work of the State Treasury («OJ MNE», no 45/10)
- During the reporting period, eight **units for internal audit** were established in following institutions:
  - Ministry of defence,

- Ministry of interior and public administration,
- Ministry of education and science,
- Ministry of transport, telecommunication and maritime affairs,
- Ministry of tourism,
- Tax Administration,
- Employment Agency of Montenegro,
- Parliament of Montenegro

c) **Other activities**

In May 2010, seminar for management staff of budget beneficiaries was held, on topic "Internal financial control in public sector (PIFC)". Seminar was held on framework of Twining project "Legal Harmonization," which was realized by

Ministry of Finance in cooperation with the Government of Republic of Slovenia. Slovenian experience on establishment and development of this system in framework of European integration process was presented.

## CHAPTER 33: FINANCIAL AND BUDGETARY PROVISIONS

**Agreement on cooperation with the Bureau of Statistics of Montenegro - Monstat**, concluded in May 2010. This Agreement regulates inter-institutional exchange of data in the field of fiscal revenue and expenditure statistics, which Monstat use for the calculation of gross domestic product and macroeconomic statistics, business statistics and short-term statistical indicators. Ministry of Finance uses this inter-institutional exchange of data for macroeconomic analysis and projections.

Other activities carried out:

- Agreement on cooperation with the Central Bank of Montenegro.
- Preparation of employees training for introduction of ESA 95 for budget reporting, in cooperation with the Bureau of Statistics of Montenegro - Monstat.
- Government of Montenegro adopted the Decision on the amount of severance pay for civil servants and employees.

In the field of legislation preparation of following documents is underway

- Draft law on salaries of employees who are financed from the budget. Deadline: December, 2010.
- Draft law on amendments to the Law on Pension and Disability Insurance. Deadline: 2011.
- Draft Law on amendments to the Law on Social and Child Protection, which improves and changes the treatment of social welfare. Deadline: December, 2010.
- Draft Decision on preparation of capital budget. Deadline: 2011.

## I - LEGISLATION ANNEX

### SET OF FINANCIAL LAWS:

1. FINAL BBL Law (THE BANK BANKRUPTCY AND LIQUIDATION LAW) 16 July 2010
2. FINAL Central Bank of Montenegro Law 16 July 2010
3. FINAL Deposit Protection Law 16 July 2010
4. FINAL Financial Stability Council Law 16 July 2010
5. FINAL Banking Law 16 July 2010

### ELECTRONIC MEDIA AND ELECTRONIC COMMUNICATIONS:

6. Law on Electronic Communication\_AMENDMENTS\_PARLIAMENT\_july 2010
7. LAW ON ELECTRONIC MEDIA\_ 27 07 2010\_CLEAN
- 7a. LAW ON ELECTRONIC MEDIA\_ 27 07 2010\_TRACK

### EDUCATION

8. Law on Higher Education\_CLEAN\_26 08 2010
- 8a. Law on Higher Education-TRACK

### HUMAN RIGHTS

9. Law on prohibition of discrimination
10. Proposal law on ombudsman final

### OTHER LAWS

11. The Law on Foreign Affairs
12. Proposal Law on Free Access to Information\_TRACK\_JULY 2010
13. Law on representativeness of trade unions CLEAN
- 13a. Law on representativeness of trade unions TRACK
14. Copyright and Related Rights Act - pre draft
15. Domestic Violence Protection\_Amended Law\_Clean
- 15a. Domestic Violence Protection\_Amended Law\_TRACK
16. Proposal on amendments to NSA LAW TRACK

### OTHER DOCUMENTS

17. Regional Development Strategy 2010-2014
18. Decree\_DPs and IDPs status\_FINAL
19. Decision on the criteria for establishing scientific, commercial, economic, cultural and sport interest of Montenegro for acquiring Montenegrin citizenship through admission
20. Kamp Konik information

## Annex II: List of laws and other acts passed by the Parliament of Montenegro in 2010

- THE LAW ON AMENDMENTS TO THE LAW ON CENSUS OF AGRICULTURE IN 2009 (LAW PROPOSER: GOVERNMENT)
- THE LAW ON RATIFICATION OF THE EUROPEAN CONVENTION ON NATIONALITY
- THE LAW ON RATIFICATION OF THE COUNCIL OF EUROPE CONVENTION ON THE AVOIDANCE OF STATELESSNESS IN RELATION TO STATE SUCCESSION
- THE LAW ON RATIFICATION OF THE PROTOCOL AMENDING THE EUROPEAN CONVENTION ON THE SUPPRESSION OF TERRORISM
- THE LAW ON RATIFICATION OF AGREEMENT BETWEEN THE GOVERNMENT OF MONTENEGRO AND THE COUNCIL OF MINISTERS OF BOSNIA AND HERZEGOVINA ON THE RETURN AND ACCEPTANCE OF PEOPLE WHOSE ENTRY OR STAY IS ILLEGAL
- THE LAW ON RATIFICATION OF AGREEMENT BETWEEN THE GOVERNMENT OF MONTENEGRO AND THE REPUBLIC OF CROATIA ON THE RETURN AND ACCEPTANCE OF PEOPLE WHOSE ENTRY OR STAY IS ILLEGAL
- THE LAW ON RATIFICATION OF THE MEMORANDUM OF UNDERSTANDING ON THE INSTITUTIONAL FRAMEWORK FOR THE INITIATIVE FOR THE PREVENTION AND PREPAREDNESS FOR DISASTERS IN SOUTH EAST EUROPE
- THE LAW ON RATIFICATION OF THE FINAL ACTS OF THE REGIONAL CONFERENCE ON RADIO COMMUNICATIONS FOR THE PLANNING OF DIGITAL TERRESTRIAL BROADCASTING SERVICE IN PARTS OF REGIONS 1 AND 3, THE FREQUENCY BANDS 174-230 MHz AND 470-862 MHz (RRC-06)
- THE LAW ON RATIFICATION OF THE PROTOCOL ON AMENDMENTS TO CERTAIN PARTS OF THE REGIONAL AGREEMENT FOR THE EUROPEAN BROADCASTING ZONE (STOCKHOLM, 1961.) WITH RESOLUTIONS (RRC-06-REV. ST61)
- THE LAW ON RATIFICATION OF AMENDMENTS TO ARTICLE XII (s) (II) AGREEMENT ON THE INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION (ITSO)
- THE LAW ON RATIFICATION OF AMENDMENTS TO THE CONVENTION ON THE INTERNATIONAL MOBILE SATELLITE ORGANIZATION (IMSO)
- THE LAW ON RATIFICATION OF THE FINAL ACTS OF THE REGIONAL ADMINISTRATIVE CONFERENCE FOR THE PLANNING OF MARITIME MOBILE AND AERONAUTICAL RADIO NAVIGATION SERVICES IN THE MEDIUM (MF) FREQUENCIES (REGION 1)
- THE LAW ON RATIFICATION OF THE AGREEMENT BETWEEN THE GOVERNMENT OF MONTENEGRO AND THE CABINET OF MINISTERS OF UKRAINE ON MUTUAL ASSISTANCE IN CUSTOMS MATTERS
- THE LAW ON RATIFICATION OF A TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE
- THE LAW ON RATIFICATION OF THE JOINT CONVENTION ON THE SAFETY OF SPENT FUEL MANAGEMENT AND ON THE SAFETY OF RADIOACTIVE WASTE MANAGEMENT
- THE LAW ON EMPLOYMENT AND ELIGIBILITY OF UNEMPLOYMENT INSURANCE
- THE LAW ON SANITARY INSPECTION
- THE LAW ON THE INTAKE AND USE OF BIOLOGICAL SAMPLES
- THE LAW ON INFORMATION SECURITY
- THE LAW ON AMENDMENTS TO THE LAW ON HEALTH CARE
- THE LAW AMENDING THE LAW ON PROTECTION OF POPULATION FROM INFECTIOUS DISEASES
- THE LAW ON AMENDMENTS TO THE LAW ON PENSION AND DISABILITY INSURANCE (LAW PROPOSER: GROUP OF MP'S)
- THE LAW ON AMENDMENTS TO THE CRIMINAL CODE
- THE LAW ON PROTECTION OF GENETIC DATA
- THE LAW ON ENERGY
- THE LAW ON ENERGY EFFICIENCY
- THE LAW ON HEALTH CARE PATIENTS
- THE LAW ON AIR PROTECTION
- THE LAW ON HYDRO METEOROLOGICAL OPERATIONS
- THE LAW ON HYDROGRAPHS' ACTIVITIES
- THE LAW ON FLAMMABLE LIQUIDS AND GASES
- THE LAW ON VOLUNTARY WORK
- THE LAW ON TRADE UNION REPRESENTATION
- THE LAW ON AMENDMENTS TO THE LAW ON PROTECTION AT WORK
- THE LAW ON AMENDMENTS TO THE LAW ON PROTECTION OF PERSONS AND PROPERTY
- THE LAW ON RATIFICATION OF AGREEMENT ON THE ESTABLISHMENT OF THE EUROPEAN CONFERENCE OF POSTAL AND TELECOMMUNICATIONS ADMINISTRATION (CEPT)
- THE LAW ON RATIFICATION OF THE TAMPERE CONVENTION ON THE PROVISION OF TELECOMMUNICATION RESOURCES FOR DISASTER MITIGATION AND RELIEF OPERATIONS
- THE LAW ON RATIFICATION OF INSTRUMENTS WHICH COMPLEMENT THE CONSTITUTION OF THE INTERNATIONAL TELECOMMUNICATION UNION (GENEVA, 1992) AND THE CONVENTION OF THE INTERNATIONAL TELECOMMUNICATION UNION (GENEVA, 1992), THAT ARE

- SUPPLEMENTED BY PROXY CONFERENCES (KYOTO, 1994, MINNEAPOLIS, 1998, MARRAKECH, 2002), AND CONFERENCE OF COMMISSIONERS ADOPTED (ANTALYA, 2006)
- THE LAW ON RATIFICATION OF THE CONVENTION ON THE ESTABLISHMENT OF THE EUROPEAN COMMUNICATIONS OFFICE (ECO)
  - THE LAW ON RATIFICATION OF THE FINAL ACTS OF THE REGIONAL ADMINISTRATIVE CONFERENCE FOR THE PLANNING OF VHF SOUND BROADCASTING (REGION 1 AND PART OF REGION 3) (GENEVA, 1984)
  - THE LAW ON THE CONFIRMATION OF THE STATUTE OF THE INTERNATIONAL AGENCY FOR RENEWABLE ENERGY (IRENA)
  - REPORT ON COMMITTED FUNDS TO SUPPORT THE BANKING SYSTEM IN 2009;
  - AMENDMENTS TO THE FINANCIAL PLAN OF THE AGENCY FOR ELECTRONIC COMMUNICATIONS AND POSTAL SERVICES IN 2009;
  - AMENDMENTS TO THE FINANCIAL PLAN OF THE ENERGY REGULATORY AGENCY FOR 2010;
  - AMENDMENTS TO THE FINANCIAL PLAN OF THE AGENCY FOR MEDICINES AND MEDICAL DEVICES FOR 2010;
  - AMENDMENTS TO THE FINANCIAL PLAN OF THE COMMISSION FOR SECURITIES FOR 2010.
  - AMENDMENTS TO THE CONSTITUTIONAL LAW FOR IMPLEMENTATION OF THE CONSTITUTION OF MONTENEGRO (LAW PROPOSER: GROUP OF MP'S)
  - THE DECISION TO DECLARE THE CONSTITUTIONAL LAW ON AMENDMENTS TO THE CONSTITUTIONAL LAW FOR IMPLEMENTATION OF THE CONSTITUTION OF MONTENEGRO
  - THE LAW ON THE RIGHTS OF PATIENTS
  - THE LAW ON AMENDMENTS TO THE LAW ON DRUGS
  - THE LAW ON IMPROVING THE BUSINESS ENVIRONMENT
  - THE LAW ON CONTROL OF PRECIOUS METAL OBJECTS
  - THE LAW ON RESEARCH AND PRODUCTION OF HYDROCARBONS
  - THE LAW ON CONTRACTUAL RELATIONS IN THE RAILWAY TRANSPORT
  - THE LAW ON CENSUS OF POPULATION AND HOUSEHOLDS AND DWELLINGS IN 2011
  - THE LAW ON AMENDMENTS TO THE LAW ON MONTENEGRIN NATIONALITY
  - THE LAW ON AMENDMENTS TO THE POPULATION REGISTRY LAW
  - THE LAW ON AMENDMENTS TO THE LAW ON REGISTERS OF TEMPORARY AND PERMANENT RESIDENCE
  - THE LAW ON AMENDMENTS TO THE LAW ON CENTRAL REGISTER OF POPULATION
  - THE LAW ON AMENDMENTS TO THE LAW ON ELECTRONIC SIGNATURE
  - THE LAW ON AMENDMENTS TO THE LAW ON ELECTRONIC COMMERCE
  - THE LAW ON AMENDMENTS TO THE LAW ON DATA CONFIDENTIALITY
  - THE LAW ON RATIFICATION OF THE AGREEMENT ON ECONOMIC COOPERATION BETWEEN THE GOVERNMENT OF MONTENEGRO AND GOVERNMENT OF SERBIA
  - THE LAW ON RATIFICATION OF THE AGREEMENT BETWEEN MONTENEGRO AND SERBIA ON THE MUTUAL PROMOTION AND PROTECTION OF INVESTMENTS
  - THE LAW ON RATIFICATION OF THE AGREEMENT ON ECONOMIC COOPERATION BETWEEN THE GOVERNMENT OF MONTENEGRO AND GOVERNMENT OF TURKEY
  - THE LAW ON RATIFICATION OF THE AGREEMENT BETWEEN MONTENEGRO AND THE REPUBLIC OF ITALY ON THE CONSTRUCTION OF SUBMARINE ELECTRIC POWER TRANSMISSION NETWORK INTERCONNECTION BETWEEN MONTENEGRO AND ITALY WITH THE IMPLEMENTATION OF THE STRATEGIC PARTNERSHIP OF A TRANSMISSION SYSTEM
  - THE LAW ON RATIFICATION OF THE UNIVERSAL POSTAL CONVENTION
  - THE LAW ON RATIFICATION OF THE FINAL PROTOCOL TO THE UNIVERSAL POSTAL CONVENTION
  - THE LAW ON RATIFICATION OF THE GENERAL REGULATION OF THE UNIVERSAL POSTAL UNION
  - THE LAW ON RATIFICATION OF SEVENTH ADDITIONAL PROTOCOL TO THE CONSTITUTION OF THE UNIVERSAL POSTAL UNION
  - THE LAW ON RATIFICATION OF THE FINAL ACTS OF THE REGIONAL ADMINISTRATIVE CONFERENCE FOR THE PLANNING OF THE MARITIME REGION NAVIGATION SERVICE (RADIO BEACONS) IN THE EUROPEAN MARITIME AREA
  - THE LAW ON RATIFICATION OF THE EUROPEAN OUTLINE CONVENTION ON TRANSFRONTIER CO-OPERATION BETWEEN TERRITORIAL COMMUNITIES OR AUTHORITIES, ADDITIONAL PROTOCOL TO THE EUROPEAN OUTLINE CONVENTION ON TRANSFRONTIER CO-OPERATION BETWEEN TERRITORIAL COMMUNITIES OR AUTHORITIES AND PROTOCOL NO.2 TO THE EUROPEAN OUTLINE CONVENTION ON TRANSFRONTIER CO-OPERATION BETWEEN TERRITORIAL COMMUNITIES OR AUTHORITIES CONCERNING INTERNATIONAL CO-OPERATION
  - THE LAW ON RATIFICATION OF THE ADDITIONAL PROTOCOL TO THE EUROPEAN CHARTER OF LOCAL SELF-GOVERNMENT TO THE RIGHT TO PARTICIPATE IN THE AFFAIRS OF LOCAL AUTHORITIES
  - THE LAW ON RATIFICATION OF THE EUROPEAN CONVENTION ON THE EXERCISE OF CHILDREN'S RIGHTS
  - THE LAW ON RATIFICATION OF THE AGREEMENT BETWEEN THE GOVERNMENT OF MONTENEGRO AND THE COUNCIL OF MINISTERS OF THE REPUBLIC OF ALBANIA ON THE RESTORATION, REPAIR AND MAINTENANCE OF THE PYRAMID, AMONG THE PYRAMIDS AND OTHER BOUNDARY MARKS ALONG THE MONTENEGRIN-ALBANIAN BORDER
  - THE REPORT ON THE DEVELOPMENT AND PROTECTION OF MINORITIES IN 2009;

- THE REPORT OF THE COURTS IN MONTENEGRO FOR 2009;
- THE REPORT OF THE STATE PROSECUTOR OF MONTENEGRO FOR 2009;
- THE REPORT OF THE PROTECTOR OF HUMAN RIGHTS AND FREEDOMS FOR 2009;
- THE REPORT OF THE COMMISSION FOR THE PREVENTION OF CONFLICT OF INTEREST FOR 2009;
- THE REPORT OF THE COMMISSION FOR SECURITIES AND THE BALANCE OF THE MARKET VALUE OF HARRY FOR 2009;
- THE REPORT ON THE WORK AND THE REPORT ON THE FINANCIAL OPERATIONS OF THE AGENCY FOR MEDICINES AND MEDICAL DEVICES FOR 2009, WITH THE REPORT OF INDEPENDENT AUDITORS.
- THE LAW ON THE FINANCIAL STABILITY COUNCIL
- DEPOSIT PROTECTION LAW
- THE LAW ON THE CENTRAL BANK OF MONTENEGRO
- THE LAW ON AMENDMENTS TO THE LAW ON BANKS
- THE LAW ON AMENDMENTS TO THE LAW ON BANK BANKRUPTCY
- THE LAW ON PROTECTION OF CULTURAL PROPERTY
- THE LAW ON ARCHIVE'S ACTIVITIES
- THE LAW ON MUSEUM'S ACTIVITIES
- THE LAW ON LIBRARY'S SERVICES
- THE LAW ON ELECTRONIC MEDIA
- THE LAW ON AMENDMENTS TO THE LAW ON ELECTRONIC COMMUNICATIONS
- THE LAW ON FOREIGN AFFAIRS
- THE LAW ON PROHIBITION OF DISCRIMINATION
- THE LAW ON PROTECTION AGAINST DOMESTIC VIOLENCE
- THE LAW ON AMNESTY OF PERSONS CONVICTED OF CRIMINAL OFFENSES PRESCRIBED BY THE LAWS OF MONTENEGRO AND FOREIGN PERSONS CONVICTED OF A CRIMINAL SENTENCE SHALL BE EXECUTED IN MONTENEGRO (LAW PROPOSER: GROUP OF MP'S)
- THE LAW ON AMENDMENTS TO THE CODE OF CRIMINAL PROCEDURE
- THE LAW ON AMENDMENTS TO THE GENERAL LAW ON EDUCATION
- THE LAW ON AMENDMENTS TO THE LAW ON HIGHER EDUCATION
- THE LAW ON AMENDMENTS TO THE LAW ON PRIMARY EDUCATION
- THE LAW ON AMENDMENTS TO THE LAW ON VOCATIONAL EDUCATION
- THE LAW ON AMENDMENTS TO THE LAW ON HIGH SCHOOLS
- THE LAW ON AMENDMENTS TO THE LAW ON EDUCATION OF CHILDREN WITH SPECIAL NEEDS
- THE LAW ON AMENDMENTS TO THE BUDGET LAW (LAW PROPOSER: GROUP OF MP'S)
- THE LAW ON AMENDMENTS TO THE LAW ON CIVIL SERVANTS AND EMPLOYEES (LAW PROPOSER: GROUP OF MP'S)
- THE LAW ON AMENDMENTS TO THE LAW ON FINANCING POLITICAL PARTIES (LAW PROPOSER: GROUP OF MP'S)