

Weekly Brief

Weekly Brief is a collection of news and information concerning events that happened in Montenegro, published on weekly basis. This publication is free of charge.

POLITICS

PzP and NSD will seek Krivokapić's resignation

Representatives of opposition parties PzP and NSD announced they will seek resignation of Parliament's Speaker Ranko Krivokapić. They stated they will undertake to consult with other opposition parliamentary parties in order to submit the initiative to the parliamentary procedure.

The reasons for this step are Krivokapić's refusal to answer requests to publicly provide data on his so called 'international activities', "which he does without consulting the Parliament, while citizens pay for them", state representatives of PzP and NSD. The immediate motives are Krivokapić's trip to Paris in order to meet with Prince Nikola Petrović as well as his recent meeting with Ecumenical Patriarch. NSD asks whether he performed the last visit as the Speaker of the Parliament, leader of SDP or as an emissary of the Montenegrin Orthodox Church.

Dragišić: Mistakes in the NATO communication strategy

Professor at the Belgrade Faculty of Security Studies and military analyst Zoran Dragišić stated that numerous mistakes have been made in the Government's communications strategy: specific benefits that each citizen may have from NATO membership were not mentioned, citizens did not get information about NATO as a political-military alliance, nor have the examples of countries that joined NATO been used.

In an interview for *Portal Analitika*, Dragišić said that due to the low public support Montenegro missed the chance of receiving a membership invitation at the NATO summit in Lisbon, in November this year.

One of the leading experts on safety in the region welcomed the announcement that the Government will modify the NATO communication strategy and reconstruct a team that implements it, concluding that during the drafting and implementation of the document many serious omissions were made. Among else, he

pointed out that civilian projects in NATO, which represent a significant part of the functioning of the Alliance, have not been sufficiently addresses in the current communication strategy. "What is most important: communication strategy did not weaken prejudices about NATO, but had even fueled some of them", said Dragišić.

Brajović: No agreement on dual citizenship with Serbia

Montenegro and Serbia are not getting closer to the signing of an agreement on dual citizenship, because these two countries regulate citizenship issues in different ways, said Minister of Internal Affairs and Public Administration Ivan Brajović.

Brajović told reporters that he discussed the issue of dual citizenship with his Serbian counterpart Ivica Dačić. Montenegro has quite a strict law that prescribes that if you want a Montenegrin citizenship, you must renounce previous citizenship. Serbia has a completely different law in allows obtaining a citizenship at fairly soft criteria, said Brajović.

The opposition concerned for Montenegrin community in Kosovo

Montenegrians are the most discriminated minority in Kosovo, evaluated representatives of the parliamentary opposition, who last week visited the returnees in the village of Žač, Istok municipality.

Representatives of SNP, PzP and NSD decided to submit a report on the visit to the Parliament. In addition, they will seek a discussion concerning the position of the Montenegrin community in Kosovo, asking that their rights are equated with the rights of citizens of Kosovo in Montenegro.

Opposition MPs stated that the Montenegrin returnees lack basic living conditions, that they are living in tents and being a target for armed attacks and stoning.

DPS: Opposition's proposal unconstitutional

Opposition's proposal of the electoral legislation is contrary to fundamental constitutional provisions, said political director of DPS Predrag Sekulić.

"The basic question is not whether we might want to consider a bill submitted by the opposition, but whether it fulfills the basic assumptions - whether it is in accordance with the Constitution. It is longer a question of whether the Montenegrin opposition

wants to move closer to EU and adopt European standards, but why the Montenegrin opposition is against European integration and why does it want to harm the interests of Montenegrin citizens", said Sekulić.

President of the Association of Lawyers Stanko Marić deemed this statement as politicized and dismissed the position of DPS that opposition's proposal of the electoral law is unconstitutional. Marić said that the final evaluation of the constitutionality belongs to the Constitutional Court.

"Here we have a political stance that is contrary to both the profession and legal science. It is the political attitude that tries to nullify everything someone else comes up with. The view that only what DPS does is proper, and that the affairs of others are unconstitutional and subversive is a politicized one", says Marić.

Marić recalls that every MP is entitled to submit a draft law, including the proposal of the election Law. "Anyone's assessment that the law is good or bad, unconstitutional or not - does not affect law's parliamentary procedure. Committee for Constitutional Affairs may assess whether the law is constitutional or unconstitutional, but the Parliament may adopt it in any case. The final evaluation of constitutionality is the task of the Constitutional Court", said Marić.

Palin aiding Montenegro's lobbying

Sarah Palin, seen as a possible Republican presidential candidate, has paid tens of thousands of dollars for foreign policy advice to a U.S. firm that represents three overseas governments, campaign finance documents show.

Financial reports filed by the former Alaska governor's fundraising committee known as SarahPAC, show that between December 2009 and the end of May 2010, it made seven payments to Orion Strategies.

The firm is a Washington consulting firm founded and led by Randy Scheunemann, a lobbyist who served as a senior foreign policy adviser to John McCain in his 2008 U.S. presidential bid and to Palin when she became McCain's Republican running mate.

Orion Strategies directly represents Georgia and Taiwan, and has been retained by Montenegro through a second Washington lobbying firm.

The Justice Department foreign agent registration filings by Orion list numerous occasions on which Scheunemann personally engaged in activities promoting the interests of his firm's foreign clients since last December.

Scheunemann discussed Montenegro-related matters with a State Department offi-

cial and in Congress, while the filings say that over a recent six-month period, Orion was paid \$60,000 by another Washington firm on behalf of the Government of Montenegro.

U.S. law requires U.S. agents representing foreign governments to disclose their activities. But they are not legally restricted from acting as advisers to U.S. political campaigns.

Agreement on emergency situations with Serbia

Montenegrin Minister of Internal Affairs and Public Administration Ivan Brajović and his Serbian counterpart Ivica Dačić signed an Agreement on Emergency Situations between their two ministries.

Dačić said that no country in the region has enough capacity to deal with natural and other disasters on its own, underlining the importance of cooperation in this sector. The Agreement will bring together all available resources of the two ministries in order to help citizens and relieve the consequences of such disasters.

Brajović noted that the Agreement is an indication of the outstanding cooperation between Serbia and Montenegro and simply a formal step stemming from everything that they have achieved together so far.

ECONOMY

Sustainable pension system requires 60000 more employed

Bearing in mind that the law on pension and disability insurance was reached seven years ago and the necessity of improving this law in accordance with the European practice, the Government of Montenegro prepared a law on amendments of this law, within the reform of the pension system.

The Government informed that the objective of further reforms of the pension system is to ensure adequate, sustainable and safe pension system, which is also the objective of the EU member states, who are also facing the problem of sustainability of the pension system, negative demographic developments and other systematic problems.

Ana Krsmanović, member of the Working Group for drafting the new Law on Pension and Disability Insurance, state that, "similar to the EU, the main challenges of the present pension system in Montenegro are ensuring sustainability in the short and long term, ensuring predictability and safety outcomes, increased activity in the labor market, as well as the preparation for the negative consequences of demographic trends.

An important factor is the sustainability of pension systems is the number of people who contribute to the pension system, noted Krsmanović. Low activity rate, the growth of participation of the population over 65 years in total population and the growth of life expectancy are a source of additional pressure on the pension system. In 2010 ratio of employees who pay contributions and pensioners is 1.7, while the sustainability of the system requires that the ratio is at least 2.21. This means that the existing method of financing the pension system would need an increase in the number of employees by 60.000 persons in order to be sustainable, concluded Krsmanović.

PzP's loan relief initiative

PzP will submit a draft law on the prolongation of repayment of housing loans in 2011, with the request to discuss it urgently, during the autumn session, writes *Vijesti*.

This act, as suggested by PZP leader Nebojša Medojević, would determine the possibility of banks postponing the obligation of repayment of housing loans to individuals who lost their jobs, and whose obligations are due in 2011.

The reasons for enacting this law PzP finds in the provisions of the Banking Act and its Client Protection section. "Banks are solvent and have

no where to place their funds. There is no reason for the Government not to support this law", said Medojević.

CBCG: 13,316 accounts blocked

The Central Bank of Montenegro (CBCG) informed that 53,059 legal and natural persons doing business were registered in the Central Register of Accounts on the last day of September.

This is an increase by 0.49% since August 31, when 52,802 legal and natural persons were registered. However, out of 53,059 legal and natural persons, 13,316 have their accounts blocked, which is 1.32% more than in August 2010, when 13,141 were blocked. The total amount of debt on the basis of which accounts were blocked is 219,366,164.41€, which is 2.65% more than in August, when the debt amounted to 213,668,325.40€.

IMF: Fall of economic activities in Montenegro by 1.8 percent

According to the prognosis of the International Monetary Fund (IMF), Montenegro will record a fall of economic activities by 1.8 percent in 2010, while a growth of 4.5 percent is expected next year. In its newest prognosis, the IMF assessed that the inflation in Montenegro this year should

amount to 0.6 percent and increase to 1 percent in 2011. It also assesses that the economic growth of Serbia will be 1.5 percent this year, which is among the highest growth rates in the region. Only Albania will have a higher growth – 2.6 percent.

The Montenegrin Ministry of Finance evaluated that the latest projections of the IMF on economic decline of 1.8 percent in this year are close to the estimates of the Government of Montenegro.

According to estimates of the Ministry of Finance, the Montenegrin economy will in 2010 move between the fall of two and a growth of 0.5 percent.

Montenegro is "technically" out of recession as of early October, announced Central Bank of Montenegro. The Government, however, does not share the optimism and the IMF forecast of growth of the Montenegrin economy in the next year of 4.5%, which is why it will "remain with the conservative approach in planning developments in projections of macroeconomic trends."

Concessions for five hydropower plants granted

Montenegrin Government has granted two concessions for the construction of five small hydropower plants to local company Kroling, which has

pledged to invest 18.8 million euro in the new capacities.

Last month Montenegro awarded two 30-year concessions for the construction of three small hydropower plants to local consortium Elektrotehna-Radius, which is supposed to invest 13.3 million euro in them.

Montenegro is increasing its electricity imports. Almost two-thirds of Montenegro's electricity output is generated by two big hydro power stations, Perućica and Piva, and around one-third is contributed by the thermal power plant TE Pljevlja and several small hydropower plants.

Industrial production in Montenegro increased

According to the Statistical Office of Montenegro, industrial production in August increased by 31.5%, compared to the same month in the previous year. For the period January-August of this year compared to the same period in the previous year it increased 5.6%, while it decreased compared to average monthly production from the previous year.

At sector level, two areas in Montenegro experienced increase: mining and quarrying 36.2% and production of electricity, gas and water 38.7%, while manufacturing industry decreased 14.4 %.

IRF issues 4.42 million of loans

Investment-Development Fund (IRF) of Montenegro has approved the realisation of 49 loans to micro, small and medium-sized companies, in the total value of EUR 4.42m. The Board of Directors of IRF reached decisions on the approval of loans for 17 investment projects of small and medium-sized companies.

The share of IRF in the realisation of those projects will amount to 1.6 million euros, while the banks will ensure additional 1.32 million euros from their sources. The approved projects concern production activities, services and tourism. 8 out of 17 approved projects are realised in underdeveloped municipalities, which is in accordance with the politics of IRF.

Moderate risks for financial stability of Montenegro

The Financial Stability Council of Montenegro stated that the country still remains in the area of "moderate" risks to its financial stability. Possible extension of recession would be "serious", especially for the banking system.

The Council adopted a report on the financial stability of the Central Bank of Montenegro (CBM), in which inter alia provides that društveni gross state product (GDP) this year

range from minus 0.5 to plus 1.5 percent.

The Council adopted the report on financial stability of the Central Bank of Montenegro (CBCG), which states that the GDP would range from -0.5 to +1.5 percent this year. The rate of inflation is low and does not represent a threat to the financial stability. Montenegro is not threatened by a crisis of the balance of payments, but potential risks are the deterioration of conditions in the aluminum industry and negative developments in tourism.

The budget deficit will probably amount to about 4.5 percent of GDP, the report said, noting that the tendency of public debt's growth is present.

Montenegro moderately indebted

Public debt of Montenegro for the first six months of this year amounted to one billion and 115 million euros, or 34.8 percent of gross domestic product.

Spokesperson of the Ministry of Finance Gordana Jovanović stated that the internal debt amounts to 377.5 million euros, and external to 737 million euros or 23% of GDP.

Jovanovic said that those are not the most precise data at the moment, since the state has recently incurred a debt of additional 200 million euros

in the market of Eurobonds. Money from the emission of Eurobonds has been paid to the treasury and has already been spent to pay off debts and financing capital projects. The Government stated that the public debt will amount to 42% of GDP by the end of the year, which will include Montenegro among moderately indebted countries.

Montenegrin Eurobonds were emitted on 07 September. The same day, all were sold to investors from 25 countries. Most were purchased by funds, state and private banks and insurance companies from Great Britain, Germany, Austria, Switzerland and United States.

Nenezić: Earnings from tourism are already 638 million euros

Montenegro has grossed around 638 million euros from tourism this year, which is more than planned, said Montenegrin Minister of Tourism Predrag Nenezić. The Minister cited as reasons for these results the good preparation and a very close cooperation between the private and public sector.

"We already have a revenue of 638 million euros, while 620 million was planned. So we have already exceeded what we had projected. What are the positive features of the

season? First of all, that we are well prepared and we passed one of the biggest exam in recent history of Montenegrin tourism, we achieved a very close cooperation between the private and public sectors and it will continue", he said Nenezić.

Revenues from tourism in the following years cannot be higher than 700 million euros due to the lack of major hotels. In addition, tourism has long been accompanied by problems of grey economy and weak inspections, because of which the state treasury in a significant loss. These criticisms were pointed out by notable Montenegrin hoteliers Žarko Radulović and Dragan Ivančević.

Radulović, who is also president of the Montenegrin tourist association, said that the quality of tourist offer in Montenegro is declining from year to year. "This year was the worst that I remember. It was a total chaos." Radulović repeated criticism on account of the inspection control services. He said that due to their failure, state lost about 80 million euros, and accused local self-governments of lacking the will to tackle this issue, "although their revenues are directly at stake".

Ivančević said that grey economy and the tourism sector "reached an extent of an carcinogenic element. It creates the risk of destroying what little quality commercial tourism has left".

EU INTEGRATION

Milačić: Adoption of electoral law - a confirmation of consensus

Adoption of the electoral legislation would directly confirm that the consensus of all political parties on the integration of Montenegro into the European Union works in practice to the full extent, said the chief advisor of the Prime Minister for political affairs and former head of Montenegrin mission to EU, Slavica Milačić.

"Alignment of legislation with the Constitution would contribute to the overall positive tone of the EC's opinion on the Montenegrin application for EU membership", said Milačić. She noted that this obligation is clearly stated in the Declaration and the recommendations adopted at the first meeting of the EU - Montenegro Stabilization and Association Committee, recently held in Brussels, with membership in the Council of Europe also underlining the necessity of adopting new electoral legislation.

Milačić recalled that the EU has tightened the requirements and procedures for candidate countries, in accordance with the renewed consensus on enlargement from December 2006. "EU now insist more on results and implementation, especially re-

garding the political criteria, in order to avoid the negative experiences of the last enlargement. All issues concerning democracy, human rights and minority rights, rule of law are now under special scrutiny of all structures of the EU, in the early stages of integration", said Milačić.

Medojević: Attack on an MP not mentioned in Brussels

The leader of the PzP Nebojša Medojević accused the Montenegrin parliamentary delegation in the Stabilization and Association Committee of adopting a joint declaration which failed to condemn the attack on him by a relative of a controversial Montenegrin businessman Branislav Brano Mićunović.

"It is not just an attack on me, but an attack on the Parliament as a whole, which was confirmed by the Parliament's Speaker Ranko Krivokapić as well. I hold Krivokapić liable for this omission because he needed to emphasize the importance of that incident. I was attacked because I openly talked about organized crime and only quoted police reports on the said person", said Medojević for daily *Dan*.

Tannock: Negotiations a year after obtaining the candidate status

Accession negotiations with Montenegro could start a year

after granting of candidate status for membership in the European Union (EU), assessed Charles Tannock, the European Parliament's rapporteur on Montenegro.

He said that Montenegro must make extra efforts in this period. "I had hints from European officials that the Commission could recommend candidate status for Montenegro, but that the country must do its homework before the Council could give a recommendation to open accession negotiations," said Tannock.

He explained that the situation is similar situation to that in the case of Macedonia, although there is different political background since that country has a bilateral dispute with Greece, which is extremely difficult to solve. Tannock is optimistic about the expected EC's. According to him, Montenegro remains "a good news", because it has a stable economy, a functioning democracy and has no significant ethnic or border disputes, "unlike some neighbors in the Western Balkans".

Certain issues such as organized crime as well as charges in which some criminals are abusing the absence of an extradition treaty with Serbia in order to escape justice, are of great importance, stressed Tannock. "Other concerns with Montenegro include lack of administrative capacity, over-reliance on tourism, un-diversified economy and un-regulated use of Euro as the

official currency", underlined Tannock.

Kacin: Lobbying should be directed to Hungary

Vice-President of the Parliamentary Committee for Stabilisation and Association Jelko Kacin stated that Hungary as the next presiding EU member state is very interested in the integration of Western Balkans. He suggested that Montenegrin should direct their lobbying efforts to the official Budapest, while at the same time acting upon an example of neighboring Croatia and intensify crackdown on corruption and organized crime on all levels.

"More important than the date of the negotiations is a fundamental reform of Montenegrin society. After the start of negotiations with Iceland, EU attention shifted from the region, and as Croatia somehow ends its accession procedures - we need a new fighter for the EU in the region", he said, adding that he definitely wants Montenegro to get the date accession negotiations as soon as possible.

Kacin warned that the administration must find people who are recommended by their knowledge and those who have capacities to enforce standards. "I see no problem with the lack of administrative capacities, but rather in the lack of will to implement the agreed re-

forms. That is a big problem", said Kacin.

EP backs lifting visa requirements for BiH and Albania

MEPs gave their backing to proposals to exempt nationals of Bosnia-Herzegovina and Albania from visas by the end of 2010, believing like the European Commission, that these two countries meet the required conditions on document security and combating illegal immigration and crime. EP supported the motion with 538 votes in favor, and 47 against, while 41 MEPs abstained. The visa-free travel for Bosnians and Albanians still have to be approved by the Council of the EU Interior Ministers next month. In November 2009, the EU abolished the visa requirements for other Western Balkan states - Serbia, Macedonia, and Montenegro. Back then Albania and Bosnia were deemed "not ready".

Kosovo is likely to remain the only country in the Western Balkans, whose citizens will need visas to travel to EU countries. The MEPs have expressed their regret that Kosovo is excluded from the process of visa regime liberalization, and is not even expected to be included in it any time soon. This stems from the fact that only 22 of the 27 EU member states have recognized the independence of the former Serbian province.

We hope that you found the contents of our Weekly Brief useful. Any suggestions, comments, remarks or opinions regarding the design and contents of this newsletter are welcome.

Please note that the previous editions of Weekly Brief are available at IA's website.

Editorial team

GLOSSARY

This glossary contains the most commonly used abbreviations. It is subject to revision.

ANB	Agency for National Security
ARD	Broadcasting Agency
BS	Bosniak Party
CGO	Centre of Civic Education
CRNVO	Centre for the Development of Non-Governmental Organisations
CFSP	Common Foreign and Security Policy of the EU
CoE	Council of Europe
DC	Democratic Centre
DPS	Democratic Party of Socialists
DSCG	Democratic Alliance in Montenegro
DSS	Democratic Serbian Party
DUA	Democratic Union of Albanians
EC	European Commission
EMIM	European Movement in Montenegro
EU	European Union
IA	Institute Alternative
IPA	Instrument Pre-Accession Assistance
LSCG	Liberal Alliance of Montenegro
LP	Liberal Party

MANS	Network for the Affirmation of Non-Profit Sector
MOC	Montenegrin Orthodox Church
NATO	North Atlantic Treaty Organisation
NS	People's Party
NSD	New Serb Democracy
NSS	People's Socialist Party
PZP	Movement for Change
SAA	Stabilisation and Association Agreement
SDP	Social Democratic Party
SL	Serbian List
SNP	Socialist People's Party
SNS	Serbian National Council
SOC	Serbian Orthodox Church
SRS	Serbian Radical Party
SSR	Party of Serbian Radicals
UN	United Nations
UNDP	United Nations Development Program
UNSC	United Nations Security Council
OSCE	Organisation for Security and Cooperation in Europe

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Institute Alternative

Founded in September 2007, Institute Alternative is a Montenegrin-based think tank. Founders are prominent individuals with civil society, public administration and business sector background.

IA's mission is to strengthen democratic processes in Montenegro by identifying and analyzing policy options.

IA's strategic objectives are to increase quality of public policy development, to contribute to human rights protection in Montenegro, to contribute to development of democracy and rule of law.

The values we share are commitment, independence, learning, networking and team work.

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