

STABILISATION AND ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND MONTENEGRO

The Stabilisation and Association Council

Brussels, 2 April 2019  
(OR. en)

UE-ME 3601/19

**DRAFT MINUTES**

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Subject: 9th meeting of the **EU - MONTENEGRO STABILISATION AND ASSOCIATION COUNCIL**  
(Luxembourg, 25 June 2018)

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The EU-Montenegro Stabilisation and Association Council held its ninth meeting at ministerial level on Monday 25 June 2018, in Luxembourg. The meeting was chaired by Ms Ekaterina ZAHARIEVA, Minister for Foreign Affairs of Bulgaria, who led the European Union delegation (on behalf of the EU High Representative for Foreign Affairs and Security Policy Federica Mogherini).

Mr Srdjan DARMANOVIĆ, Minister for Foreign Affairs of Montenegro, led the delegation of Montenegro.

Mr Johannes HAHN, Commissioner responsible for European Neighbourhood Policy and Enlargement Negotiations, represented the European Commission.

Acting co-secretaries of the Stabilisation and Association Council were Ms Laetitia BOT for the EU side and Ms Nataša JOVOVIĆ for the Montenegrin side.

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## **Opening**

Minister ZAHARIEVA welcomed Minister DARMANOVIĆ and his delegation to Luxembourg. Minister DARMANOVIĆ responded. Minister ZAHARIEVA then declared, in her capacity as President of the EU-Montenegro Stabilisation and Association Council, the ninth meeting of the Stabilisation and Association Council between the European Union and Montenegro open.

### **1. Adoption of the agenda**

The Stabilisation and Association Council adopted the agenda for the meeting as it appears in doc. UE-ME 3602/18.

### **2. Approval of the Minutes of the eighth meeting of the Stabilisation and Association Council on 20 June 2017**

The Stabilisation and Association Council approved the Minutes of the eighth meeting of the Stabilisation and Association Council (UE-ME 3601/18).

As President of the Association Council, Minister ZAHARIEVA took note of the position papers of the European Union and of Montenegro<sup>1</sup>. These documents were available in the meeting room.

### **3. Relations under the Stabilisation and Association Process**

#### **3.1. Accession Strategy, in particular in the light of the Commission's Montenegro 2018 Report**

Minister ZAHARIEVA introduced this item on behalf of the European Union delegation. Her statement can be found in ANNEX II.

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<sup>1</sup> See docs UE-ME 3603/17 and UE-ME 3604/17 respectively.

Commissioner HAHN made additional comments on behalf of the European Union delegation. His statement forms ANNEX III.

Minister DARMANOVIĆ reported on Montenegro's progress in its preparations for accession. His statement forms ANNEX IV.

### **3.2. Bilateral relations under the Stabilisation and Association Agreement**

Commissioner HAHN made a statement on behalf of the European Union delegation concerning the implementation of the Stabilisation and Association Agreement. His statement forms ANNEX V.

Minister DARMANOVIĆ responded on behalf of the Montenegrin delegation. His statement forms ANNEX VI.

## **4. Exchange of views on recent developments in Montenegro and in the Western Balkans**

Under this item, the two parties discussed in particular the political situation in the Western Balkans region.

## **5. Other business**

None.

## **Closing**

In the closing remarks, Minister ZAHARIEVA expressed her appreciation for the fruitful character of the meeting, noted that the negotiations with Montenegro were progressing well, encouraged Montenegro to continue its efforts and reiterated the EU's readiness to help and support Montenegro in these efforts in all possible ways.

Commissioner HAHN welcomed recent progress while underlining the areas requiring further work. He encouraged Montenegro to overcome its political tensions, return to fully normalised parliamentary work and stabilise public debt, while stressing the importance of progress in the rule of law chapters as determining factors for the overall pace of the negotiations. He finished by reiterating the firm commitment to Montenegro's accession process.

Minister DARMANOVIĆ expressed his appreciation for the useful exchange on Montenegro's progress over the last year and the remaining challenges on its EU path, underlining the importance of the European perspective for both Montenegro and the entire Western Balkans region and confirming that European integration was Montenegro's top-priority. The close cooperation with and support of EU institutions and Member States had brought and would continue to bring it ever closer to the Union. He finished by reaffirming Montenegro's commitment to implement the recommendations received in this and previous meetings.

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A joint press conference was held after the meeting and a joint press release was issued.

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**Montenegrin delegation to the 9th EU-Montenegro Stabilisation and Association Council**

**Luxembourg, 25 June 2018**

1. H.E. Prof. Dr. Srđan DARMANOVIĆ, Minister of Foreign Affairs of Montenegro
  2. H.E. Mr. Bojan ŠARKIĆ, Ambassador, Head of Mission of Montenegro to the EU
  3. Mr. Aleksandar DRLJEVIĆ, Chief Negotiator
  4. Mr. Miodrag RADOVIĆ, Deputy Chief Negotiator for the Chapters of the Acquis
  5. Ms. Marija PETROVIĆ, Chief of Cabinet of Minister of Foreign Affairs
  6. Ms. Jelena BURZAN, General Director for European Union, Ministry of Foreign Affairs
  7. Ms. Nataša JOVOVIĆ, Minister Counsellor, Mission of Montenegro to the EU
  8. Ms. Mirela TUZOVIĆ, First Secretary in the Cabinet of Minister of Foreign Affairs EU
  9. Mr. Milivoje JURIŠIĆ, First Secretary, Mission of Montenegro to the EU
  10. Ms. Tatjana BULAJIĆ, Second Secretary, Mission of Montenegro to the EU
  11. Ms. Milica ADŽIĆ, Second Secretary, Mission of Montenegro to the EU
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**Statement of Minister ZAHARIEVA on item 3.1**

"I would like to start off today by highlighting the importance of the timing of this 9th meeting of the Stabilisation and Association Council between the European Union and Montenegro. The past year has been marked by your Presidential elections in April, a series of local elections, the first anniversary of your NATO membership and the Sofia Summit where the European Union, all the leaders reiterated its commitment to the European perspective of the Western Balkans. Today's Stabilisation and Association Council presents us with a timely opportunity to review the overall state of our relations and, in particular, to examine the state of play in the accession process of Montenegro.

The Bulgarian Presidency has been fully committed to advancing enlargement by supporting the reform process. The Sofia Summit was precisely aimed at further deepening the links between the EU and Western Balkans even before the actual accession takes place. This event was made even more timely and important in the light of the many common interests and challenges we share, in particular in security and connectivity.

I am confident in Montenegro's ability and commitment to meet the remaining requirements for membership. I am therefore pleased that we will be able to open one of the last remaining negotiating chapters later today at our Accession Conference, namely chapter 17 (Economic and Monetary policy). This will bring the number of chapters opened to thirty-one, three of which already have been provisionally closed..

Our first substantive item on the agenda now is related to the accession strategy. Allow me to introduce the item by making a couple of points which are of importance to us, in particular with regard to the political criteria for accession. Our position is spelled out extensively in our position paper, available in the meeting room.



We welcome the fact that overall, fundamental freedoms were respected during the April Presidential elections, which were conducted under a revised legal framework. At the same time, however, the low level of trust towards the electoral framework seems to persist, as does the parliamentary boycott. The EU has been clear in its positions over the past years, underlining that it is up to all political parties to re-engage in a constructive dialogue and to return the political debate to the democratic institutions where it belongs.

Building on the results achieved over the past years in the implementation of the chapter 23 and 24 Action Plans as assessed by the Commission, we welcome the fact that the legal framework has improved and the institutional set up is largely in place. With a view to further advancement in the accession negotiations, more proactive and vigorous progress in reform implementation and concrete results in the area of rule of law and the freedom of expression and of the media are crucial. Regarding the latter, the recent attacks against journalists are worrisome and highlight the need for the authorities to ensure a safe climate, conducive to those freedoms.

As has been repeatedly stated, progress in the rule of law, demonstrated by tangible results, continues to determine the overall pace of negotiations with Montenegro, and has to prevail in all areas. Montenegro should focus and intensify its efforts towards meeting the interim benchmarks for Chapters 23 and 24, as well as in fighting corruption and organised crime, money laundering and trafficking in human beings, and in the seizure and confiscation of criminal assets.

As regards public administration reform, we welcome the adoption of new laws on civil servants and state employees and on local self-government, as well as the inclusion of civil society representatives in the preparations for EU accession and in the implementation of the related reforms. We would like to encourage you to increase and further enhance these consultations.

Turning now to another cornerstone of the accession process, let me commend Montenegro for its continued positive and constructive role in further developing regional cooperation, maintaining regional stability and advancing good neighbourly relations. In this regard, we welcome Montenegro's ongoing activities towards finding mutually acceptable solutions to pending border and other open issues with its neighbours and encourage you to make progress with other ongoing activities to address outstanding bilateral issues.

We also warmly welcome Montenegro's consistent cooperation on foreign policy issues, and in particular its continuous full alignment with all European Union positions.

Let me conclude on a more general note by welcoming the continuous commitment of the Montenegrin government to the accession process, making Montenegro a clear frontrunner. We hope you will continue to build on the progress already achieved with conviction, focussing on implementation, on delivering tangible results and on strengthening a sustainable track record on all the fundamentals of the accession process.

I will now pass the floor to Commissioner Hahn for further remarks on behalf of the European Union delegation on this agenda item."

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**Statement of Commissioner HAHN on item 3.1**

"Thank you, Minister Zaharieva, for your intervention. I would like to add a few comments and highlights.

I would like to extend a warm welcome to the Montenegro delegation: Montenegro remains the most advanced country in the region – in terms of its EU accession process. This is thanks to the work of the Montenegrin administration, led by you and your team.

I will start by welcoming Montenegro's continued constructive role in regional cooperation. I will not go into more details at this point, but let me just stress the importance of delivering a positive result in the regional cooperation and connectivity agenda, which brings tangible benefits for the citizens of the region.

On the internal political scene, the recent positive steps achieved in opposition gradually returning to the parliament need to bear fruit and all political actors engage constructively in debate and reforms.

The ad-hoc parliamentary committee will discuss issues related to judicial reform, freedom of expression and media as well as electoral reform, all issues that are very important for the EU integration path of Montenegro.

Having said that, ending the parliamentary boycott is the responsibility of all political parties and I would like to see full parliamentary work commencing as soon as possible.

Further progress in the accession process overall, will continue to depend on progress on the rule of law chapters, demonstrated by tangible results on the ground.

The 2018 Montenegro report, provides an overall assessment, including a detailed assessment on the rule of law, where we noted some progress, but also stressed the challenges now facing Montenegro in its efforts to establish a track record of tangible results. Let me point out a few of these challenges.

Concerning the judiciary, Montenegro needs to fully and timely implement reform of the judiciary, including measures to improve accountability and integrity of the judiciary. Also, continued attention needs to be given to measures aimed at increasing efficiency of the judiciary, improving the statistical capacity and IT system as well as to plans for rationalisation of judiciary.

Concerning the fight against corruption the challenges related to the independence and priority setting of the Agency for Prevention of Corruption need to be addressed. It is now crucial that the Agency demonstrates pro-active approach in all area of its activities, and continues to improve the institutional capacities, in particular in the area of conflict of interest, political party financing, whistle-blower protection and code of ethics.

The Special Prosecutor's Office and Special Police Unit have contributed to the establishment of initial track records in the area of fight against high-level corruption and organised crime. We now expect that the results will be consolidated by additional new investigations and further processing of cases leading to results in terms of indictments and final court decisions, as well as with regard to seizure and confiscation of assets where track records remain limited.

We also wish to see more results in the fight against organised crime, in particular in the area of money laundering and trafficking in human beings. We note with concern that criminal activities in the country have frequently led to gang-related murders and call for swift and appropriate follow up from the authorities.

Let me now come to an important area of fundamental rights, which concerns media freedom, and reiterate that the EU condemns the recent attacks against journalists and calls on you to continue working in order to resolve all cases of violence and threats against the media, including the murder case of 2004. Of course I understand it's not your immediate task but it's about forwarding a message back home to the relevant authorities and institutions.

Over the last months, the European Union has repeatedly noted that political interference in the national public broadcaster (RTCG) Council is a matter of serious concern. The dismissals of the RTCG management constitutes a further deterioration of the situation. Such decisions go against freedom of expression and media which is a fundamental value of the European Union, a crucial element of Montenegro's EU accession process and an important interim benchmark to be fulfilled under chapter 23.

The Roma remain the most vulnerable and discriminated community and urgent measures for improving their socio-economic position are needed.

Meeting the interim benchmarks in chapters 23 and 24 will require intensified and sustained efforts and political attention in the coming months as well as achieving visible results.

Regarding Public Administration Reform, the adoption of new framework laws provide the potential to implement merit-based recruitment across the public sector. Their implementation to allow for the professionalization and de-politicisation of the public service is now essential.

Turning now to economic governance let me recall that last month, on the 25<sup>th</sup> of May 2018 the EU and the countries of the region adopted country-specific joint policy guidance on the steps ahead.

The EU positively notes the introduction of a more stringent fiscal policy to address debt-related concerns with the adoption of a medium-term fiscal consolidation strategy in mid-2017. The corrective measures are expected to bring the budget close to balance in 2019.

We welcome the strong focus on regulatory and administrative reform measures in the areas of the labour market, transport, energy and financial services, as well as focus on private sector development and business environment, addressing key constraints to competitiveness and growth.

As regards the joint policy guidance, I would call on you to follow up in full and timely manner.

Concerning the *acquis*, I appreciate the work ongoing in many areas but let me focus on a few critical areas:

On public procurement, we noted backsliding, unfortunately, and the need remains for Montenegro to strengthen implementation and enforcement capacities at all levels, which requires additional human resources and modern working methods in key public procurement bodies. There are several areas of concern, for example the use of concessions and stalled alignment with EU acquis, on the contrast the amendments to the public procurement law, adopted in June 2017, have reduced the level of compliance with EU rules.

Regarding justice, freedom and security, the EU welcomes the adoption of the new law on foreigners and welcomes progress in the implementation of the Strategy for Integrated Migration Management and the Schengen Action Plan. We call on you to remain vigilant on the migratory pressure along the "coastal route" and to adjust national capacity accordingly.

On environment and climate change, substantial work lies ahead. In order to structure this work, Montenegro needs to implement the comprehensive strategy and action plan for the implementation of the acquis areas. On a specific but very symbolic issue: Montenegro has taken steps to protect the Ulcinj Salina nature and bird reservation site, and I call on Montenegro to complete the process for international protection under the Ramsar Convention.

And finally, on pre-accession assistance: I strongly encourage Montenegro to strengthen its institutional capacity to manage and implement IPA support. A lot of funds are at stake. To recall, for the period 2014-2020, a total of € 270.5 million have been indicatively allocated to Montenegro and at the moment Montenegro is the highest per/capita recipient of the WBIF investment grants, which amount to almost 81 Million Euro, leveraging a total investment of 732 Million Euro.

Thank you."

**Statement of Minister DARMANOVIĆ on Item 3.1**

"Montenegro intensively implements activities in all negotiating chapters. By the adoption of two laws in the field of state aid in February 2018, Montenegro fulfilled the last opening benchmark in Chapter 8 – Competition and thus met all opening benchmarks given in 13 chapters.

Furthermore, we are dedicated to the realisation of the given closing benchmarks in chapters where the negotiations are in progress.

However, we place special focus on 83 interim benchmarks set in chapters 23 and 24, which make the backbone of the negotiating process. To this end, Montenegro continues the implementation of the Action Plans for chapters 23 and 24. The last semi-annual reports were adopted on 8 February 2018, and the realisation rates were 76% for Chapter 23 and 72% for Chapter 24. Montenegro continued to improve its track record, particularly in the part related to fight against corruption and organised crime.

Since June last year, Montenegro submitted two negotiating positions. Negotiating position on Chapter 17 – Economic and monetary policy was submitted to the European Commission on 25 July 2017 whereas the negotiating position on Chapter 27 – Environment was submitted on 12 February 2018.

As regards the boycott of the Parliament which lasts since the parliamentary elections in 2016, the greatest part of opposition has returned in the Parliament.

As regards electoral reform, on 29 December 2017 the Parliament adopted the Law Amending the Law on Electronic Media, Law Amending the Law on Voters' List and the Law Amending the Law on Financing of Political Parties and Electoral Campaigns, which incorporate the recommendations from the report of the OEBS/ODIHR observation mission. The Law on the Election of Parliament Members and Councillors which meets a significant number of the mentioned recommendations was not adopted by the Parliament since it did not have the support of the needed two thirds majority because of the boycott of the opposition parties.

In the reporting period, the elections for councillors were held on 26 November 2017, on 4 February 2018 and on 27 May 2018. The presidential elections were held on 15 April 2018.

The Government stays committed to the protection of freedom of media and safety of journalists as one of the most important value of each democratic society. In that respect, Montenegro works on the improvement of legislative framework.

The Police Administration and the Prosecution Office continue to resolve the cases of assaults on journalists and media outlets.

In the framework of public administration, on 28 December 2017 the Parliament adopted a new Law on Public Servants and State Employees and new Law on Self-government. Both laws will be applied as of 1 July 2018. On 11 January 2018 the Government adopted the Action Plan for the implementation of the Public Administration Reform Strategy for the period 2018-2020.

On 25 January 2018, the Government of Montenegro adopted the Programme of Economic Reforms for Montenegro 2018-2020, which, as a Strategic developmental goal of Montenegro, defined a sustainable and inclusive economic growth which will contribute to reduction of developmental gap in the country in relation to the EU average and increase of life quality of all of its citizens.

After a successful fiscal consolidation in 2017, the Government of Montenegro continued implementing the measures defined in the Plan for recovery of budget deficit and public debt for the period 2017-2021 and the Fiscal Strategy of Montenegro for the period 2017-2020. The results of fiscal consolidation in the period January-April 2018 are reflected in the increase in the own-source revenues of the budget, which amounted to EUR 484.2 million in the first four months, showing an increase of 14.6% when compared to the same period a year earlier.



Budget expenditure in the observed period of 2018 amounted to EUR 544.5 million, recording an increase of 6.9% when compared to the previous year, due to the increase in the capital budget.

Budget deficit in the same period of 2018 amounted to EUR 60.3 million, being by 30.5% lower than in the same period a year earlier.

As regards total employment, a 0.7% increase was recorded during the first three months of 2018.

When it comes to foreign trade exchange in the first quarter of 2018, a 20.3% increase in exports has been recorded, as well as increase in imports by 9.9%.

According to the preliminary data of the Central Bank of Montenegro, net inflow of foreign direct investments (FDIs) in the period January-March 2018 amounted to EUR 50.8 million, showing an increase of 50.1% when compared to the same period a year earlier.

Montenegro has made progress and will continue to align legislative and institutional capacities with European standards in line with obligations defined by the trade provisions of the Stabilisation and Association Agreement. In this regard, Montenegro is actively working to strengthen the administrative capacities for effective implementation of the EU acquis.

In the field of *public procurement*, New Law on Public Procurement is in the final stage, while the Proposal for the Law on Public-Private Partnership and amendments to the Law on Concessions are submitted to EC for opinion. In the observed period, all relevant institutions have strengthened their capacities.

In the field of *competition policy*, Montenegro adopted the Law Amending the Law on Protection of Competition and the Law on State Aid Control on the 14 February 2018, thus fulfilling the defined opening benchmarks. We are currently working on the negotiating Position for this chapter.

We continue to build the legislative and administrative framework in the field of agriculture and rural development as well as the fishery sector by adoption of new laws, strengthening the capacity of the IPRD operational structure, where Montenegro was provided the opportunity to use the funds from decentralised measures in the budgetary forms for two measures.

Montenegro prepared the Draft National programme for improvement of quality of raw milk with the strategy for the use of non-compliant milk with the Action Plan thus further working on fulfilment of the set closing benchmark.

In the area of *judiciary and fundamental rights*, in order to reform the *judiciary*, the Parliament adopted five Laws and the Government adopted Action Plan for the Implementation of the Judicial Reform Strategy. The strengthening of the administrative capacities of key institutions has continued. As regards *corruption prevention*, the Agency for Prevention of Corruption has been continuously making significant efforts in terms of further improving efficiency and establishing a track-record. The strengthening of administrative capacities and the improvement of the information system continued.

As regards *Justice, Freedom and Security*, the Parliament adopted the Law on Foreigners. Regarding the judicial cooperation in civil and criminal matters, in September 2017, Montenegro appointed a state prosecutor to liaise with Eurojust. In order to comply with the recommendations of MONEYVAL, the Government adopted the Proposal for the Law on amendments to the Law on the Prevention of money Laundering and Financing of Terrorism. In the field of combating trafficking in human beings, the Parliament adopted the Law on Amendments to the Criminal Code.

In the field of *environment and climate change*, we submitted the negotiating Position in February 2018. Regarding the situation in Ulcinj Salina, at the end of November 2017, a comprehensive Protection Study of Ulcinj Salina was completed, covering all issues of importance for this site.

Under the *Instrument for Pre-Accession Assistance* (IPA), Montenegro has completed the implementation of projects within the Financial Perspective 2007-2013 (IPA I) under the first two components. All projects have been successfully contracted, while implementation is in the final stage. As regards Components III, in the reporting period focus on the implementation of projects. As regards the new financial perspective 2014-2020 (IPA II), programming of support was completed, including the allocation for programming 2018. The structures formed for the purpose of programming continued their work on the revision of sectoral planning documents, and started the activities on the preparation of the programmes for 2019."

**Statement of Commissioner HAHN on item 3.2**

"Overall, I am pleased to welcome Montenegro's record in the implementation of the Stabilisation and Association Agreement, which regulates contractual relations between the EU and Montenegro and gives Montenegro preferential access to the EU market.

Let me however say a few words on **competition policy**, where after a substantial delay amendments to the competition law were adopted. They set the legal basis to establish an independent State Aid Authority, which now needs to become operational as a matter of priority. Failing to do so would constitute a breach of the obligations under the SA Agreement and affect further progress on the Competition Chapter; which I recall is the last Chapter to be opened."

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**Statement of Minister DARMANOVIĆ on item 3.2**

"Montenegro ensured an efficient implementation of the SAA and commitments within the planned deadlines, as well as the implementation of the SAA according to the defined dynamics.

Furthermore, Montenegro is continuing the process of comprehensive political, economic, legal, institutional and structural reforms. Let me reiterate that, in the light of regional cooperation and according to Article 15 of the Stabilization and Association Agreement, since the last June, we had two meetings of the Joint Committees, with Macedonia and Bosnia and Herzegovina."

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