

**STABILISATION AND ASSOCIATION
BETWEEN
THE EUROPEAN UNION
AND MONTENEGRO**

The Stabilisation and Association Council

Brussels, 25 June 2015

UE-ME 3604/15

COVER NOTE

Subject: Sixth meeting of the EU-Montenegro Stabilisation and Association Council
(Luxembourg, 22 June 2015)

Delegations will find attached the position paper of Montenegro tabled on the occasion of the 6th meeting of the Stabilisation and Association Council between the European Union and Montenegro.



**Ministry of Foreign Affairs and European Integration
General Directorate for European Affairs**

No:

Podgorica, 18 June 2015

**POSITION
OF MONTENEGRO FOR THE SIXTH MEETING OF THE EU-MONTENEGRO
STABILISATION AND ASSOCIATION COUNCIL**

(Luxembourg, 22 June 2015)

1. Adoption of the agenda

(1) Montenegro welcomes the holding of the sixth meeting of the **Stabilisation and Association Council** between Montenegro and the European Union and reminds that the Stabilisation and Association Agreement (SAA) represents the basis for bilateral relations. Montenegro points out that it continued to smoothly fulfil commitments from the SAA in line with the established dynamics and continued to conduct and develop the institutionalised political dialogue with the European Union.

2. Relations under the Stabilisation and Association Process

2.1. Accession strategy, particularly in the light of the 2014 Progress Report of the European Commission

In seven days it will be three years since the opening of Montenegro's EU negotiations on accession. So far, Montenegro opened the negotiation process in **twenty** negotiating chapters out of which **two** chapters (**25 – Science and Research** and **26 – Education and Culture**) have been provisionally closed.

Chapters **23- Judiciary and Fundamental Rights** and **24- Justice, Freedom and Security**, which make the backbone of the negotiation process, contain 83 interim benchmarks and Montenegro is fully committed to meeting them. For the purpose of adjusting to the needs of meeting interim benchmarks, on 19 February 2015 the Government of Montenegro adopted the amended Action Plans for Chapter 23 and Chapter 24, which represent comprehensive guidelines for reaching this goal.

Furthermore, Montenegro intensively implements activities in other negotiation chapters as well. Montenegro also adopted negotiating positions for **three** negotiating chapters in which we have internal readiness for the opening of negotiations and where we hope for the invitation in some of the future Intergovernmental Conferences: 2. Freedom of Movement for Workers, 3. Right of Establishment and Freedom to Provide Services and 14. Transport Policy.

Montenegro **has met opening benchmarks in two more negotiating chapters**, namely in chapter 15 - Energy by adopting the Action Plan for strategic oil reserves and chapter 19 - Social Policy and Employment by adopting a comprehensive Strategy for alignment with the EU acquis. Having this in mind, what is left is to meet the opening benchmarks in 8 chapters.

Montenegro continued with the intensive cooperation with the civil society representatives who make 30% of the negotiating structure. Furthermore, the invitation for inclusion of new NGO members according to their expertise is constantly open.

On 5 February 2015 the Government of Montenegro adopted a revised Montenegro's Programme of Accession to the European Union for the period 2015 – 2018 which represents the **basic strategic document in the field of the European integration**, which thoroughly and comprehensively prescribes activities necessary for full alignment with the EU acquis.

As regards informing the public about the accession process, we can point out the successful implementation of the Strategy for informing the public and annual Action Plans. We point to the high level of realisation of the Action Plan for 2014, after which on 19 February 2015, the Government adopted the 2015 Action Plan for the strategy implementation.

<i>Political criteria</i>

On 19 February 2015 Montenegro adopted the adapted Action Plans after 18 months of their implementation. The adaptation was followed by intensive work and engagement of a great part of public administration as well as the civil sector which actively participated in the process and contributed to the comments and suggestions in the public consultations held on 22 December 2014. The adaptation implied adjustment of deadlines for the benchmarks which had not been realised in the original timeframe, specification of measures for easier realisation, establishing more precise deadlines for the measures in 2015 and beyond, as well as the allocation of financial resources.

According to the adapted Action Plans Montenegro is currently implementing activities for building administrative capacities of the existing institutions as well as establishing new ones, primarily the Special Public Prosecutor's Office and the Anti-corruption Agency.

The Parliament continued to improve its work efficiency, including the planning of legislative and supervisory activities. In February 2015 the Parliament adopted the Action Plan for strengthening the legislative and control role of the Parliament of Montenegro in 2015 which is based on findings of the European Commission given in 2014 Progress Report on Montenegro. The plan contains 66 activities and measures with explanations, responsible bodies, implementation deadlines and indicators of success which are grouped in three parts for the purpose of better clarity, namely: strengthening of legislative and supervisory function of the Parliament of Montenegro, strengthening administrative and professional capacities and improvement of openness and transparency of the Parliament towards the citizens and civil organisations.

The Parliament has adopted laws in the field of judiciary and anticorruption: the Law on Constitutional Court of Montenegro, the Law on Public Prosecution Office, the Law on Special Public Prosecutor's Office, the Law on Courts, the Law on Judicial Council and Judges, the Law on Prevention of Corruption, the Law Amending the Law on Prevention of Conflict of Interest, the Law on Lobbying and the Law on Financing of Political Subjects and Election Campaigns.

On 9 December 2014 the Parliament adopted the Code of Ethics for Members of the Parliament which contains provisions regarding the commitment to ethical principles and rules of conduct, objectivity, responsibility, respect for the reputation of the Parliament, conflict of interest, prohibition of corruption, as well as provisions related to the supervision over implementation and monitoring compliance with the Code, breach of the Code and the procedure of establishing liability of MPs.

On 7 October 2014 the Parliament appointed the Supreme Public Prosecutor of Montenegro and nominated the President of the State Election Commission, one member of the State Election Commission from among the civil sector representatives and nine members of the State Election Commission.

The Government passed 120 law proposals and adopted 50 Decrees. In addition to 108 law proposals and 42 decrees the proposers also submitted reports on the conducted Regulatory Impact Assessment analysis. The Government continues with the activities for affirmation of transparency of its work and more active inclusion of the public in the process of creating public policies. The Law on Free Access to Information obliges the government bodies to proactively publish the information they possess on their internet pages.

On 29 January 2015 the Government proposed the deadline for the work of the Commission for monitoring the procedures of competent bodies in investigations of older and recent cases of threats and violence against journalists and journalist murders by the end of 2015. Furthermore, on 29 May 2015 the Government was informed of the Report on the work of the Commission for monitoring the procedures of competent bodies in investigations of cases of threats and violence against journalists, journalist murders and attacks on the property of media, for the period June - September 2014 and October 2014 - January 2015 and concluded that all law enforcement bodies whose representatives are members of the Commission answered in due time and in line with the law to all Commission's requests.

In the field of **public administration**, Montenegro consolidated all competent bodies for the monitoring of the reform of public administration and local self-government into two key coordination teams, namely: the Coordination Team for monitoring the implementation of the Strategy for public administration reform and the Plan of internal reorganisation of the public sector and the Coordination Team for the local self-government reform. In December 2014 the Parliament adopted the Law on Administrative Procedure which will be applied as of 1 July 2016. The Law is service-oriented to the users of administrative services and it is aligned with the best comparative practices in this field. In the following period the focus of the reform activities will be primarily directed at creating more favourable conditions for the application of the new Law, which implies the implementation of trainings of public servants and state employees for the application of new solutions, adoption of the Law on Administrative Dispute and alignment of specific laws with the Law on Administrative Procedure. Beside the abovementioned, on 5 March 2015 the Government adopted the Proposal for the Law on Administrative Inspection, in order to inter alia create conditions for better supervision over the application of provisions of the new Law on Administrative Procedure. According to the data on realised announcements/competitions for 2014, the total number of reported candidates for internal public announcements and public competitions in 2014 was 3,277 which is significantly more than in 2013 when there were 2,479 candidates. In 2015 Montenegro will pay special attention to planning administrative capacities for the purpose of establishing more efficient and streamlined public administration.

Montenegro is continuously dedicated to **regional cooperation** and has constructive role in creating more stable and safer region through active participation and launching numerous regional initiatives.

Montenegro is continuing the policy of developing good neighbourly relations and strongly supports the European perspective of the countries included in the stabilisation and association process. In that context, Montenegro makes efforts to pass its experiences to the neighbourhood countries which have candidate or potential candidate status.

The Republic of Albania – Montenegro and Albania foster good neighbourly and friendly relations followed by the intensive political dialogue. This cooperation, in the previous period of one year, resulted in signing five interstate agreements: the Agreement on cooperation in the field information-communication technologies (17 April 2015), the Agreement on economic cooperation (24 February 2015), the Agreement on reciprocal recognition of driving licences (15 December 2014), the Protocol on intensifying cooperation in the fight against human trafficking (8 December 2014) and the Technical Agreement on destruction of ammunition between the Ministries of Defence of the two states (20 October 2014). Furthermore, on 22 May 2015 the Government of Montenegro and the Council of Ministers of the Republic of Albania signed the Agreement on cooperation in the context of EU accession.

Bosnia and Herzegovina – Montenegro and Bosnia and Herzegovina have good relations with excellent dynamics of development aimed at fostering substantial and quality cooperation in all fields and at all levels. By decision of the Legal - Constitutional Committee of the House of Representatives of the Parliamentary Assembly of Bosnia and Herzegovina not to adopt the disputable Resolution on **Sutorina**, conditions were created for the forthcoming signing of the Agreement on state border. The Agreement on cooperation in the field of the European integration is in the phase of alignment.

Former Yugoslav Republic of Macedonia – The work on strengthening the contract–legal basis resulted in signing the Protocol between the Government of Montenegro and the Government of the former Yugoslav Republic of Macedonia on colocation of diplomatic and consular representations in Paris on 23 February 2015. For the purpose of further improvement of cooperation of the two Ministries of Foreign Affairs, the first Joint Committee of Montenegro and FYR Macedonia under the Agreement between the Government of Montenegro and the Government of FYR Macedonia in the context of accession to the European Union was held in Skopje on 9-10 March 2015. Themes of the Committee were the following: implementation of the SAA, the rule of law, agriculture and environment.

The Republic of Croatia – the dialogue on launching the procedure before the International Court of Justice in Hague regarding the issue of demarcation in the area of **Prevlaka has started**. The process of alignment of the Draft Agreement on joint submission of dispute on blue and green border between Montenegro and Croatia is on-going. Beside the abovementioned, continuous efforts are made in strengthening the contract basis in other areas of cooperation as well.

*The Republic of Kosovo** - The contract-legal basis for cooperation is strengthened by enforcement of five international Agreements: the Agreement on opening of international road border crossing Kula - Savine vode, on the route Rožaje - Kula – Peć and the Agreement on regulation of border transport regime entered into force on 26 September 2014, whereas the Protocol on joint patrols at the state border based on the Agreement on police cooperation and the Protocol on holding regular meetings of border police on all administrative levels entered into force on 22 October of the same year. The Agreement between the Government of Montenegro and the Government of the Republic of Kosovo* on cooperation in the European integration process entered into force on 19 February 2015. The dialogue regarding the solution of current bilateral topics in the relations between Montenegro and Kosovo* has been continued – the issue of constitutional recognition of the Montenegrin national minority, as well as demarcation of border line. In the beginning of 2015, activities regarding the conclusion of the Agreement on voluntary return of internally displaced persons from Kosovo* residing in Montenegro were stepped up.

The Republic of Serbia – The Agreement on cooperation in the context of the European integration signed on 10 December 2013 entered into force on 23 September 2014. The second meeting of the intergovernmental Mixed Committee for Economic Cooperation was held on 2 March 2015 in Belgrade. The realisation of major infrastructural projects, principally the projects of construction of the highway Beograd - Bar and reconstruction of the railroad on the same route, is of mutual interest. The sector of energy has high potential for further cooperation as well. The second meeting of the negotiating teams of Montenegro and Serbia was organised in Serbia on 14-15 May 2015. Furthermore, the date of holding the first Joint Committee in line with Article 15 of SAA has been agreed. The Joint Committee will be held in Podgorica on 23-24 July 2015.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Montenegro accedes, with no exception, to all Council decisions and EU declarations. For the purpose of further alignment with the EU acquis in this area, on 21 January 2015 the Parliament of Montenegro adopted the Law on International Restrictive Measures (Official Gazette of Montenegro 3/15).

As regards the EU Common Position on the integrity of the Rome Statute and EU guiding principles on bilateral immunity agreements, Montenegro points out that it will fully align with the EU acquis in this area in a way that within an appropriate deadline before accession to the European Union, provisions of the bilateral agreement on immunity with the USA will cease to be valid.

<i>Economic criteria</i>

Public Finance Management

The priority of fiscal policy in 2014 was the consolidation of public finances along with strengthening of tax discipline and continuous implementation of saving measures in the part of budgetary spending. Although there is a registered growth of budget incomes of 5.9 % in comparison with the plan, we have to notice that the result would have been even more favourable if there had been no price deflation movements and delays of announced investments which led to economic growth lower than forecast.

Preliminary consolidate public revenues amounted to EUR 1,560.5 million or 46.0% of GDP (EUR 3,393.2 million) in 2014. Compared to 2013 and the plan, revenues increased by EUR 118 million or 8.2%. The year-on-year revenues increase was primarily owing to increases in: VAT of EUR 68.4 million, contributions of EUR 45.8 million, personal income tax of EUR 12.7 million, and local taxes of EUR 4.5 million. Revenue increase was partly due to an increase in tax rates (crisis personal income tax, increase VAT rate), and also as a result of a continuous combat against informal (grey) economy, particularly in the labour market, reduced tax arrears and salary contributions, with a mild growth of economic activity.

Preliminary consolidate public spending amounted to EUR 1,606.6 million or 47.3% of GDP in 2014 and it increased EUR 18.7 million or 1.2% in comparison with 2013, while the plan for 2014 was exceeded by EUR 141.8 million or 9.7%. The increase in spending was due to: (a) an increase in the Government stake in the Electric Power Company of Montenegro (EPCG), (b) methodological reclassification of the position repayment of liabilities from the previous period, and (c) unplanned repayment of guarantees of nearly EUR 20 million. In the structure of expenditure, the main share was of gross salaries and contributions paid by employers (12.5% of GDP) and transfers for social protection (14.5% of GDP). Capital expenditure of the public sector amounted to 3.7% of GDP, while interest totalled 2.3% of GDP and it increased 10% year-on-year.

Preliminary deficit of public finances reached EUR 46.1 million or 1.4% of GDP at end of 2014 being EUR 114.3 million lower than the year before. Primary surplus was recorded in 2014 in the amount of 1.0% of GDP.

Government budget revenues amounted to EUR 1,665.9 million in 2014, of which source revenues accounted for EUR 1,351.8 million, whereas EUR 314.1 million came from other sources of financing, primarily from borrowings in the international market. Source revenues of the budget exceeded those in 2013 by EUR 108.4 million or 8.7% and those planned in 2014 by EUR 75.8 million or 5.9%.

Significant positive deviation was recorded with the collection of corporate income tax of some EUR 4.4 million year-on-year, which is primarily attributed to the Government incentive of guaranteed discount on single full payment of this tax by the prescribed deadline.

In the first two months of 2015, source budget revenues amounted to EUR 158.1 million, being 4.6% higher than planned and 3.4% higher year-on-year. The highest increase was recorded by revenues from excise duties of 17.1%, followed by customs duties with 11.4% increase and contributions with 8.4% growth.

Total expenditure of the Budget of Montenegro amounted to EUR 1,454.4 million or 42.9% of the estimated GDP in 2014 (EUR 3,393.2 million), of which EUR 1,379.3 million were used to finance current budget consumption and EUR 75.1 million were used for capital investments. Observed year-on-year, expenditure increased EUR 9.6 million which despite the high basis from 2013 was the result of one-time events (called guarantees) that marked 2014 which were explained in more details above.

The Budget expenditure in the first two months of 2015 amounted to EUR 198.1 million and they were 24.0% lower than planned but 5.2% higher than in the same two-month period a year ago.

Deficit of the central budget reached EUR 102.6 million at end of 2014 or 3.0% of GDP, being EUR 113.2 million lower than the deficit recorded in 2013. This amount covers around EUR 60 million or 1.7% of GDP in one-off and contingent liabilities such as the payment of arrears towards the Government (some EUR 32 million), repayment of guarantees (EUR 15.3 million), and court enforcements (EUR 15.5 million). If these expenses were excluded, the deficit would amount to a mere EUR 39.8 million or 1.2% of GDP. The budget deficit amounted to EUR 40.1 million in the first two months of 2015, being EUR 69.7 million lower than planned and EUR 4.6 million higher year-on-year.

Net FDI inflow in 2014 amounted to EUR 353.9 million or 9.3% more year-on-year. Total FDI inflow amounted to EUR 498.1 million, which is 3.9% more than in 2013. In 2014, inflows arising from equity investments were lower (EUR 261.3 million or 6.1% less). The structure of total FDI inflows: investments in companies and banks of 16.1% (5.4% increase), investments in real estate 36.3% (or 10.4% decline). At the same time, inflow from intercompany debt increased by 22.0% and accounted for 46.2% of the inflows. Total FDI outflow amounted to EUR 144.1 million or 7.2% less than in 2013.

Net FDI inflow until March 2015 amounted to EUR 86.2 million which is 11.9% higher than in the same period in 2014 (EUR 46.3 million).

Stability of the financial system

The banking system of Montenegro is stable, solvent and liquid. A high share of non-performing loans and an inadequate level of lending activity remain present in the system. The credit risk is the dominant and special attention is paid to this issue. The banking operations in the period from 31 September 2014 to 28 February 2015 are characterised by an increase in bank assets, deposits and capital, as well as by decline in loans and claims from banks and clients. Liquidity of banks remained satisfactory during the reporting period, which is reflected in the key liquidity parameters.

Gross non-performing assets (C, D and E) that cover loans and claims, as well as other items of assets and off-balance sheet, amounted to EUR 427.7 million at the banking system level in March 2015, which represents 14.33% of total assets. When compared with December 2014, these assets recorded a 2.58% increase. Furthermore, gross non-performing assets (C, D and E) at the level of the banking system recorded a decline in comparison with September 2014 when they amounted to EUR 469.6 million, which represents 15.09% of total assets.

At the end of February 2015, the banking system generated a profit amounting to EUR 2.2 million, whereby four out of twelve banks in the system recorded a negative financial performance.

At the end of January 2015, the Central Bank of Montenegro (CBCG) issued a licence to the bank *Zapad banka AD Podgorica*, set up with Ukrainian capital, and to a micro-credit financial institution *Kredit plus DOO Podgorica*, with the domestic capital standing behind it. At the beginning of April, the Central Bank of Montenegro granted a licence to a Turkish “Ziraat” bank, so that now there are 13 banks operating in the territory of Montenegro, with another bank expected to enter the market in the following months (“Gora”), which should contribute to better credit offer and reduction of interest rates.

As part of the activities oriented towards improvement of the business environment, the initiated activities are being implemented continuously in the following areas: 1. Simplification of the construction permits issuance procedure, 2. Analysis of fiscalities at local level, 3. Implementation of Regulatory Impact Assessment (RIA), 4. Further realisation of activities on the Regulatory Guillotine project.

On 29 January 2015, the Government of Montenegro adopted the Economic Reform Programme. In accordance with the Economic Reform Programme, the focus of the economic policy in 2015 and in medium-term will be on removing the obstacles to economic growth and development and, consequently, on increasing the competitiveness of the economy. The primary goal of the economic policy is to create new jobs and raise living standards of all inhabitants of Montenegro. In accordance with the Guidelines of the European Commission for 2015 NERPs, this document comprises two parts. Part One provides an overview of medium-term macroeconomic framework and fiscal policies and structural reforms that have a direct macro-fiscal impact. Part Two covers structural reform measures, which are sectoral in nature, aiming at improving the competitiveness of Montenegro and, consequently, at improving growth.

Apart from the highway project, the expansion of most of the launched development projects will start from this year exactly.

Acquis

Montenegro has made progress and will continue aligning its legislative and administrative capacities with European standards in line with its obligations arising from the trade-related provisions of the Stabilisation and Association Agreement. In this regard, Montenegro is actively working on building the administrative capacities for efficient implementation of the *acquis*.

As regards the area of **free movement of goods**, activities have been continued on aligning the national regulations with the *acquis* and standards in this area that regulate standardisation, metrology, accreditation and assessment of conformity with European standards. In October 2014, the Government adopted the 2014–2018 Strategy of Montenegro for implementation of the *acquis* in the area of free movement of goods and a five-year Action Plan for its implementation, while the National Strategy for Managing Chemicals and the accompanying Action Plan for the period 2015–2018 were adopted in January 2015. Furthermore, the 2015–2018 Strategy for Development of Standardisation in Montenegro and the Action Plan for implementation of the Strategy for Development of Standardisation for 2015 were adopted in November 2014. When it comes to general principles, the screening of technical unaligned legislation has been completed and the second Draft Action Plan for alignment of the national legislation with Articles 34–36 of the Treaty on the Functioning of the European Union, prepared in accordance with the EC recommendations, will be submitted to the Commission for comments by the end of June.

The following laws have been passed: Law on General Product Safety, Law on Supervision of Products on the Market, Law on Weapons and the Law Amending the Law on Accreditation. Furthermore, seven rulebooks transposing the New Approach Directives have been published, as well as 15 rulebooks in the area of Old Approach.

When it comes to the area of *freedom of movement for workers*, at its session held on 9 December 2014, the Parliament of Montenegro adopted the new Law on Foreigners transposing the provisions of the Law on Employment and Work of Foreigners. The Law established a single procedure for issuing work and residence permits.

Regarding the area of *right of establishment and freedom to provide services*, the Draft Law on Services has been prepared, for which a public debate procedure has been conducted and which is expected to be passed soon.

When it comes to *free movement of capital*, the Council of the Central Bank of Montenegro, at its meeting held on 10 November 2014, adopted bylaws for the full implementation of the new Law on Payment Operations. With the passing of the new Law on Payment Operations and its bylaws, the application of which began on 9 January 2015, the Montenegrin regulatory framework on payment system has become fully aligned with the current *acquis* in this field. The project for developing the National Money Laundering and Terrorism Financing Risk Assessment will be completed on 24 June 2015. The new Law on Prevention of Money Laundering and Terrorism Financing, amended in accordance with the recommendations of Moneyval and the European Commission, entered into force on 4 August 2014.

As regards the *public procurement* area, the Law Amending the Law on Public Procurement was passed in December 2014 and entered into force on 5 May 2015.

With respect to the area of *company law*, the work is ongoing on the Law on Accounting, Law on Auditing, Law on Capital Markets and the Law Amending the Law on Takeover of Joint Stock Companies, which underwent public discussion in the fourth quarter of 2014. Moreover, the work is underway on the new Law on Business Organisations, whose imminent adoption will complete the legislative framework in this area.

When it comes to intellectual property law, the Government endorsed the Proposal for the Law on Patents on 25 December 2014, which is currently undergoing the parliamentary procedure. Furthermore, the work is ongoing on the Draft Law Amending the Law on Protection of Semiconductor Topographies and the Draft Law Amending the Law on Legal Protection of Industrial Design, while the activities on drawing up the Draft Law Amending the Law on Copyright and Related Rights and the Draft Law Amending the Law on Trademark are almost completed. The Twinning Light project *Enhancing the Protection of Intellectual Property Rights in Montenegro*, implemented in cooperation with the Government of the Kingdom of Belgium during a nine-month period, ended on 16 December 2014. The project aimed at strengthening the institutions in charge of the protection of intellectual property rights, as well as at improving their coordination.

As far as the competition policy is concerned, by adopting bylaws, Montenegro has fully aligned its legislative framework with the *acquis*. In the forthcoming period, Montenegro will devote special attention to the education of judges in charge of this area, as well as to further strengthening of the Agency for Protection of Competition of Montenegro. As regards **state aid**, by publishing three Rulebooks on the List of Rules on State Aid, Montenegro introduced 20 EU regulations into its legislative framework. In addition, on 4 June 2015, the Government adopted the Decision Amending the Rules of Procedure of the Government of Montenegro, according to which institutions are obliged to obtain the opinion of the State Aid Control Commission when proposing legal acts. The Action Plan for aligning the remaining state aid schemes has been adopted. As regards the case of KAP, the bankruptcy procedure is still ongoing and will end once Uniprom pays the remaining amount. After the bankruptcy procedure is completed, KAP will become a fully privately-owned property, which will operate thereafter in accordance with market rules, with continuous supervision of the State Aid Control Commission.

As regards the area of **financial services**, the Central Bank of Montenegro has started working on the new Law on Banks and the Decision on the capital adequacy of banks, as well as on the Law on Recovery of Banks and the Law Amending the Law on Bankruptcy and Liquidation of Banks. The Law on Consensual Financial Restructuring of Debts to Financial Institutions was adopted on 14 April 2015 and entered into force on 24 April 2015. When it comes to the insurance sector, the Insurance Supervision Agency has prepared the Draft Law Amending the Law on Insurance, ensuring further alignment with the Solvency I directives. The Proposal for the Law on Bankruptcy and Liquidation of Insurance Companies has been discussed in the plenary session of the Parliament and its adoption is pending. When it comes to capital market, the Securities Commission has begun the process of developing the innovated version of the Proposal for the Law on Capital Market, in accordance with the comments and suggestions of the European Commission.

As for the area of **information society and media**, the Parliament adopted the Law on e-Government on 16 July 2014. As regards enforcement of the Law on Electronic Communications, a new set of rulebooks for this area has been adopted. The Government of Montenegro endorsed the Proposal for the Law Amending the Law on Public Broadcasting Services of Montenegro on 24 November 2014 and the Proposal for the Law Amending the Law on Information Security on 29 January 2015. The Ministry for Information Society and Telecommunications has prepared the Draft Law on Free Use of Information held by Public Authorities, which underwent the public debate stage. The Draft Law Amending the Law on Electronic Media has been prepared and is currently undergoing the public debate procedure.

Concerning the area of **agriculture and rural development**, with a view to aligning the legislation with the *acquis* and applying the EU standards, the Ministry of Agriculture and Rural Development is about to finalise the process of drafting the Strategy and the Action Plan in the area of agriculture, as well as the process of alignment of national regulations with the *acquis*. As far as the legislative framework is concerned, the Law on Olive Growing and Olive Oil has been passed, while the Proposal for the Law on Wine was endorsed by the Government on 25 December 2014 and is currently undergoing the parliamentary procedure. Furthermore, on 5 February 2015, the Government adopted the Decree on conditions, manner and dynamics of implementation of agricultural policy measures for 2015, i.e. Agro-budget, which amounts to EUR 22,976,018.42 and is comprised of the funds from the general budget revenues (EUR 14,975,018.00), funds from the World Bank loan arrangement *Montenegro Institutional Development and Agriculture Strengthening* (MIDAS) and donations from the EU/IPA Agriculture and Rural Development Institution Building Project IPARD-like (EUR 8,001,000.00).

On 7 December 2014, the Ministry of Agriculture and Rural Development announced a public call under the Creditor's Fund, concerning the funds of IPA V Component, transferred into the IPA I component under the agreement on cooperation signed between the EU and the World Bank. The period for submitting the application under this public call was from 28 December 2014 to 28 February 2015, and 521 applications for support were received during the call. After several rounds of comments from the European Commission, the final version of the IPARD Programme was submitted to the representatives of the Directorate General for Agriculture (DG AGRI) on 10 June 2015

When it comes to the area of **food safety, veterinary and phytosanitary policy**, the Government has endorsed 7 laws, which are currently undergoing the parliamentary procedure, namely: Proposal for the Law Amending the Veterinary Law; Proposal for the Law Amending the Law on Animal Welfare Protection; Proposal for the Law Amending the Law on Animal Identification and Registration; Proposal for the Law Amending the Law on Livestock Farming; Proposal for the Law Amending the Law on Plant Health Protection; Proposal for the Law Amending the Law on Seed Material of Agricultural Plants and the Proposal for the Law Amending the Law on Planting Material. A public debate was held about the Draft Law on Food Safety (ended on 15 September 2014), which is currently undergoing the process of interdepartmental harmonisation.

Montenegro's Strategy for transposition and implementation of the *acquis* for Chapter 12 – Food Safety, Veterinary and Phytosanitary Policy has been drafted, along with an the action plan for alignment. Moreover, the Draft Action Plan for control and eradication of classical swine fever in domestic pigs and wild boars has been prepared.

On 3 November 2014, the Decision on implementation of the procedure for assessing the compliance with the EU requirements (categorisation) of approved food establishments and establishments handling animal by-products was adopted in cooperation between the Ministry of Agriculture and Rural Development, Ministry of Health and the Administration for Inspection Affairs. On the basis of that decision, an ex officio assessment of the establishments was done in December 2014 in accordance with the relevant EU legislation.

Implementation of the Programme of Mandatory Animal Health Protection Measures for 2014 has been completed, while implementation of the Programme of Mandatory Animal Health Protection Measures for 2015 has begun.

As far as the area of fisheries is concerned, the Ministry of Agriculture and Rural Development, in accordance with the association dynamics and with a view to achieving further alignment with the objectives of the Common Fisheries Policy, is about to finalise the process of drafting the Strategy and the Action Plan for development of marine fisheries and aquaculture of Montenegro for the period 2015-2020, as well as the process of alignment of national regulations with the *acquis*. On 11 December 2014, the Government adopted the Proposal for the Law Amending the Law on Marine Fisheries and Mariculture, which is currently undergoing the parliamentary procedure. The Rulebook Amending the Rulebook on the manner of use, maintenance, protection, marking, as well as the length of the coast, name and location of the fishermen's post has been adopted.

As regards the area of transport, it is important to note that the following laws have been adopted: Law Amending the Law on Protection of the Sea against Pollution from Vessels, Law on Combined Freight Transport, Law on Transportation of Hazardous Substances, Law Amending the Law on Obligations and the Basics of Property Relations in Air Transport, Law Amending the Law on Road Transport Safety, Law on Ratification of the Maritime Labour Convention of 2006 and the Law on Ratification of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, adopted in 1974. In March 2015, the Government adopted the Action Plan for implementation of the Strategy for improvement of road transport safety for 2015. With a view to achieving full alignment with the *acquis*, ECAC Document 30, Amendment 80, the Government adopted the National Programme Amending the National Programme of Civil Aviation Safety of Montenegro at its session held on 15 May 2015. On the basis of the Law on Safety, Organisation and Efficiency of Railway Transport, a set of rulebooks was published during the reporting period, thus ensuring full alignment with a part of the railway safety directives.

The National Commission for Investigation of Aviation Accidents and Serious Incidents, Emergencies affecting the Safety of Railway Transport and Maritime Accidents and Incidents was established at the end of 2014

When it comes to the area of energy, on 10 July 2014, the Government adopted a new Energy Development Strategy of Montenegro, which should govern this sector until 2030. The Parliament adopted the Law on Efficient Use of Energy on 16 December 2014, Law Amending the Law on Energy on 26 February 2015 and the Law on Ratification of the Convention on Nuclear Safety on 17 March 2015. On 24 April 2015, the Government adopted the Action Plan for implementation of the Directive imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products, which was sent to the European Commission on the same day. As regards the renewable energy sources, the Government adopted the National Renewable Energy Action Plan until 2020 on 11 December 2014, while the Ministry of Economy adopted the Rulebook on the Amount of Incentive Fees to Encourage Production of Electricity from Renewable Energy Sources and Cogeneration in 2015 on 20 January 2015. On 25 September 2014, the Government endorsed the Proposal for the Law on Ratification of the Energy Charter Treaty, which is currently undergoing the parliamentary procedure.

As regards the area of taxation, further alignment with the *acquis* has been achieved through adoption of a set of eight laws. The Law Amending the Law on Excise Duties introduced “excise calendar” for the period from 2014 to 2019, bio-fuel into the excise system of Montenegro and aligned the level of the excise duty on fluid petroleum gas, which is used as motor fuel. Adoption of the Law Amending the Law on Value Added Tax resulted in partial alignment with the provisions of Directive 2006/112 EC in the part related to a closer definition of the term of telecommunications services and the term of used passenger vehicles, and full alignment with Directive 2007/74/EC of the Council on the exemption from VAT and excise duty of goods imported by persons travelling from third countries. The Law on Tax on Coffee introduced the obligation of payment of tax on coffee in production and during the import, thus making coffee a product no longer subject to excise duty. The Law Amending the Law on Tax Administration provides improvement of mechanisms of enforced collection of taxes. The Law on Ratification of the Agreement between the Government of Montenegro and the Government of the Republic of Austria on Avoidance of Double Taxation with Respect to Taxes on Income and on Capital aims at eliminating double taxation of income of residents, ensuring fiscal and legal security, ensuring positive effect of tax reliefs to stimulate investments, general application of the principle of equal tax treatment of natural persons and legal entities and improvement of cooperation of tax authorities. The Business Strategy of the Tax Administration for the period 2014–2019 has been adopted and the Draft ICT Strategy for the period 2015–2019 has been developed.

When it comes to customs, the following two decrees were adopted in the previous period: Decree on Customs Tariff for 2015 and the Decree on the requirements and the procedure for exercising the right to exemption from payment of customs duty. A working team has been formed for accession to the Common Transit Convention, Convention concerning facilities in trade in goods and for implementation of the NCTS. As of 1 January 2015, Montenegro is presiding over the Sub-Committee on Customs and Rules of Origin of CEFTA 2006.

As for the area of statistics, two new memorandums on cooperation were signed in February 2015: with the Ministry of Interior and the Secretariat of the Judicial Council. Moreover, a new department for coordination of statistical sources of data was set up in November 2014 by reorganisation of the Statistical Office. The Statistical Office currently employs 103 persons, even though the Rulebook on Internal Organisation and Job Description provides for 200 positions for civil servants and state employees. There has been an increase in the number of employees within the Statistical Office: three persons have been awarded an indeterminate term contracts, while one assistant director has been selected for the Sector for Macroeconomic Statistics, National Accounts and Prices with a fixed five-year term (2015-2020). A total of 102 different datasets are submitted. On 2 October 2014, the Government of Montenegro adopted the Annual Official Statistics Plan for 2015. Furthermore, on 9 April 2015, the Government adopted the Strategy for implementation of the ESA 2010 methodology in the Montenegrin public finance statistics. A working group, composed of representatives of the Statistical Office, Ministry of Finance and the Central Bank of Montenegro, has been formed to coordinate the activities concerning the introduction of the ESA methodology into the system of monitoring of public finances.

As regards the *social policy and employment* area, on 26 March 2015, the Government adopted the Action Plan for gradual transposition of the *acquis* and building of necessary capacities for its implementation for Chapter 19 – Social Policy and Employment. The Government endorsed the Proposal for the Law on Amendments to the Law on Peaceful Labour Disputes Resolution on 16 October 2014 and the Proposal for the Law Amending the Law on Volunteering on 25 December 2014. On 25 December 2014, the Government endorsed the Proposal for the Law Amending the Law on Gender Equality. The Proposal for the Law on Prohibition of Discrimination of Persons with Disabilities was endorsed by the Government on 4 June 2015. The network of day-care centres in Montenegro continued to expand in 2014. So far, nine day-care centres have been established in municipalities and 136 children exercised the right to accommodation in these centres in December 2014. A Memorandum of Understanding was signed in 2014 with a view to establishing a group home facility for children with disabilities without parental care in the municipality of Bijelo Polje. The Social Card Project – Information system of social security (ISSS) was implemented within the planned deadline, and has been up and running as of 1 January 2015. On 26 February 2015, the Government adopted the Report on implementation of the 2012–2016 Strategy for the improvement of the situation of Roma and Egyptians in Montenegro for the year 2014 and the 2012–2016 Action plan for the implementation of the Strategy for the improvement of the situation of Roma and Egyptians in Montenegro for 2015. In March 2015, the Government of Montenegro adopted the Report on implementation of the Action Plan for achieving gender equality for 2014 with the Implementation Programme for 2015 and 2016. The labour market trends in 2014, generally speaking, indicate that it has been recovering to a certain extent from the effect of global economic crisis. In addition, the measures implemented through realisation of the Action Plan for Employment for 2014, particularly the Programme for vocational training of persons with acquired high education, have contributed to the improvement of the position of target groups. According to the MONSTAT survey data, when compared with the 2013 data, the activity rate has increased by 2.7%, the employment rate has increased by 3 percentage points, while the unemployment rate has decreased by 1.4 percentage points. The Employment Office currently employs 313 persons out of the foreseen 387, while the procedure for announcing vacant positions for 9 new employees is underway.

As for the area of enterprise and industrial policy, Montenegro indicates that the project for drafting the Industrial Policy Strategy was launched on 6 October 2014. Moreover, in line with the terms of reference, the emphasis has been put on the administrative capacity building within institutions in charge of preparing and implementing the Industrial Policy of Montenegro and of determining the relevant link between the Industrial Policy and the support from EU funds. Bearing in mind the complexity of the entire process, an interdepartmental Working Team was established on 19 December 2014 in charge of coordinating and implementing the Industrial Policy of Montenegro until 2020. The first Draft Industrial Policy Strategy was submitted to the European Commission for comments on 21 April 2015.

Montenegro notes that further progress has been made in the area of justice. The Parliament of Montenegro passed the following laws on 26 February 2015: Law on Constitutional Court of Montenegro, Law on Judicial Council and Judges, Law on Courts, Law on Public Prosecutor's Office and the Law on Special Public Prosecutor's Office, introducing reforms of the judicial system, while the relevant by-laws will be passed in the course of 2015.

Montenegro is dedicated to improvement of court statistics and judicial system. In this regard, the new project for development of information system for the judiciary is being prepared – it should replace the existing Judicial Information System (PRIS) and connect all relevant authorities in the judicial system: Ministry of Justice, judiciary, prosecution offices and the Institution for Enforcement of Criminal Sanctions. Furthermore, Montenegro is dedicated to the analysis of the workload of judges, which is considered crucial for further reform of the judiciary with regard to rationalisation of the judicial network.

The backlog of cases has been reduced; therefore, at the end of 2014, there were only 3,192 cases older than three years pending before Montenegrin courts.

Montenegro drafted the Strategy for identification and use of all available sources of information (prosecution offices of other states, database of the International Criminal Tribunal for the Former Yugoslavia, field interviews, and available official documents), and a set of events in which there is a possibility that Montenegrin citizens took part in perpetrating the crimes of war. Montenegrin prosecution offices are sending formal requests to prosecution offices of the neighbouring states and the International Criminal Tribunal for the Former Yugoslavia to check whether these institutions hold evidence relating to identified events.

Montenegro continuously strengthens its normative and institutional framework for the **fight against corruption**. The Parliament passed the following laws: Law on Lobbying, Law on Financing of Political Parties, Law Amending the Law on Prevention of Conflict of Interest, Law Amending the Law on Public Procurement and the Law on Administrative Proceeding in December 2014.

On 9 December 2014, the Parliament passed the Law on Prevention of Corruption, which provides conditions for establishing the Anti-Corruption Agency as a body that will encompass the existing competences of the Commission for Prevention of Conflict of Interest and the Directorate for Anti-Corruption Initiative. Activities related to establishing are carried out in accordance with planned dynamics, so that the Agency could become operational on 1 January 2016. The procedure for election of members of the Council of the Agency is underway; after that, the procedure for election of director of the Agency will be initiated. A single electronic system for electronic entry and exchange of data within the Agency itself and with other institutions is being developed. The mentioned IT system provides for development of online forms and electronic processing of input documents, as well as verification of the accuracy of entered data. The Government provided the office space (768m²) for the needs of the Agency.

Montenegro passed the Law on the Special Public Prosecutor's Office that will have jurisdiction in cases of high-level corruption, organised crime, money laundering, war crimes and terrorism. Montenegro is dedicated to establishment of the Special Public Prosecutor's Office. Thereby, the public announcement for election of the chief and ten special prosecutors has been completed, while the election of the aforementioned prosecutors has been planned by the end of June 2015. Future premises for the Special Public Prosecutor's Office have been allocated, along with funds within the Budget of Montenegro for 2015.

Amendments to the Criminal Procedure Code are in an advanced stage. The goal of these amendments is to improve the existing mechanisms and introduce certain novelties for the purpose of more proactive conducting of preliminary enquiry and investigation. It is expected that the Parliament will pass the Law Amending the Criminal Procedure Code by the end of June.

In order to strengthen its financial investigation competences, in 2015, Montenegro will adopt a special law on seizure and management of proceeds of crime, thus creating conditions for specialising the police, public prosecutors and judges in seizure of property, as well as conditions for establishment of a special department that will deal exclusively with seized property management.

As regards *fundamental rights*, on 16 July 2014, the Parliament passed the Law Amending the Law on the Protector of Human Rights and Freedoms, as well as the Law on Execution of Suspended Sentence and Community Service Sentence.

Amendments to the Law on the Protector of Human Rights and Freedoms clearly define the role of the Protector as the national preventive mechanism against torture and abuse. Montenegro remains dedicated to strengthening of the administrative capacities of the Protector. Furthermore, Montenegro continued its activities aimed at fulfilment of recommendations provided by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT). In order to improve the health care for detained and convicted persons, measures are being taken to ensure high level of independence of the medical staff, by distributing the competence for control and supervision over the work of the Health Care Service to two state authorities (Ministry of Health and the Administration for Inspection Affairs), thus providing a necessary level of fulfilment of requirements and recommendations of the CPT. Furthermore, the number of convicted persons in correctional groups has been reduced; this enabled more frequent and comprehensive contact between prisoners and persons responsible for carrying out the treatment.

During 2015, Montenegro will pass the new law on execution of prison sentences, fine and security measures, the proposal of which was endorsed on 26 March 2015.

In order to provide further improvement of position of persons with disabilities, Montenegro endorsed the Proposal for the Law on Prohibition of Discrimination against Persons with Disabilities on 4 June 2015. During 2015, three public buildings will improve their access for persons with disabilities, while the Parliament will find a temporary solution until the access to the parliament building is permanently improved.

Montenegro tends to improve the environment as regards sexual minorities and their rights. The third LGBTI pride parade was organised without any incidents in Podgorica on 2 November 2014. Furthermore, in May 2015, Montenegro successfully organised the third IDAHO ministerial conference. Montenegro strongly condemns all attacks against LGBTI persons, and it is dedicated to resolving all these cases.

On 25 December 2014, in order to improve gender equality, Montenegro endorsed the Proposal for the Law on Gender Equality. It is expected that this law will be passed by the Parliament soon.

On 28 May 2015, Montenegro endorsed the Proposal for the Law Amending the Law on Minority Rights and Freedoms, with a view to increasing transparency and removing potential conflict of interest in allocation of funds for minorities. Montenegro continued the implementation of the Strategy for Improving the Position of Roma and Egyptians, which is valid until 2016. In 2014, the 5th November – International Romani Language Day was marked in Montenegro for the first time. In November 2014, the pilot project was initiated with a view to organising the informal learning of Romani language with previously adopted Primer. The project is carried out in Nikšić, Podgorica, Berane and Herceg Novi. Furthermore, printing of the first Romani dictionary is being prepared.

Montenegro started the implementation of the Regional Housing Programme on 11 May 2015 by signing a contract for the project of construction of 62 housing units in Nikšić, the value of which accounts for EUR 2 680 000, where EUR 1 980 000 are donor funds, while EUR 600 000 represent the contribution of the local self-government. The plan is to build 120 units for the residents of Konik camp by the end of the year; furthermore, project documentation for the project concerning construction of 94 housing units in Berane is being prepared.

Montenegro passed the **Law Amending the Law on Internal Affairs** in December 2014 with a view to improving legislative framework in the field of the fight against corruption and organised crime. This law substantially improves powers of police officers and clearly separates them from powers exercised by police officers in accordance with the Criminal Procedure Code in order to identify the perpetrators of criminal offences.

Montenegro is dedicated to improvement of cooperation between authorities participating in the criminal procedure, primarily prosecution offices and the police. In April 2015, the Government of Montenegro endorsed the **Proposal for the Law Amending the Criminal Procedure Code**, the adoption of which is expected by the end of June 2015. **Five new organisational units** have been established within the Criminal Investigation Police Department by the new **Rulebook on Internal Organisation and Job Descriptions of the Ministry of Interior** of March 2015: Special Police Department and four new groups within the Department for the Fight against Organised Crime and Corruption: Group for conducting financial investigations and suppressing criminal offences of money laundering and financial crime; Group for suppressing criminal offences of human smuggling, human trafficking and illegal migrations; Group for suppressing criminal offences of terrorism, smuggling of weapons and hazardous substances; Group for suppressing criminal offences of cybercrime. **Special Police Department** will deal with investigations concerning criminal offences that fall under the jurisdiction of the Special Public Prosecutor's Office, on the order of the chief special prosecutor or the special prosecutor. A number of police officers have been appointed for these tasks, and activities have been carried out with a view to providing material, technical and spatial conditions for their work. Forty police officers should undergo the training following establishment of the specialised groups. The initial set of trainings is planned to last until the end of 2015.

In order to improve conducting of financial investigations, during 2015, Montenegro will adopt a special law on seizure and management of proceeds of crime, thus creating conditions for establishment of a special department that will deal exclusively with seized property management. Endorsement of the Proposal for the Law on Seizure of Proceeds of Crime has been planned for June 2015. This law will provide the establishment of improved functional connection between authorities possessing information required for conducting financial investigations with the prosecution offices.

As regards protection of victims of trafficking in human beings, the Government of Montenegro continued with monthly allocation of funds for the functioning of the Shelter for Victims of Trafficking in Human Beings, which had two protégées in April 2015 – two minor Roma girls, victims of unlawful marriages.

In order to improve police cooperation, in September 2014, Montenegro signed the **Agreement on Operational and Strategic Cooperation with EUROPOL**, which entered into force at the end of April 2015. On 23 April 2014, the Government of Montenegro passed the Decision on deployment of the Police Administration officers as liaison officers to EUROPOL headquarters for the period of four years. Designation has been completed as regards the **focal points** that will serve as the national contact points for the Analysis Work Files (AWF), as well as communication with EUROPOL Focal Points.

As regards the field of money laundering, in July 2014, Montenegro passed the **Law on Prevention of Money Laundering and Financing of Terrorism**. Montenegro passed a set of bylaws for more efficient enforcement of the new Law, while trainings concerning enforcement of increased sanctions for failure to act in compliance with legislation and reporting obligations are being carried out. Regarding improvement of institutional framework in this field, in March 2015, the Government of Montenegro adopted the new Rulebook on Internal Organisation and Job Descriptions of the Ministry of Interior – Police Administration. Group for conducting financial investigations and suppressing criminal offences of money laundering and financial crime represents one of four new specialised groups established within the Department for the Fight against Organised Crime and Corruption. Furthermore, the Ministry of Justice prepared the Draft Law on Seizure and Management of Proceeds of Crime, which is expected to be endorsed by the Government in June 2015 and which will provide conditions for establishment of a special department that will deal exclusively with seized property management.

In the field of terrorism, in March 2015, Montenegro passed the **Law Amending the Criminal Code**, which is aligned with the UN Resolution on Foreign Terrorist Fighters 2178-2014. New amendments to the Criminal Code of Montenegro provide for prison sentences for Montenegrin citizens participating in foreign conflicts abroad. In May 2015, the Government of Montenegro adopted the new **Strategy for Prevention and Suppression of Terrorism, Money Laundering and Financing of Terrorism 2015-2018** and the Action Plan for its implementation until 2016.

In the field of asylum, Montenegro put the **Centre for Asylum Seekers** into operation in February 2014. Monitoring is continuously carried out as regards occupancy of and evaluation of adequacy of capacities of the Centre for Asylum Seekers, with special emphasis on vulnerable categories. Alternative accommodation for persons from the asylum system is provided in case of complete occupancy of the Centre or sudden inflow of a large number of asylum seekers. At the level of legislation, Montenegro plans to endorse the proposal for the new Law on Asylum by the end of 2015; the public discussion for this law was completed in May 2015.

As regards irregular migrations, the Report on Evaluation of Capacities of the Reception Centre for Foreigners (opened in December 2013) was developed in December 2014. It was stated in the report that the Shelter so far meets the accommodation needs for the forthcoming period. Feasibility study concerning accommodation, protection and rehabilitation of minors and other vulnerable groups of migrants has been completed, and the latest expert comments are pending.

In order to improve legislative framework in the field of regular migrations, in December 2014, Montenegro passed the **Law on Foreigners**, as well as a set of bylaws aimed at efficient enforcement of the new Law.

In the field of integrated border management, in March 2014, Montenegro passed the **Integrated Border Management Strategy for the period 2014-2018**, as well as the Framework Action Plan for implementation of the Strategy for the period 2014-2018. The Report on implementation of the Action Plan for implementation of the Strategy in 2014 was adopted in February 2015, along with the Action Plan for implementation of the Strategy for 2015, for which the EC provided positive opinion.

Regarding activities for demolition of alternative roads used for crossing the state border that were carried out in the previous period, in accordance with an Overview of alternative roads on the state border between Montenegro and **Bosnia and Herzegovina**, which should be demolished by Montenegrin authorities, demolition of a total of 19 roads has been envisaged, in accordance with the Contract concluded with the company selected through tender. Montenegrin side demolished 8 alternative roads on the border with Bosnia and Herzegovina. The remaining alternative roads on the aforementioned border will be demolished by the end of June 2015.

Meeting between the joint expert working groups of the Ministry of Interior of Montenegro and the Ministry of Interior of the **Republic of Serbia** concerning development of elaborate for the closure of alternative roads between Montenegro and the Republic of Serbia was held in April 2015. These roads will be demolished following development of the mentioned elaborate, in compliance with the Joint Action Plan.

Members of the Commission in charge of development of elaborate for demolition of alternative roads between Montenegro and the **Republic of Kosovo**^{*} were appointed in April 2015.

Development of elaborate for the closure of side roads suitable for illegal crossing of the state border with the Republic of Kosovo^{*} is expected in the forthcoming period, along with the plan and dynamics of activities for closure of alternative roads.

All alternative roads on the border between Montenegro and the Republic of Albania have been closed in accordance with an Overview of alternative roads on the state border between Montenegro and **the Republic of Albania**.

In the field of education, the Parliament passed the Law on High Education on 8 October 2014. The goal of the new Law is to regulate in more details the procedure of ensuring quality which implies accreditation, self-evaluation and re-accreditation, conditions for establishing and dissolving institutions and study programmes, organisation in high education institutions, financing, enrolment procedure and rules of studying. The Law also regulates in more details the rights of students, lifelong learning and protection against plagiarism. In the second half of 2014, the Government adopted three strategies that refer to gifted students, vocational education and education of adults. On its 27 session held in the period 6 – 7 November 2014 in Brussels, the EQF Advisory Group adopted the Report on Referencing the Montenegrin Qualifications Framework to the European Qualifications Framework for Lifelong Learning and the Qualifications Framework for the European High Education Area. The Programme of Vocational Training for Persons with Acquired High Education is carried out in compliance with the Law on Vocational Training of Persons with Acquired High Education. The right to vocational training is granted to persons with high education diplomas who do not have any working experience at certain level of education and who are registered in the Employment Office.

^{*} This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

^{*} This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

In the field of **environment and climate change**, all draft sectoral strategies and action plans have been submitted to the EC, along with comprehensive draft strategy and draft Action Plan that was submitted on 29 May 2015. In the field of *waters*, on 18 December 2014, the Government adopted the Law Amending the Law on Waters, which is currently in the parliamentary procedure. As regards *air quality*, on 23 October 2014, the Government endorsed the Proposal for the Law Amending the Law on Air Protection, which is currently in the parliamentary procedure. Furthermore, on 18 December 2014, the Government adopted the Second Report on implementation of the National Strategy on Air Quality Management in 2014. As regards the field of *environmental protection*, on 18 December 2014, the Government endorsed the Proposal for the Law Amending the Law on Forests and Proposal for the Law Amending the Law on Wild Game and Hunting, which are currently in the parliamentary procedure. In addition, on 26 February 2015, the Government endorsed the Proposal for the Law Amending the Law on Animal Welfare Protection. As regards industrial pollution, on 18 September 2014, the Government endorsed the Proposal for the Law Amending the Law on Integrated Prevention and Control of Environmental Pollution. Furthermore, on 15 January 2015, the Government adopted the Chemicals Management Strategy for the period 2015-2018. Finally, on 17 March 2015, the Parliament passed the Law Ratifying the Agreement between Montenegro and the European Union on the Participation of Montenegro in the Union Civil Protection Mechanism. Two new general directorates will be established soon in the Ministry of Sustainable Development and Tourism: General Directorate for Climate Change and the General Directorate for International Cooperation and European Integration.

In the field of **consumer and health protection**, four rulebooks have been passed for enforcement of the Law on Consumer Protection. As regards the Law on Consumer Credits, the Central Bank of Montenegro passed the Decision fully implementing Commission Directive 2011/90/EU. On 16 October 2014, the Parliament passed the new Law on General Product Safety. In December 2014, the Government adopted the second report on implementation of the Action Plan for realisation of the National Consumer Protection Programme (2012-2015), while the third annual Action Plan for realisation of the National Consumer Protection Programme was adopted in February 2015. The Coordinating Body for Market Surveillance adopted the General Programme of Market Surveillance for 2015, in accordance with the Law on Surveillance of Products on the Market. On 18 March 2015, the Government of Montenegro endorsed the Proposal for the Law Amending the Law on Restriction of Use of Tobacco Products transposing Directive 2012/09/EU.

In the field of *health*, an application for the electronic surveillance system for communicable diseases for hygiene-epidemiological services in primary health care was developed and epidemiologists were trained to use the application. The Programme of mandatory immunisations of population against certain communicable diseases on the territory of Montenegro for 2015 was adopted. On 18 March 2015, the Government of Montenegro adopted the Action Plan for 2015/2016 for implementation of the National Strategy for Prevention of the Harmful Use of alcohol and Alcohol-Induced Disorders in Montenegro 2013-2020.

In the field of *external relations*, activities concerning alignment of national regulations with the *acquis* have been continued. On 25 December 2014, the Parliament passed the Law Amending the Law on Foreign Trade. As regards activities under the World Trade Organisation, it is important to indicate that, at the sitting held on 29 October 2014, the WTO Committee on Government Procurement adopted the Decision on Montenegro's accession to the Government Procurement Agreement. The following bilateral economic agreements have been signed: Agreement between the Government of Montenegro and the Government of Moldova on Mutual Encouragement and Protection of Investments (20 June 2014) and the Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on Economic Cooperation (25 February 2015). Furthermore, on 28 December 2014, the Parliament passed the Law Ratifying the Additional Protocol 2 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement and the Additional Protocol 3 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement.

As regards *financial control*, Law Amending the Law on the System of Internal Financial Controls in the Public Sector has been adopted. In order to align the Law on the State Audit Institution with international standards of the supreme audit institutions, particularly Lima and Mexico declarations, on 16 July 2014, the Parliament adopted amendments to the Law on the State Audit Institution, which ensured functional, institutional and financial independence of the State Audit Institution. The National Strategy for combating fraud with a view to protecting the EU financial interests and the supporting Action Plan were adopted at the session held by the Government on 16 April 2015. In order to reach the full alignment with the *acquis*, on 3 October 2014, the Central Bank of Montenegro passed the Decision on Medals and Tokens Similar to Euro Coins. On 4 June 2015, the Government endorsed the Proposal for the Law Ratifying Geneva Convention for the Suppression of Currency Counterfeiting of 1929.

Pre-accession assistance

Until December 2014, Montenegro used IPA funds through two components: I – Transition Assistance and Institution Building and II – Cross-border Cooperation. In December 2014, Montenegro fulfilled all preconditions for indirect management of funds for components: III – Regional Development and IV – Human Resources Development. On 5 December 2014, Financing Agreements were signed for the *Operational Programme Regional Development 2012-2013* (with the total value of EUR 26,159,624, of which EUR 22,235,679 are EU funds, while EUR 3,923,945 represent the national co-financing) and the *Operational Programme Human Resources Development 2012-2013* (with the total value of EUR 6,568,240, of which EUR 5,583,000 are EU funds and EUR 985,240 represent the national co-financing); by signing these agreements, Montenegro officially started independent managing of funds allocated for these two components.

As regards IPA Component V, considering the fact that preconditions for indirect management of funds were not met in the previous period, activities for fulfilment of preconditions for obtaining accreditation have been intensified, so that the full implementation of IPARD in Montenegro could start in January 2016.

The readiness of Montenegro to make use of the available funds (under the national IPA programme) is also reflected in the ratio of contracted/disbursed IPA I¹ funds:

Programme year	Allocated (EUR)	Contracted (%)	Disbursed (%)
IPA 07	23.870.504,00	97,63	97,62
IPA 08	26.800.000,00	96,65	96,64
IPA 09	28.432.179,00	97,71	95,94
IPA 10	28.638.823,00	99,22	90,60
IPA 11	26.493.599,00	98,43	54,92
IPA 12	17.804.779,00	67,70	30,99
IPA 13	13.131.056,00	34,11	19,93
	165.170.940,00	90%	76%

¹National co-financing for these projects exceeds EUR 100 million, which in total makes for the projects amounting to more than EUR 265 million.

In line with the Indicative Strategy Paper for Montenegro for IPA II, adopted by the European Commission on 18 August 2014, the financial support to Montenegro in the period 2014-2020 will be channelled through eight sectors: 1) Democracy and public administration; 2) Rule of law and fundamental rights; 3) Environment and climate action; 4) Transport; 5) Competitiveness and innovation; 6) Education, employment, and social policy; 7) Agriculture and rural development; and 8) Regional and territorial cooperation. The total funds that the European Commission will allocate for IPA national programmes (excluding the sector Regional and territorial cooperation) for 2014-2020 for Montenegro amount to EUR 270.5 million.

On 10 December 2014, the European Commission officially adopted the IPA national Programme 2014, which was the subject of intensive work during 2014. Under the programme, 17 actions (projects) were supported, totalling EUR 42,977,420 (of which EUR 39,457,300 under IPA funds and EUR 3,377,120 under national co-financing). Preparatory activities are ongoing for programming IPA 2015 for which EUR 36.55 million was allocated and which will support the sectors Democracy and governance, Rule of law and fundamental rights, Education, employment and social policy, and Agriculture and rural development (just the part pertaining to IPARD II).

In the course of 2014 and 2015, intensive efforts were made towards including the civil society representatives in the work of the sector working groups for IPA II programming. In that respect, on 13 January 2015 and 20 March 2015, the Ministry of Foreign Affairs and European Integration published a public announcement for inclusion of representatives of non-governmental organisations for membership in the sector working groups for planning and programming IPA 2014-2020, where only the sector Environment and Climate Action had no applications.

In line with the changes in the method of functioning of the Western Balkans Investment Framework under financial perspective 2014-2020, at the session of 19 February 2015, the Government of Montenegro adopted the Decision establishing the National Investment Commission (NIC) consisting of: the President of the Government, Vice Presidents of the Government, Minister of Finance, Chief Negotiator, National Coordinator for regional projects. The task of the NIC is to propose to the Government a single list of priority projects for adoption. In line with the deadlines proposed by the EC, by the end of 2015 Montenegro will have a defined first single list of priority projects (both national and regional).

In the course of the reporting period, the national institutions continued the preparations for the introduction of the indirect financial management system and control of pre-accession funds for IPA Components I and II. In that respect, at the beginning of June 2015, a mission of EC auditors made a visit to Montenegro where they had meetings with all institutions and structures involved in this process. In the forthcoming period, the EC will submit the findings of the audit mission, and the pace of accreditation of these two components will depend on its recommendations.

The Framework Agreement between Montenegro, represented by the Government of Montenegro, and the European Commission regarding the rules for financial assistance of the Union to Montenegro under the Instrument for Pre-accession Assistance (IPA II) was signed on 26 February 2015.

Cross-border programmes

In the course of 2014, project implementation continued under eight bilateral and transnational programmes in which Montenegro takes part. Currently, 40 cross-border projects are being implemented in Montenegro, of which 7 bilateral (Albania – Montenegro; Bosnia and Herzegovina – Montenegro; Croatia – Montenegro, and Serbia – Montenegro), 4 transnational under the Mediterranean Transnational Programme and 29 projects under the Adriatic Cross-border Programme.

2.2. Bilateral relations under the Stabilisation and Association Agreement ¹

Efficient implementation has been ensured of the SAA and obligations within the planned deadlines, as well as implementation of the SAA in line with the determined dynamics. Furthermore, Montenegro continues the process of comprehensive political, economic, legal, institutional, and structural reforms.

¹ For more details on bilateral relations with the countries of the region, please refer to Annex I

The first Joint Committee between Montenegro and the former Yugoslav Republic of Macedonia was held on 9 and 10 March 2015 in Skopje. The Joint Committee has been established in line with Article 15 of the Stabilisation and Association Agreement, which came into force on 14 October 2011. The meeting of the Joint Committee is a beginning of a form of cooperation founded on the tradition of excellent relations of the two neighbouring countries, particularly in terms of exchanging opinions within the context of the process of accession to the European Union.

The Cooperation Agreement between the Government of Montenegro and the Government of the Republic of Serbia within the context of accession to the European Union, concluded in line with Article 15 of the Stabilisation and Association Agreement, came into force on 23 September 2014. In the spirit of provisions of this Cooperation Agreement, an obligation was laid down to establish the Joint Committee, consisting of representatives of the state bodies of Montenegro and Serbia in charge of European integration affairs and representatives of other ministries, which will discuss the implementation of the Agreement at the operational level. The first Joint Committee between the two countries will take place on 23 and 24 July 2015 in Podgorica.

Given the current stage of the process of European integration and increasingly complex and demanding obligations deriving from the negotiation process, process of alignment of the national legislation with the EU *acquis* and meeting the obligations under the SAA, Montenegro expresses satisfaction with the continuous economic and political dialogue with the EU.

The second meeting of the Special working group for public administration, which was established with the aim of monitoring the national strategic documents and reviewing improvements of the administrative capacity for efficient implementation of the *acquis* in all areas, was held on 10 July 2014 in Podgorica.

Also held were **eight regular annual meetings of sector sub-committees** in the course of which the two parties exchanged views regarding the latest developments at the bilateral level and concerning the status of institutional, political and economic reforms in Montenegro. The Sub-committee on industry, trade, customs, taxes and cooperation with other candidate countries held on 3 July 2014 in Podgorica, the Sub-committee on transport, energy, environment and regional development held on 7 and 8 October 2014 in Brussels, the Sub-committee on agriculture and fisheries held on 14 October 2014 in Podgorica, the Sub-committee on economic and financial affairs and statistics held on 19 November 2014 in Brussels, the Sub-committee on justice, freedom and security including migration issues held on 25 and 26 February 2015 in Podgorica, the Sub-committee on internal market and competition held in Podgorica on 28 and 29 May 2015, the Sub-committee on transport, energy, environment and regional development held on 9 June 2015 in Podgorica, and the Sub-committee on industry, trade, customs, taxes and cooperation with other candidate countries held on 16 June 2015 (video conference).

Montenegro continues to take part in EU programmes for 2014 - 2020 for which a part of the entry ticket is paid under IPA funds: Horizon 2020, Cosme, Creative Europe (with the sub-programme Media as of 2015), Europe for Citizens, Erasmus +, Customs, Fiscalis.

The agreement on participation of Montenegro in the European Programme for Employment and Social Innovation will enter into force soon. The areas in which Montenegro will take part are the areas of micro financing and social entrepreneurship.

ANNEX I – BILATERAL RELATIONS

REPUBLIC OF ALBANIA

Montenegro and Albania foster good neighbourly and friendly relations, accompanied by an intensive political dialogue. The Deputy Prime Minister and the Minister of Foreign Affairs of Montenegro Igor Lukšić made an official visit to Albania on 15 December 2014, and a working visit on 24 February 2015. The President of Albania Bujar Nishani made an official visit to Montenegro on 23-24 March 2015.

Intergovernmental relations are based on quality and dynamic cooperation at the operating level, which in the previous one-year period resulted in the signing of five bilateral agreements: the Agreement on cooperation in the area of information and communications technology (17 April 2015), the Agreement on economic cooperation (24 February 2015), the Agreement on mutual recognition of driving licenses (15 December 2014), the Protocol on intensifying cooperation in the fight against trafficking in human beings (8 December 2014), and Technical Agreement between the defence ministries of the two countries for the destruction of ammunition (20 December 2014).

The talks about the improvement of the transport infrastructure remain an extremely important segment of the intergovernmental relations: of primary importance for Montenegro is the construction of the railway route 2 from Podgorica to Tirana, i.e., the railway link with Albania, as is the joint initiative to the European Commission pertaining to the part of the Adriatic-Ionian corridor.

Dialogue was continued with the representatives of the Republic of Albania regarding the issue of authentic representation of Montenegrin national minority in the State Committee for Minorities in the Council of Ministers, and our interest was restated for learning the Montenegrin language and broadcasting the programme in Montenegrin in Shkodra and the surrounding area, where the majority of Montenegrins in Albania live.

BOSNIA AND HERZEGOVINA

Montenegro and Bosnia and Herzegovina have excellent relations aimed at fostering meaningful and quality cooperation in all areas and at all levels. The Prime Minister of Montenegro Milo Đukanović made an official visit to Bosnia and Herzegovina on 3 June 2014, while the Deputy Prime Minister and Head of Montenegrin Diplomacy Igor Lukšić made a working visit to Bosnia and Herzegovina on 3 October 2014.

The Protocol on cooperation in the area of provision of rafting services was signed on 27 July 2014, the Memorandum of Understanding on cooperation in the preparation of the Drina River Basin Management Project in the framework of the Western Balkans Programme was signed on 8 September 2014, and an intensive work is being done on aligning and signing international agreements in the area of social security (as well as the administrative agreement for its implementation), as well as of the intergovernmental Protocol on cooperation in finding missing persons.

Construction of the railroad track Nikšić-Čapljina and reconstruction of the part of the road from Foča to Plužine through Šćepan polje remain high on the list of priorities of bilateral relations between Montenegro and Bosnia and Herzegovina, as does the construction of the Adriatic-Ionian motorway.

With the decision of the Constitutional Commission of the Home of Representatives of the Parliamentary Assembly of Bosnia and Herzegovina not to adopt the contentious Resolution on Sutorina, conditions were met for the imminent signing of the Agreement on State Border.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The established cooperation and bilateral relations between Montenegro and the former Yugoslav Republic of Macedonia represent an example of good-neighbourly and friendly relations between the two countries. The intensive political dialogue was reinforced with the official visit of the Deputy Prime Minister and the Minister of Foreign Affairs and European Integration Igor Lukšić to Skopje on 23 February 2015. The Minister of Foreign Affairs of the FYR Macedonia Nikola Poposki made an official visit to Montenegro on 7 October 2014, and the Deputy Prime Minister for European Affairs of the FYR Macedonia Fatmir Besimi made a working visit to Montenegro on 1 October 2014.

The work on strengthening the contractual and legal grounds resulted in the signing of the Protocol between the Government of Montenegro and the Government of the FYR Macedonia on collocation of diplomatic-consular representation in Paris on 23 February 2015 and the Agreement on abolition of roaming between Serbia, Montenegro, Bosnia and Herzegovina, and the FYR Macedonia on 29 September 2014.

With the aim of further enhancing the cooperation between the two ministries of foreign affairs, the first Joint Committee of Montenegro and the FYR Macedonia, under the Agreement between the Government of Montenegro and the Government of the FYR Macedonia in the context of accession to the European Union, was held in Skopje on 9-10 March 2015. The topics of the committee included: implementation of the SAA, rule of law, agriculture, and environment.

The Minister of Interior of the FYR Macedonia Gordana Jankulovska made an official visit to Montenegro on 15 September 2014. In the course of the visit, the two ministers of interior signed the Agreement between the Government of Montenegro and the Government of the FYR Macedonia on mutual recognition of driving licences.

The opening of the Department for Economic Matters and Tourism in the Montenegrin Embassy in Skopje, which, in addition to its role in promoting the tourism potential of Montenegro, will have an important role in establishing a more intensive communication between the economic entities of the two countries, took place on 7 May 2015. On that occasion, three Memorandums on Cooperation were signed between: the National Tourism Organisation of Montenegro, the Agency for Promotion and Support of Tourism in Macedonia, the Tourism Organisation of the Capital of Podgorica and the City of Skopje, and the Association of the travel agencies in Montenegro and the Association of travel agencies in Macedonia.

PEPUBLIC OF CROATIA

Relations with the Republic of Croatia are an example of good-neighbourly and friendly cooperation, and are further strengthened by the continuous support of Croatia to our European and Euro-Atlantic aspirations.

The Speaker of the Croatia Parliament Josip Leko paid a two-day visit to Montenegro on 2-3 June 2015.

Continuous efforts on strengthening the contractual basis resulted in the signing of an intergovernmental agreement on cooperation in the field of environmental protection (signed on 11 November 2014 and effective as of 16 February 2015) and the Agreement between the line Ministries on education of cadets of the Ministry of Defence of Montenegro in the Republic of Croatia for study programs of Military Engineering and Military Leadership (signed on 17 October 2014 during the visit of the Croatian Minister of Defence Ante Kotromanović to Montenegro). The technical agreement between the two ministries of defence on conducting joint training for the purpose of participation in NATO-led operations was signed on 2 April 2015.

The first meeting of the Interstate Committee for implementation of the Agreement on protection of minorities between the two countries was held on 28 April 2015 in Podgorica.

Talks began about initiating proceedings before the International Court of Justice in The Hague, on the issue of demarcation in the area of Prevlaka. Harmonization of the draft agreement on the joint submission of the border dispute on land and sea between Montenegro and Croatia is underway.

KOSOVO*

The established cooperation and bilateral relations between Montenegro and Kosovo* represent an example of good-neighbourly relations, close ties and friendship of the two countries. The Deputy Prime Minister and Foreign Minister of Kosovo Hashim Thaçi paid an official visit to Montenegro on 15–16 January 2015, and the Deputy Prime Minister of Montenegro for the political system, internal and foreign policy Duško Marković made a visit to Prishtina on 29 May 2015. The ministers of culture of Montenegro and Kosovo* are also expected to meet soon.

The entry into force of the five international treaties strengthened the contractual and legal basis of cooperation: the Agreement on the opening of international road border crossing Kula – Savine vode, on the road Rožaje– Kula– Peja and the Agreement regulating border traffic regime came into force on 26 September 2014, whereas the Protocol on joint patrols at the state border on the basis of the Agreement on Police Cooperation and Protocol on holding regular meetings of border police at all managerial levels came into force on 22 October 2014. The Agreement between the Government of Montenegro and the Government of the Republic of Kosovo* on cooperation in the process of European Integration entered into force on 19 February 2015.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

The Memorandum on cooperation between the aviation authorities of Montenegro and Kosovo* was signed on 28 April 2015.

Dialogue continued with respect to resolving the current bilateral issues in the relations between Montenegro and Kosovo* – the issue of constitutional recognition of Montenegrin national minority, as well as demarcation of border line. At the beginning of 2015, activities were intensified to conclude an Agreement on voluntary return of IDPs from Kosovo* residing in Montenegro. The Minister for Community and Return in the Government of Kosovo* Dalibor Jevtić made a three-day visit to Montenegro on 10-12 June 2015.

An agreement was reached to hold first bilateral political and consular consultations between the ministries of foreign affairs of Montenegro and Kosovo* (projected date: during July of the current year).

The cooperation is expected to intensify through the new models of regional and economic connection, starting from affirmation of big infrastructural projects, as well as enhancing cooperation in the areas of energy, tourism, and agriculture.

REPUBLIC OF SERBIA

Bilateral relations between Montenegro and Serbia are constantly progressing, in terms of quality and content and are developing through increasingly concrete types and forms of action. An intensive political dialogue continued through the organisation of the official visit of the President of the National Parliament of the Republic of Serbia Maja Gojković to Montenegro on 19–20 October 2014, as well as the meeting of the Prime Ministers Milo Đukanović and Aleksandar Vučić on the sidelines of the Summit of China and the countries of Central and Eastern Europe in Belgrade, on 16–17 December 2014.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

In the period June 2014 – June 2015, cooperation at the operating level was particularly intensified, primarily its economic and security segment. Working visits to Serbia were paid by the Minister of Sustainable Development and Tourism of Montenegro Branimir Gvozdenović (19–20 October 2014), the Chief of the General Staff of the Army of Montenegro Admiral Dragan Samardžić (16–17 December 2014), the Chief Negotiator of Montenegro Aleksandar Pejović paid a two-day visit to Belgrade (4 – 5 May 2015), while Montenegro was officially visited by the Minister of Interior of Serbia Nebojša Stefanović (16 March 2015), the Deputy Prime Minister and Minister of Trade, Tourism and Telecommunications of Serbia Rasim Ljajić (23 March 2015), as well as the Minister of Labour, Employment, Veteran and Social Affairs Aleksandar Vulin (2 June 2015). The Minister of Health of Montenegro Budimir Šegrt paid a visit to Serbia on 12 June 2015.

The second session of the Intergovernmental Joint Commission for Economic Cooperation was held in Belgrade on 2 March 2015. The implementation of major infrastructure projects is of mutual interest, in particular the projects of construction of the highway Belgrade – Bar and reconstruction of the railway line on the same route. Energy also carries a high potential for further cooperation.

The Agreement on cooperation in the context of European integration, signed on 10 December 2013, entered into force on 23 September 2014¹.

The Consulate General of Montenegro in the Republic of Serbia, with the seat in Sremski Karlovci, with the consular area covering the Autonomous Province of Vojvodina commenced its work in May 2015.

¹ Signed on 10 December 2013