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**COMMISSION STAFF WORKING DOCUMENT**

**Montenegro 2025 Report**

*Accompanying the document*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**2025 Communication on EU enlargement policy**

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# 1. INTRODUCTION<sup>1</sup>

## 1.1. CONTEXT

Accession negotiations with Montenegro were opened in June 2012. To date, all 33 negotiating chapters have been opened, of which seven have been provisionally closed. The June 2024 milestone of setting the closing benchmarks for Chapters 23 and 24 opened a new phase in the accession negotiations. Since then, Montenegro has successfully progressed with provisionally closing further negotiating chapters in intergovernmental conferences in December 2024 (Chapters 7, 10 and 20) and June 2025 (Chapter 5).

These steps forward in the EU accession negotiations reflect the political commitment of the Montenegrin authorities to the strategic goal of European integration, which has been consistently stated as the key priority for the country. The government has been operating and delivering in an overall stable environment, despite a large ministerial composition and a coalition of diverse parties. The institutions in charge of the EU integration process are in place. Montenegro maintained its focus on the EU integration agenda, although the legislative EU alignment process for certain negotiation chapters slowed in early 2025 due to domestic political challenges.

Parliament can exercise its powers, including control of the executive and involvement in the legislative process, in an overall effective way. Montenegro and its democratic institutions remain fragile and vulnerable to political crisis and potential institutional blockages. Bipartisan legislation reformed some aspects of the electoral framework, however further revision is needed to fully align it with Organisation for Security and Co-operation in Europe Office for Democratic Institutions and Human Rights (OSCE/ODHIR) recommendations.

Montenegro continued to broadly implement the Stabilisation and Association Agreement, (SAA) and meetings of the joint bodies under the agreement took place at regular intervals.

Montenegro has actively engaged and started to deliver on the implementation of the Growth Plan for the Western Balkans across its four pillars of gradual integration with the EU single market, regional economic integration, fundamental reforms and increased financial support. Under the Reform and Growth Facility<sup>2</sup>, a performance-based EU instrument supporting the EU accession process, the country adopted its Reform Agenda, which covers reforms in the areas of: (i) governance, public administration reform and public financial management; (ii) the green and digital transitions; (iii) human capital; (iv) private-sector development and business environment; and (v) fundamental rights and the rule of law.

The Commission's 2025 rule of law report<sup>3</sup> covered Montenegro for the second time.

## 1.2 MAIN FINDINGS OF THE REPORT

### CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

#### Democracy

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<sup>1</sup> This report covers the period from 1 September 2024 to 1 September 2025. It is based on input from a variety of sources, including contributions from the government of Montenegro, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

<sup>2</sup> OJ L, 2024/1449, 24.5.2024.

<sup>3</sup> COM(2025) 900 final.

The general framework provides a basis for the democratic conduct of *elections*. After a long delay, the Parliamentary Committee in charge of developing a comprehensive electoral reform adopted in July amendments to the Law on Election of Councillors and Members of Parliament, and to the Law on Financing of Political Entities and Election Campaigns. However, these amendments were not consulted in substance with relevant stakeholders, including the European Commission, and only partially addressed existing recommendations from the OSCE/ODIHR and GRECO. The legal framework requires further changes, through a transparent and inclusive consultation process with all relevant stakeholders, to address all existing shortcoming and fully align with the EU *acquis* and European standards on inclusive, transparent and resilient electoral processes.

*Parliament* can exercise its powers, including control of the executive and involvement in the legislative process, in an overall effective way, although the Prime Minister's irregular appearances before Parliament raised some concerns. At the end of 2024, a serious institutional and political crisis emerged over the decision of Parliament to unilaterally declare the retirement of a Constitutional Court judge and terminate its mandate, raising concerns about respect for the independence of the Constitutional Court and the principle of separation of powers enshrined in the Constitution. The crisis stemmed from a lack of clear rules on judicial retirement for judges due to conflicting secondary legislation. A political agreement was reached with the opposition in mid-March and paved the way for the resumption of parliamentary work. The agreement also requested a Venice Commission opinion on Parliament's decision, which was published mid-June. Its recommendations must be implemented urgently. Despite these developments, the Parliament's procedure for selecting a replacement of the concerned Constitutional Court judge continued.

The *government* has been operating and delivering in an overall stable environment, despite a large ministerial composition and a diverse coalition of parties. Nevertheless, governance has been suffering from lack of ministerial coordination and overall steering.

The institutions in charge of the *EU integration* process are in place. Montenegro maintained its focus on the EU integration agenda, although the legislative EU alignment process on certain negotiation chapters slowed in early 2025, notably with regards to chapter 23 and 24, due to domestic political challenges. The negotiation structure in charge of EU accession negotiations generally fulfils its coordination role but would benefit from further strengthening and building up its technical expertise.

*Civil society organisations* (CSOs) in Montenegro overall operate in an enabling environment. The main legal and institutional framework for civil society to operate freely is in place. The involvement of civil society in policymaking is formalised, but at times purely formal and not consistently taking place. The Council for Cooperation between the government and non-governmental organisations (NGOs) has still not resumed work. The practice of launching calls for proposals to finance NGO projects is not consistently carried out by all ministries. Legislative changes are needed to further strengthen CSOs' involvement on policymaking as are efforts to ensure genuine and meaningful cooperation between the government and CSOs.

### Public administration reform

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Montenegro is **moderately prepared** in the area of public administration reform and has made **some progress**. A new action plan on public administration reform and public financial management has been developed and adopted. The regulatory framework for public administration reform still needs to be finalised in the area of free access to information and merit-based remuneration. Despite adoption of a new law on civil service in July for a more professional civil service, administrative capacities remain weak also due to delayed recruitments of open vacancies, high number of acting positions and temporary positions. In this regard the government is planning to undertake key steps for the optimisation of administrative capacities. In addition, the framework's implementation has not yet led to improved performance and accountability in public administration.

The Commission's recommendations from last year were partially implemented. In the coming year, Montenegro needs in particular to:

→ ensure a more transparent and accountable administration by finalising the internal review of line

ministries' organisational set-up and subordinated bodies and adopt the Law on free access to information, setting out measures to reduce the high number of requests for information and appeals;

- strengthen the functioning of a professional, merit-based civil service, by taking key steps, such as: (i) implementing the new Law on civil servants and state employees by filling regularly vacancies line with merit-based recruitments; (ii) finalising the systematisation of job positions based on the newly adopted competence framework; and reducing acting positions and temporary contracts (iii) linking job descriptions to clear salary schemes for a fair and merit-based remuneration;
- improve the credibility and alignment between medium-term and annual budget frameworks and considerably strengthen fiscal governance by: (i) adopting the Fiscal Policy Guidelines; (ii) making the Fiscal Council operational; (iii) respecting fiscal rules when setting fiscal targets; and (iv) laying down a clear institutional set-up for fiscal risk management, monitoring and accountability.

## Chapter 23: Judiciary and fundamental rights

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Montenegro is **between a moderate and a good level of preparation** in applying the EU *acquis* and European standards in this area and has made **some progress** overall. After the closing benchmarks for Chapter 23 were set, Montenegro started implementation of last year's substantial reforms and improvements to the legislative and strategic frameworks across all sectors, which is yielding positive results. In addition, in the area of fundamental rights, Montenegro has adopted substantial reforms to the legal framework.

### *Functioning of the judiciary*

Montenegro's judicial system is **between a moderate and a good level of preparation** and has made **some progress** on the implementation of key judicial reforms. The new President of the Supreme Court was unanimously appointed by the Judicial Council through a merit-based and transparent procedure, while the timely filling of high level judicial and prosecutorial positions remains a challenge. Implementation of the previously improved legal framework has yielded some initial positive results. The work on implementing the 2024-2027 Judicial Reform Strategy is ongoing, yet not all planned activities for 2024 have been fully implemented. A 30% salary increase for holders of judicial functions has been adopted, making an important contribution to the attractiveness of the judicial career addressing a longstanding recommendation of the European Commission. Montenegro has initiated the process to amend its Constitution addressing some of the recommendations of the European Commission. The track record on judicial accountability remains limited. The justice system needs to substantially improve capacity in terms of human resources, budget, infrastructure and ICT. Furthermore, some positive developments were observed in the area of efficiency, while the backlog remains significant. Montenegro continues to make good progress in the domestic handling of war crimes.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Montenegro should, in particular:

- proceed with appointments to high-level judicial positions through merit-based and transparent procedures, including to the Constitutional Court and the Judicial and Prosecutorial Councils, to ensure the independence, accountability and proper functioning of the justice system;
- continue strengthening judicial independence and ensuring full and effective implementation of the improved strategic and legal framework and further align the legal framework, including the Constitution, in particular on the composition and decision making process of the Judicial Council and Prosecutorial Council, with the EU *acquis* and European standards on judicial independence and accountability, irremovability, impartiality, integrity, efficiency and professionalism of the judicial system, addressing the recommendations from the European Commission, the Venice Commission and the Council of Europe Group of States against Corruption (GRECO).

- improve the justice system's overall efficiency, including a reduction of the backlog of cases across the judiciary and by implementing targeted measures, particularly in the High Court of Podgorica, the Administrative Court of Montenegro and the Special State Prosecution Office and by ensure full implementation of the Plan for rationalisation of the court network and the 2025-2028 Judicial Digitalisation Strategy.

### ***Fight against corruption***

Montenegro is **moderately prepared** in the fight against corruption. **Some progress** was made on the implementation of reforms. The implementation of the previously improved legal framework is ongoing, in particular with the adoption of eight implementing laws. Further efforts are needed to ensure full enforcement and alignment with several outstanding GRECO, Venice Commission and European Commission recommendations. The Agency for the Prevention of Corruption continued to carry out its tasks, despite some disruption caused by delays in appointing its management and resource constraints. Montenegro must urgently appoint a full-term Director. The implementation of the 2024-2028 strategy for the fight against corruption and its 2024-2025 action plan is ongoing, but challenges remain concerning the monitoring of its implementation. The human resources capacities in the fight against corruption need to be increased. The track record on investigations and prosecutions in high-level corruption cases continues to improve, but the number of final convictions remains low and need to be increased. The lack of effective and deterrent penalties continues to contribute to a perception of impunity. Systematic delaying practice of criminal proceedings needs to be addressed, in particular in high level corruption cases. Measures aiming to tackle corruption in the identified high-risk areas are being carried out under the Strategy, and Montenegro must ensure that targeted risk assessments and specific actions are effectively and systematically enforced. The legal framework regulating political parties and electoral campaigns funding still needs to be further amended through a transparent and inclusive consultation process including relevant stakeholders.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Montenegro should, in particular:

- continue the full and effective implementation of the improved strategic and legal frameworks to address existing challenges and continue alignment with the EU *acquis* and European standards on the prevention and fight against corruption by following up the remaining recommendations from the Venice Commission, GRECO and the European Commission peer review missions, including on the effective functioning of the institutional set-up, ensuring the operational capacities and financial independence of the Agency for the Prevention of Corruption;
- improve the track record on proactive corruption investigations, prosecutions and convictions, in particular high-level corruption, by urgently strengthening the effective enforcement of existing criminal legislation by the prosecution and courts, including by imposing effective and deterrent penalties, adopting legislative amendments on obstacles and undue delays in criminal proceedings of high-level corruption cases, namely the Criminal Procedure Code and the Law on Attorneys, and improving the follow up of State Audit Institution's opinions and reports;
- further amend the Law on financing of political entities and electoral campaigns through a transparent and inclusive consultation process including relevant stakeholders, to address the existing shortcomings and bring it fully in line with OSCE-ODIHR and European standards, to substantially increase transparency and control of political parties' spending, and to prevent the abuse of state resources, including through dissuasive penalties.

### ***Fundamental rights***

The legislative and institutional framework for fundamental rights is largely in place, and Montenegro continues to largely meet its international obligations on human rights. However, more effort is needed to fully implement this framework and to ensure access to justice and enforcement of rights in administrative and judicial proceedings, in particular for people in vulnerable situations. A new law on the Ombudsperson's Office is being drafted to fully align with the Paris Principles and help secure an upgraded accreditation to 'A' status of the National Human Rights Institution (NHRI). The Parliament



has yet to adopt a new Law on anti-discrimination in line with the EU *acquis* and European standards. The most vulnerable groups in society (including Roma<sup>4</sup> and Egyptians, persons with disabilities and LGBTIQ persons) continued to be subjected to discrimination, hate speech and hate crime. Montenegro must effectively address all recommendations from the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment (CPT), the European Commission on Racism and Intolerance (ECRI) and the Group of Experts on Action against Violence Against Women and Domestic Violence (GREVIO).

The Commission's recommendations from last year were partially implemented and some remain valid. In the coming year, Montenegro needs, in particular, to:

- continue making substantial progress in implementing all pending recommendations from the CPT, ECRI and GREVIO;
- make additional efforts in implementing the Strategy for the Advancement of the Status of Roma and Egyptians in Montenegro and meet commitments made under the Poznan Declaration;
- adopt a new law on anti-discrimination and the new Law on personal data protection, in line with the EU *acquis* and European and international standards.

### ***Freedom of expression***

Montenegro is **moderately prepared** in the area of freedom of expression. **Some progress** was achieved on the implementation of reforms. Montenegro continues to uphold a zero-tolerance policy to violence against journalists. In July, the Parliament appointed three new members of the Council of the Radio Television of Montenegro (RTCG). However, there are delays in appointing members to the Council of the Agency for Audiovisual Media Services (AMU). The national media strategy continued to be implemented, and Montenegro continues to enjoy a pluralistic media environment and provides adequate legal guarantees for the freedom of expression and an enabling environment for the media to operate freely, independently and professionally.

The Commission's recommendations from last year were partially implemented, therefore remain largely valid. In the coming year, Montenegro needs, in particular, to:

- continue providing prompt and effective law enforcement and judicial protection to journalists against all forms of violence, while prioritising investigations and judicial follow-up in critical cold cases;
- continue to consistently implement all media-related legislation and further alignment with the EU *acquis*, ensuring the swift appointment of members to the Council of the AMU and that any future amendments to the media legislation, if needed, do not undermine the progress achieved so far, particularly on safeguarding the political independence of the public broadcaster RTCG and the AMU, including to protect the editorial, institutional, and financial independence of these organizations from any form of undue influence;
- align national media legislation with the European Media Freedom Act.

## **Chapter 24: Justice, freedom and security**

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Montenegro is **between a moderate and a good level of preparation** in the area of justice, freedom and security. **Limited progress** was made, with work starting on the improvement of border surveillance equipment, an ongoing recruitment campaign to hire new border police officers, and the installation of equipment for the electronic registration of migrants at the border police premises in Božaj and Pljevlja. In December 2024, Montenegro granted visa exemptions to two additional countries Bahrain: (permanently) and Uzbekistan (seasonally) and upgraded the seasonal exemption for Saudi Arabia to a permanent exemption. By adding these countries, Montenegro severely regressed

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<sup>4</sup> In line with the terminology of European institutions, the umbrella term 'Roma' is used here to refer to a number of different groups without denying the unique characteristics of these groups.

on its alignment with the EU's visa policy. However, in October, Montenegro abolished the visa-free regime with four countries: Kuwait, Egypt, Armenia, and Uzbekistan.

The Commission's recommendations from last year were partially implemented and therefore remain valid. In the coming year, Montenegro should, in particular:

- increase the efficiency of prosecution/adjudication for serious and organised crime cases, especially money laundering cases; address the lengthiness of trials and frequent adjournments in organised crime cases; ensure the application of key legal concepts, such as stand-alone money laundering (independent of the predicate crime) and quality of evidence by courts and prosecution; and ensure the seizure and confiscation of criminal assets – by systematically tracking money flows, carrying out special investigative measures efficiently and consistently using extended confiscation;
- further strengthen border management capacity by addressing critical gaps in border surveillance infrastructure and equipment; take the necessary steps to set up an advance passenger information (API) system and a biometric migrant registration system;
- terminate visa-free agreements with countries that require a visa to enter the EU, in line with commitments already made in the Reform Agenda, in particular countries that pose irregular migration or security risks to the EU.

### ***Fight against serious and organised crime***

Montenegro is **moderately prepared** in the fight against serious and organised crime. **Good progress** was made on the preparation of the new draft law on weapons and the adoption of the strategy for the fight against transnational organised crime 2024-2027 and the mid-term review of the serious and organised crime threat assessment (SOCTA). In line with the EU *acquis*, in April 2025, the police administration set up the International Operational Room 24/7 Single Point of Contact (SPOC).

The Commission's recommendations from last year were partially implemented and therefore remain broadly valid. In the coming year, Montenegro should, in particular:

- make progress in filling vacancies in the Special Police Unit (SPU), Special State Prosecutor's Office (SSPO) and Podgorica High Court, provide suitable premises to SSPO and SPU, and reorganise the Special Investigative Measure (SIM) division;
- ensure stability in all police sectors and directorates by appointing fully empowered heads and directors following an objective and merit-based procedure;
- Mitigate the risks of corruption and organised crime infiltration in law enforcement agencies and the judiciary by implementing a strong prevention and integrity policy and providing a stringent judicial response to detected cases; urgently reorganise the Ministry of Interior and the police to strengthen corruption prevention and internal control.

## **ECONOMIC CRITERIA**

### **The existence of a functioning market economy**

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Montenegro has made **some progress** and is **between a moderate and a good level of preparation** in developing a functioning market economy. Economic growth slowed down amid weaker tourism exports in 2024 and the first half of 2025. The budget deficit increased in 2024 but was in line with the revised target; however, fiscal vulnerabilities remain given the high debt rollover needs and recent measures that weakened the government's revenue base and raised social spending. The labour market situation continued to improve, but structural problems persist, such as high youth and long-term unemployment rates. The banking sector remained well capitalised and liquid. Some progress was made in improving the business environment and preparing the reform of state-owned enterprises (SOEs).

The Commission's recommendations from last year were addressed to some extent but remain mostly valid. To improve the functioning of the market economy, Montenegro should in particular:

- design and implement measures that limit public spending and raise revenue, ensuring compliance with the fiscal rules;
- implement the Law on budget and fiscal responsibility to set up the Fiscal Council in time for it to review the 2026 budget proposal;
- prepare a comprehensive fiscal risk statement, including the analysis of SOE-related fiscal risks, and advance the SOE governance reform.

### **The capacity to cope with competitive pressure and market forces within the EU**

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Montenegro has made **some progress** and is **between a moderate and a good level of preparation** to cope with competitive pressure and market forces in the EU. The education system still faces numerous challenges, which are being gradually addressed by the authorities. Efforts to advance the green and digital transitions have continued at a slow pace. Further efforts are needed to diversify Montenegro's narrow production base. The economy's high reliance on services, in particular tourism, together with the small size of local companies and their low level of participation in exports are obstacles to increasing the productivity and competitiveness of local firms.

The Commission's recommendations from last year were implemented to a limited extent and remain mostly valid. In the coming year, Montenegro should in particular:

- continue implementing digital public services for the public and businesses and prioritise the development and implementation of an interactive e-government platform for transactional electronic services;
- improve the implementation of programmes for dual vocational education and training and post-secondary education in close cooperation with business associations and provide work-based learning;
- improve the institutional and regulatory environment for the green transition and increase energy resilience by adopting the national energy and climate plan and implementing energy efficiency legislation.

### **Chapter 5: Public procurement**

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Montenegro has a **good level of preparation** in the area of public procurement. **Good progress** was achieved. In June, the chapter has been provisionally closed.

The Commission's recommendations from last year were mostly implemented. In the coming year Montenegro should, in particular:

- amend the Law on public procurement and the Law on prevention of corruption, expanding definitions of corruption and fraud in public procurement, strengthening corrective mechanisms, direct misdemeanour liability, budgetary inspection controls and linking relevant provisions of the two laws;
- introduce a 'red flag' system in the electronic procurement system for detecting irregularities in public procurement procedures (fraud, collusion, coercion, obstruction, conflict of interest and other corrupt actions);
- ensure that the implementation of intergovernmental agreements with the United Arab Emirates and other countries does not contravene or circumvent the EU *acquis* on public procurement.

### **Chapter 18: Statistics**

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Montenegro is **moderately prepared** in the area of statistics. Overall, **some progress** was made in implementing the agricultural census and publishing the population and housing census.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year Montenegro should, in particular:

- start regularly producing, disseminating and transmitting government finance statistics and properly completed tables for the excessive deficit procedure to Eurostat;
- strengthen the human and financial resources of the Statistical Office of Montenegro (MONSTAT) so it can fully carry out its responsibilities and retain expert staff;
- increase the production and dissemination of statistics in line with the EU *acquis*.

## Chapter 32: Financial control

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Montenegro **has a good level of preparation** in the area of public financial control and external audit. **Very good** progress was made by: (i) adopting a new Law on internal control and governance in June and developing related secondary legislation in the area of internal audit methodology; (ii) strengthening internal audits in state-owned enterprises; (iii) adopting a national anti-fraud strategy in line with EU recommendations and (iv) adopting in October 2025 the relevant legislation in full alignment with the EU *acquis* on the protection of financial interests. However, internal audit productivity and effectiveness needs to be improved. Effective delegation of administrative and financial authority remains moderate and needs to be streamlined across all line ministries. External audit reforms have continued, and the country's audit institutions need to be made fully operational.

The Commission's recommendations from last year were largely implemented. In the coming year Montenegro should:

- ensure a clear delineation of roles and responsibilities between the budget inspection and internal audit functions to ensure the effective operation of public internal financial control;
- improve managerial accountability in the public administration by implementing the new law on internal and governance and secondary legislation in order to empower civil service management to delegate decision-making at the appropriate level and reinforce internal audit productivity and effectiveness across the public sector;
- ensure the effective functioning of the external audit system by appointing a president to the State Audit Institution;
- advance the fight against fraud to protect the EU's financial interests by continuing the implementation of relevant legislation in line with Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 (the PIF Directive).

## CLUSTER 2: INTERNAL MARKET

### Chapter 1: Free movement of goods

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Montenegro is **moderately prepared** in the free movement of goods. **Some progress** was made on alignment with the EU *acquis* on medicinal products for human and veterinary use, medical devices and construction products, and on improving the capacity of the bodies working on the EU *acquis* on chemicals.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should in particular:

- finish aligning its legislation with the EU *acquis*, particularly on medicinal products for human and veterinary use, on medical devices, motor vehicles and market surveillance;
- complete all the measures necessary to ensure full membership by end of 2025 of the Institute for Standardisation of Montenegro (ISME) in the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC), and fully address the non-conformities identified in the peer review carried out by the European cooperation for Accreditation (EA) in November 2024;
- continue to strengthen the human and financial capacity of its quality infrastructure and market surveillance bodies.

## Chapter 2: Freedom of movement for workers

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Montenegro has **some level of preparation** in the freedom of movement for workers. In the reporting period, **some progress** was made on the conclusion of further bilateral social security agreements.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should in particular:

- further strengthen administrative structures to implement the EU *acquis* in this area and finalise the legislative alignment with the EU *acquis*;
- continue work to improve the administrative and technical capacity of the Employment Agency to ensure active labour market policies are relevant and evidence-based and continue the preparatory work to join EURES upon accession;
- prepare a feasibility study on the impact of the European Health Insurance Card (EHIC) on public finances by the end of 2025.

## Chapter 3: Right of establishment and freedom to provide services

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Montenegro has a **good level of preparation** in this area. **Very good progress** was made through the adoption of legislative amendments to align with directive 2006/123/EC on services, and the adoption of a number of sectorial laws to align with the provisions of the Professional Qualifications Directive (PQD) concerning the EU's minimum training requirements (MTR). A new list of regulated professions was adopted and submitted to the Commission this year. Significant progress is noted also in the alignment of training programmes for 5 professions benefiting from automatic recognition with the minimum training requirements of the PQD. Work is also ongoing to ensure alignment with all the remaining provisions of the PQD beyond MTR, and with the proportionality test directive.

The Commission's recommendations from last year were largely implemented. In the coming year, Montenegro should in particular:

- complete alignment with directive 2005/36/EC beyond minimum training requirements; ensure full alignment of the country's existing training programmes for nurses responsible for general care, dental practitioners, medical doctors and pharmacists with the EU's minimum training requirements and for architects ensure compliance for those training programmes that would in the future benefit from automatic recognition;
- further align sectoral legislation with the EU Services Directive as reflected in the Montenegrin mapping exercise.

## Chapter 4: Free movement of capital

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Montenegro has achieved a **good level of preparation** in this area and made **good progress** during the reporting period. Good progress was achieved in fulfilling the recommendations from 2024 in all areas.

The Commission's recommendations from last year were largely implemented. In the coming year, Montenegro should:

- remove restrictions on the acquisition of agricultural land by EEA nationals and on the free

movement of capital in the Law on Voluntary Pension Funds;

- finalise alignment with the outstanding provisions of EU *acquis* on anti-money laundering and countering financing of terrorism;
- continue improving the supervisory capacity and reinforcing controls in the field of fight against money laundering and terrorism financing.

## Chapter 6: Company law

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Montenegro is **between having a good level of preparation and being well advanced** in the area of company law. **Very good progress** was made during the reporting period. In June, Montenegro adopted the amendments to the Law on capital markets aiming to align with the EU transparency and harmonisation directives, including the sanctioning regime. Furthermore, in July, Montenegro adopted the new company Law and Law on business organisations and subsequent legislative amendments in October. In September, Montenegro adopted the revised Corporate Governance Code. These developments meet last year's recommendations aligning the country with the EU *acquis* on company law including the EU's directive on women on boards, ensuring a more balanced gender representation among directors of listed companies.

The Commission's recommendations from last year were implemented. In the coming year, Montenegro should, in particular:

- finalise the amendments of the identified national legislation to achieve full compliance with the fully online formation and registration of companies provided by the directive on the use of digital tools and processes in company law;
- continue developing the necessary software to ensure the orderly function of Montenegro's connection with the EU Business Register Interconnection System (BRIS);
- start work in order to align with Directive 25/2025 amending Directives 2009/102/EC and 2017/1132 as regards further expanding and upgrading the use of digital tools and processes in company law.

## Chapter 7: Intellectual property law

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Montenegro is **well advanced** in this area and made **very good progress**, particularly by re-establishing the fully functional online registers of industrial property rights, adoption of amendments to the Law on copyright and related rights aligning with key EU Directives, including Directive (EU) 2019/789 and (EU) 2019/790, and adoption of amendments to the Criminal Code, which provides for a strict delineation between criminal offences and misdemeanours.

The Commission's recommendations from last year were implemented. In the coming year, Montenegro should, in particular:

- hire additional staff to strengthen the administrative capacity and continue to provide training to enforcement officers and implement a number of measures to promote the understanding of copyright and related rights among the general public and specific target groups;
- continue implementing the remaining recommendations of the 2024 peer review report;
- start work to align national legislation with the EU's new design legislation (in particular Directive 2024/2823).

## Chapter 8: Competition policy

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Montenegro is **moderately prepared** in the area of competition policy. In the reporting period, there was **some progress** in following on the recommendations of the past year, notably with the adoption of the law on State aid control in July 2025. There was **limited progress** in building a track record in enforcing competition rules and increasing the administrative capacity of the competition agency.



The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, Montenegro should, in particular:

- fully align in the area of the competition and secondary legislation in the areas of both competition and State aid;
- build a credible enforcement track record;
- build up sufficient administrative and judicial capacity in the area of antitrust, mergers and State aid control.

## Chapter 9: Financial services

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Montenegro is **between a moderate and a good level of preparation** in the area of financial services. **Very good progress** was made.

The Commission's recommendations from last year were implemented. In the coming year Montenegro should, in particular:

- urgently amend the Law on the development bank, addressing its non-compliance with the EU *acquis*; continue aligning banking legislation with the latest, revised versions of the Capital Requirements Regulation and the Capital Requirements Directive
- finalise implementation of the newly adopted laws of the EU *acquis* in this area;
- continue efforts to align with EU legislation in the area of financial markets infrastructure and start working on alignment with the EU framework for the recovery and resolution of insurance and reinsurance undertakings (IRRD)'

## Chapter 28: Consumer and health protection

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Montenegro is **moderately prepared** in the area of consumer and health protection. **Some progress** was made, particularly in further aligning consumer protection and cross-border healthcare legislation, strengthening the role and effectiveness of the Council for Consumer Protection and developing a national strategy on immunisation.

The Commission's recommendations from last year were partially implemented. In the coming year, Montenegro should in particular:

- complete the alignment with the EU *acquis* on consumer protection, product safety and further strengthen the administrative structures and enforcement and redress capacity in this area;
- on communicable diseases prepare and adopt a national prevention, preparedness and response action plan for health crises;
- further align with the EU *acquis* on Human Organs and prepare a roadmap/action plan to align with the new Substances of Human Origin Regulation 2024/1938 and strengthen the administrative capacity and oversight to properly implement and enforce it

## CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

### Chapter 10: Digital transformation and media

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Montenegro is at a **good level of preparation** in the area of digital transformation and media. **Some progress** was made in aligning national cybersecurity legislation with the EU *acquis* and in adopting a national plan for broadband.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should in particular:

- further align national legislation with the Network and Information Security (NIS2) Directive and implement the legislation, including setting up the National Cyber Security Agency;

- ensure it maintains a good track record in enforcing the EU *acquis* on electronic communications and audiovisual media services, including safeguarding the independence of regulators;
- continue recruiting additional staff to fill the remaining planned posts, further strengthening the administrative capacity in the areas of electronic communications, information society services and audiovisual media services.

## Chapter 16: Taxation

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Montenegro is **between a moderate and a good level of preparation** in the area of taxation. **Good progress** was achieved on further alignment with the EU *acquis* on indirect and direct taxes, particularly by adopting the amendments to the VAT law, the excises law, the Law on personal income tax and the Law on corporate income tax.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should:

- take all necessary steps to fully align with international tax transparency standards, including implementing its obligations on the exchange of information;
- increase staffing in the Tax Administration to the appropriate level for effective and efficient operations, including fighting corruption, and provide extensive training in the fields of tax inspection and risk assessment;
- adopt and implement a national multiannual IT strategy and implementation plan and ensure the necessary budgetary and human resources for the development and maintenance of the required national tax IT systems and functionalities, and the preparation of these systems for their future interconnection with the relevant EU IT systems on VAT and excise as well as tax cooperation and exchange of information.

## Chapter 17: Economic and monetary policy

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Montenegro remains **moderately prepared** in the area of economic and monetary policy. **Limited progress** was achieved, mainly on the division of responsibilities for the production of government finance statistics and fiscal notifications. Last year's recommendations remain valid.

In the coming year, Montenegro should:

- ensure that that all appointments to the Central Bank of Montenegro Governing Board are timely, transparent, focused on candidates' technical competence, and not subject to partisan political activities;
- continue to implement the revised action plan for alignment with the EU *acquis* in the area;
- speed up and improve efforts to produce government finance statistics and fiscal notifications in line with the European system of national and regional accounts, the ESA 2010 methodology.

## Chapter 19: Social policy and employment

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Montenegro is **between having some and a moderate level of preparation** in this area. **Some progress** was made, in particular in: (i) aligning the labour law, the Law on anti-discrimination and the Law on occupational health and safety at work; (ii) adopting strategies in the area of social protection reform; and (iii) advancing the reform of the Employment Agency.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Montenegro should in particular:

- Continue to strengthen the Employment Agency so that it can effectively fulfil its role as a modern public employment service, intensify reform efforts to improve the timely and effective delivery of active labour market measures with an emphasis on their labour market relevance, and implement the Youth Guarantee and use the European Social Funds in the future;



- adopt and implement the Law on social and child protection, the Law on the protection of equality and prohibition of discrimination and amendments to the labour law ensuring that all *acquis* related to gender equality in this area is fully aligned in national provisions;
- continue efforts to enhance social dialogue.

## Chapter 20: Enterprise and industrial policy

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Montenegro achieved a **good level of preparation** in this area. **Good progress** was made, particularly on the implementation of enterprise and industrial policies and on alignment with the EU Late Payments Directive. The recommendations from last year were therefore addressed. In December 2024, the chapter has been provisionally closed.

The Commission's recommendations from last year were only partially implemented and remain largely valid. In the coming year, Montenegro should in particular:

- continue implementing the industrial policy for 2024-2028 in cooperation with all stakeholders;
- work to remove various business barriers identified by the Competitiveness Council;
- implement monitoring and evaluation provisions of the Programme for suppressing the informal economy.

## Chapter 25: Science and research

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Montenegro has a **good level of preparation** in this area. **Some progress** was made, particularly in completing the first cycle of the Smart Specialisation Strategy, strengthening academia-business cooperation and preparing the Law on scientific research activities for adoption.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Montenegro should:

- adopt and start implementing the second cycle of the Smart Specialisation Strategy covering the 2026-2031 period;
- further strengthen the national innovation ecosystem;
- implement the Law on Scientific Research Activities (and associated implementation regulations).

## Chapter 26: Education and culture

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Montenegro has a **good level of preparation** in this area. **Good progress** was made, particularly on the adoption of the high-quality, comprehensive and costed Education Reform Strategy 2025-2035.

The Commission's recommendations from last year were partially implemented. In the coming year, Montenegro should in particular:

- ensure the new Education Reform Strategy (2025-2035) and its action plan 2025-2026 are implemented effectively and in a timely manner by allocating them adequate funding in the 2026 education budget and the Medium-Term Expenditure Framework for 2028.
- focus on action plan measures that aim to improve the quality and inclusiveness of education and access to it;
- ensure fully implementing, funding and monitoring the new Youth Strategy 2023-2027.

## Chapter 29: Customs policy

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Montenegro is **moderately prepared** in this area. **Good progress** was made in the past year, with the national implementation of the New Computerised Transit System and completion of preparations to join the Common Transit Convention. However, concerns remain about the staffing and funding of the Customs Authority's IT department and progress in implementing major customs IT systems.

The Commission's recommendations from last year were mostly implemented. In the coming year, Montenegro should in particular:

- implement the IT strategy for 2025-2026 and step up the development of the required IT systems, including by hiring more staff;
- adopt the Law on drug precursors and psychotropic substances and the new Law on free zones;
- continue combating customs fraud, in particular smuggling of tobacco products, and further extend its cooperation with the European Anti-Fraud Office (OLAF).

## CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

### Chapter 14: Transport policy

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Montenegro is **between having a moderate and a good level of preparation** in this area. There was **some progress**, particularly by adoption of a new law on railways and improved monitoring and information systems for the maritime transport.

The Commission's recommendations from last year were partially implemented and remain partially valid. In the coming year, Montenegro should focus on key issues related to the closing benchmarks under Chapter 14, in particular:

- adopt a new law on rail safety and interoperability and ensure proper implementation of the law on railways in line with the EU *acquis* to ensure the operational independence and appropriate staffing of the railway regulatory body and the national railway safety authority;
- ensure compliance with the key provisions of the Single European Sky (SES 2+) Regulation, notably as regards the ownership and control structure of the air navigation service provider;
- adopt key laws on road transport and passenger rights in line with the EU *acquis*.

### Chapter 15: Energy

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Montenegro has reached a **good level of preparation** in this area. **Some progress** was achieved, particularly in adopting the laws on energy and security of supply of oil products and setting more ambitious energy efficiency targets.

The Commission's recommendations from last year were partially implemented and remain partially valid. In the coming year, Montenegro should, in particular:

- adopt and implement the national energy and climate plan (NECP), in line with the Energy Community energy and climate targets;
- fully align its legislation with the Electricity Integration Package and implement the Law on security of supply of oil products;
- accelerate deployment of energy efficiency measures along new targets, to align with the EU renovation wave policy.

### Chapter 21: Trans-European networks

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Montenegro is **between having a moderate and a good level of preparation** in this area. There was **limited progress**, particularly in hiring additional staff at the Ministry of Transport. The transport development strategy remains to be reviewed and updated, and persistent challenges remain regarding infrastructure projects, including the administrative capacity, management and decision-making.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Montenegro should in particular:

- review its transport development strategy and align it with the strategy for sustainable and smart mobility in the Western Balkans, confirming a policy shift towards rail and multimodality and reducing CO<sub>2</sub> emissions and other environmental impacts;
- strengthen administrative capacity and revise institutional policies to improve decision-making on infrastructure projects and increase the capacity to absorb funding;
- Align its legislation with the EU Regulations on Trans-European networks in transport (TEN-T) and energy (TEN-E).

## Chapter 27: Environment and climate change

Montenegro has **some level of preparation** in this area. **Some progress** was made, particularly in adopting and implementing legislation on waste management; as well as the national climate change adaptation plan covering the period until 2035. In April 2025 Montenegro joined the LIFE programme, the EU's funding instrument for the climate and environment action.

The Commission's recommendations from last year were partially implemented and therefore remain mostly valid. In the coming year, Montenegro should, in particular:

- significantly intensify work to achieve the closing benchmarks in Chapter 27, in particular in the areas of air quality, water, nature protection, waste management and climate change, and adopt the air quality management strategy and the nature protection strategy and action plan;
- adopt waste management plans at local level;
- finish aligning with and implement monitoring, reporting, verification and accreditation (MRVA) *acquis* for the purpose of aligning with the EU ETS in its full scope.

## CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

### Chapter 11: Agriculture and rural development

Montenegro is **moderately prepared** in this area. **Good progress** was achieved; implementation of the Instrument for Pre-accession Assistance for Rural Development (IPARD II) was finalised with almost 90% absorption; a comprehensive Implementation plan on the establishment of a paying agency and an integrated administrative and control system (IACS) was adopted by the government, and legislation setting down the operational obligations and requirements of the paying agency was adopted as well as laws on wine and olive oil further aligning with the EU *acquis*.

The Commission's recommendations from last year were partially implemented. In the coming year, Montenegro should in particular:

- intensify implementation of the IPARD III programme and allocate more resources, especially staffing,
- speed up implementation of the action plan for alignment with the EU *acquis* on agriculture and rural development, ensuring continued legislative alignment and finalisation of the vineyard register
- ensure that the activities and actions set out in the Implementation plan for the setting up of the paying agency and the establishment of the integrated and control system are undertaken and delivered within the specified timeframes with particular focus on updating the LPIS and drafting detailed plans for the establishment of an area monitoring system.

### Chapter 12: Food safety, veterinary and phytosanitary policy

Montenegro is **moderately prepared** in this area. **Limited progress** was made in recruiting new staff to the Administration for Food Safety, Veterinary and Phytosanitary Affairs of Montenegro.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should in particular:

- address all shortcomings identified in relation to this Chapter, in particular continue to strengthen the administrative, inspection and infrastructure capacities to implement the system of official controls, address conflicts of interest, and upgrade establishments producing food, feed and animal by-products to meet EU structural standards;
- ensure new employments in the food safety, animal health and welfare and phytosanitary sectors, strengthen the capacities through trainings and address all the shortcomings identified during the recent exchanges with the Commission on animal welfare
- establish robust passive surveillance of rabies and independently continue with the aerial rabies vaccination as necessary. In addition, strengthen the surveillance programme for notifiable avian diseases.

### Chapter 13: Fisheries and aquaculture

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Montenegro is **moderately prepared** in this area. **Good progress** was made, in particular, by adopting the Law on marine fisheries, the Law on aquaculture and the Law on structural support and State aid to the fisheries and aquaculture sector. This progress is required to reach closing benchmark 1 for this chapter.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should in particular:

- increase its administrative, control and inspection capacities; as foreseen in the Action Plan for Strengthening of Administrative, Inspection and Control Capacities adopted in July 2025;
- implement the Law on marine fisheries, the Law on aquaculture and the Law on structural support and State aid to the fisheries and aquaculture and continue the work on developing secondary legislation (bylaws and rulebooks) necessary by the time of Accession.

### Chapter 22: Regional policy and coordination of structural instruments

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Montenegro is **moderately prepared** in the area of regional policy and coordination of structural instruments. **Some progress** was made, in particular by the government approving the updated Chapter 22 Action Plan and renewing the country's interinstitutional dialogue through the re-established working group for Chapter 22.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, Montenegro should in particular:

- implement and closely monitor the roll out of the updated Chapter 22 Action Plan;
- secure adequate administrative capacity through recruitment processes based on merit and qualifications and strengthen interinstitutional coordination and structured dialogue with social partners (employers groups and trade unions), civil society, and local municipalities which should be involved in policy development, implementation, monitoring and evaluation;
- work on a solid pipeline of projects regardless of the source of funding, along with a framework for strategic sectoral orientations and policies; improve project preparation, procurement and implementation in line with EU and international standards.

### Chapter 33: Financial and budgetary provisions

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Montenegro has **some level of preparation** in this area. Overall, **some progress** was made, particularly on the adoption of implementing legislation and guidelines on the procedure for planning resources that Montenegro pays to the EU budget.

The Commission's recommendations from last year were partially implemented and remain mostly valid. In the coming year, Montenegro should in particular:

- continue to strengthen the administrative capacity of the Directorate for Coordination and Management of EU Own Resources and of all other institutions involved in the own-resources

- system, in particular by developing organisational and procedural links between these institutions;
- fully implement improvements to the IT system of the Revenue and Customs Administration, enabling a full audit trail and reporting on customs duties;
  - adopt implementing legislation on collecting debts on movable and immovable property and procedures for writing off uncollectible customs debt and then start implementing the legislation.

## CLUSTER 6: EXTERNAL RELATIONS

### Chapter 30: External relations

Montenegro has a **good level of preparation** in this area. During the reporting period, **good progress** was achieved, mainly in the field of regional cooperation.

In the coming year, Montenegro should in particular:

- continue to actively participate in the implementation of measures under the Common Regional Market action plan for 2025-2027;
- adopt implementing legislation to address the issue of export credit insurance against non-market risks;
- align with the *acquis* on the screening of foreign direct investments.

### Chapter 31: Foreign, security and defence policy

Montenegro is **well advanced** in this area. **Very good progress** was made as the country: (i) maintained its track record in fully aligning with the EU High Representative's statements on behalf of the EU and Council decisions on sanctions; and (ii) adopted a new law on restrictive measures in line with EU and Financial Action Task Force (FATF) recommendations. Montenegro continued to participate in EU crisis management missions and operations under the common security and defence policy.

The recommendations from last year were implemented. In the coming year, Montenegro should, in particular:

- continue to maintain its full alignment with the EU's common foreign and security policy;
- make further efforts to counter foreign interference and information manipulation, including disinformation, and build resilience against all forms of hybrid threats by adopting the strategy on countering hybrid threats and its action plan.

## 1.3 STATE OF PLAY OF THE ACCESSION NEGOTIATIONS

CLUSTERS	Chapters / areas	Date chapter opened / closed
Fundamentals	23-Judiciary and fundamental rights	December 2013
	24-Justice, freedom, security	December 2013
<i>All chapters open</i>	5-Public procurement	December 2013 - June 2025
	18-Statistics	December 2014
<i>Chapter 5 provisionally closed</i>	32-Financial control	June 2014
	...Economic criteria	-
	...Functioning of democratic institutions	-
	...Public administration reform	-
<b>Internal market</b>	1-Free movement of goods	June 2017
<i>All chapters open</i>	2-Freedom of movement for workers	December 2017
	3-Right of establishment and freedom to	December 2017

<i>Chapter 7 provisionally closed</i>	establish services 4-Free movement of capital 6-Company law 7-Intellectual property rights 8-Competition 9-Financial services 28-Consumer and health protection 10-Information society and media 16-Taxation 17-Economic and monetary policy 19-Social policy and employment 20-Enterprise and industrial policy 25-Science and research  26-Education and culture	... June 2014 December 2013 March 2014 - December 2024 June 2020 June 2015 December 2014 March 2014 - December 2024 March 2015 June 2018 December 2016 December 2013 - December 2024 December 2012 (opened and closed – no closing benchmarks) April 2013 (opened and closed – no closing benchmarks) December 2014
<b>Competitiveness and inclusive growth</b>		
<i>All chapters open, chapters 10, 20, 25 and 26 provisionally closed</i>		
<b>Green Agenda and sustainable connectivity</b>	29-Customs union 14-Transport policy 15-Energy 21-Trans-European Networks 27-Environment and climate change	December 2015 December 2015 June 2015 December 2018
<i>All chapters open</i>		
<b>Resources, agriculture and cohesion</b>	11-Agriculture and rural development 12-Food safety, veterinary, phytosanitary services 13-Fisheries and aquaculture 22-Regional policy and coordination of structural instruments 33-Financial and budgetary provisions	December 2016 June 2016 June 2016 June 2017 December 2014
<i>All chapters open</i>		
<b>External relations</b>	30-External relations 31-Foreign, security & defence policy	March 2015 – June 2017 June 2014
<i>All chapters open, chapter 30 provisionally closed</i>		

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## 2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

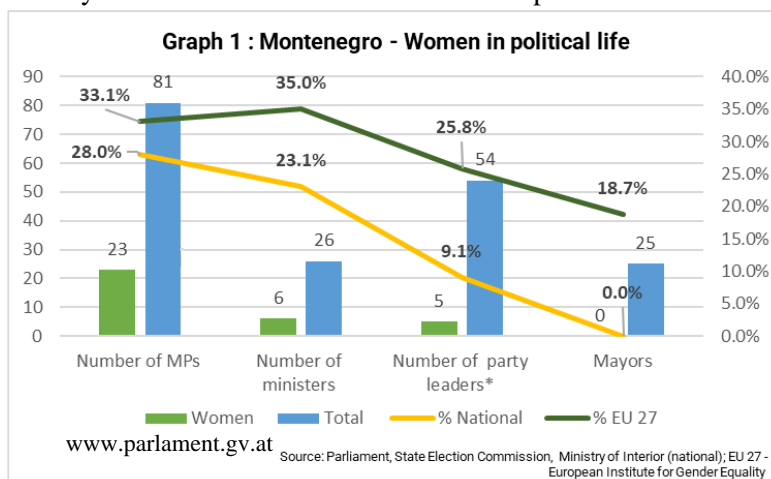
### 2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

#### 2.1.1 Democracy

The functioning of democratic institutions is generally stable. However, it suffers from recurrent challenges due to the polarised political situation and consequently, institutions remain vulnerable to political crisis and blockages. Following a controversial decision of the Parliament to unilaterally declare the retirement of a Constitutional Court judge in December 2024, a deep institutional and political crisis emerged, with the opposition blocking parliamentary proceedings for a few months, and raising concerns about the respect for the independence of the Constitutional Court and the principle of separation of powers enshrined in the Constitution. This decision was not in line with the procedure foreseen in the Constitution, as also stated by the Venice Commission in its June opinion.

#### Elections

In July, the Parliament adopted amendments to the electoral legislative framework, partially addressing existing





recommendations from the OSCE/ODIHR, including oversight of campaign finance and media, improving the integrity of election administration, increasing gender quota on electoral lists and introducing an election day for local elections. However, further changes are necessary to fully align the legal framework with the EU *acquis* and European standards on inclusive, transparent and resilient electoral processes. Notably, as part of chapter 23 closing benchmarks, the Law on Financing of Political Entities and Electoral Campaigns should be further revised through a transparent and inclusive consultation process including relevant stakeholders. It should address the existing shortcomings and bring it fully in line with OSCE/ODIHR and European standards, to substantially increase transparency and control of political parties' spending, and to prevent the abuse of state resources, including through dissuasive penalties. No national elections took place. Local elections have taken place nearly every three months. Neither the elections in Kotor nor in Savnik have been completed.

The inclusion of women in political life remains low and is undermined by insufficient state and public efforts to overcome gender stereotypes. Following the adoption in July of the amendments to the electoral law, the introduction of a 40% quota for the less represented gender together with the additional requirement that at least one out of every three candidates on electoral lists be from the underrepresented gender is a positive step forward.

In April, in a first-instance ruling, the Podgorica High Court acquitted all defendants in the 'Envelope Affair' due to the lack of evidence. This corruption scandal is linked to the 2016 parliamentary elections.

## **Parliament**

Until mid-December 2024, Parliament functioned relatively regularly. In December, the Parliament adopted the decision to unilaterally terminate the mandate of a Constitutional Court judge for retirement. This prompted a deep institutional and political crisis. Arguing that this procedure was constitutionally flawed and therefore illegal, opposition members requested the decision to be withdrawn and disrupted Parliament's work in the next four sessions. In February, the Parliament Speaker issued a 15-day ban on 20 opposition Members of Parliament who had engaged in disruptive behaviour. The crisis stemmed from a lack of clear rules on judicial retirement for judges due to conflicting secondary legislation. These developments raised strong concerns about the respect of the independence of the Constitutional Court and the principle of separation of powers enshrined in the Constitution. In March, opposition parties reached an agreement with the Prime Minister to seek the opinion of the Venice Commission on the Parliament's decision, and the opposition MPs returned to Parliament. The opinion was issued in mid-June, and its recommendations must be implemented urgently. Despite these developments, the Parliament's procedure for selecting a replacement of the concerned Constitutional Court judge continued.

As part of their supervisory activities, parliamentary committees considered numerous reports that independent bodies submitted to Parliament in line with the law. However, there is no standard practice for or approach to the conduct of parliamentary hearings. The Prime Minister's question time did not take place regularly.

During hearings, including on the annual report of the Prosecution Council and the State Prosecutor's Office, the Speaker and various members of Parliament openly criticised the prosecution service, including personal attacks on the Supreme State Prosecutor. These developments raise serious concerns about undue influence and risk jeopardising the autonomy of the prosecution service.

In 2024, the public submitted 69 requests for free access to information. Parliament dealt with 66 and is still processing three. Out of 30 citizen petitions received by Parliament in 2024, 22 were admissible, 9 were dealt with and 13 are still being processed. Of 23 e- petitions, 13 did not get the required number of signatures, and 10 were not within the jurisdiction of Parliament. One of the 13 e- petitions, although missing the required number of signatures, received the status of a petition and was considered by the Parliamentary Committee on Health, Labour and Social Welfare.

During the reporting period, Parliament launched a mobile application providing the public with access to parliamentary activities as part of the digital transformation and modernisation of parliamentary work.

On 3 March, the Gender Equality Committee of the Parliament organised the 17th session of the Women's Parliament, focusing on femicide in Montenegrin legislation. In March 2025, representatives of the cross-party women's MP Group participated in the 69th session of the UN Commission on the Status of Women in New York.

### **EU integration**

The negotiation structure in charge of EU accession negotiations, headed by the Chief Negotiator, adequately fulfils its role of coordinating the country's EU accession negotiations. However, working groups in charge of each negotiating chapter have not been meeting on a regular basis. Some of the working groups were restructured in March to make them more efficient. The Ministry of European Affairs' overall coordination role remained somewhat undermined by a lack of resources and limited influence over other ministries and structures.

Overall, the government accelerated preparations for EU accession, culminating in the provisional closure of negotiations on Chapters 7, 10 and 20 in December 2024 and chapter 5 in June. During the reporting period, the government regularly adopted quarterly reports on its activities in the EU accession process and adopted the report on the implementation of the accession programme of Montenegro to the EU 2024-2027 for 2024. The report showed that 160 out of 282 planned obligations were fulfilled (57%), a major improvement compared to 33% in 2023. The government also adopted the programme of accession to the EU 2025-2026. In October 2024, the government signed an agreement on Montenegro's participation in the EU's Citizens, Equality, Rights and Values (CERV) Programme.

### **Governance**

Following its consolidation in 2024, the government majority, made up of a diverse coalition of parties, was relatively stable despite occasional political tension, especially in the run-up to frequent local elections. The government's authority and competence were publicly challenged in the aftermath of the 1 January 2025 shooting in Cetinje, which claimed 13 people's lives. Demonstrations took place across the country, calling for the Deputy Prime Minister for Security and Defence and the Minister of Interior to resign.

During the reporting period, the government held regular sessions and adopted its Work Programme for 2025 in February. However, transparency of governance remained an issue as the government frequently resorted to the procedural option of adopting decisions in conference calls without formally holding a government session. Key administrative positions continued to be filled by acting officials. The lack of ministerial coordination is a cause for concern. Montenegro should strive to ensure that all legislative initiatives follow a transparent and inclusive consultation procedure and are in line with European standards and international law.

Decentralisation in Montenegro is still limited and primarily confined to utility services, water supply and public space maintenance. Efforts by the Ministry of Public Administration to draft a new Law on local self-government have not yielded any results yet. Even though local government authorities have their own remit on paper, in practice they often must secure approval from central authorities. Local government authorities have restricted financial autonomy and are often not consulted on draft laws that directly impact them.

In February, Parliament adopted a new Law on spatial planning, which reintroduced local government powers to draft, adopt and implement local spatial plans. According to the Law on construction of buildings, local government authorities are now authorised to issue permits for most construction projects. Montenegrin municipalities established EU points ('EU i tacke') where EU related information is accessible to all citizens.

### **Civil society**



Civil society organisations (CSOs) in Montenegro generally operate in an enabling environment. The overall legal and institutional framework for civil society to operate in the country is in place. However, there have been instances of public criticism and allegations by high profile public officials discrediting work and reputation of human rights defenders. Some important pieces of legislation are lacking or need revision. The tax law provides some incentives for philanthropy. However, its notion of ‘public interest’ is more limited than in the Law on NGOs, and this limits tax incentives for supporting CSOs. A new Law on NGOs has been drafted and the public consultations were finalised. However, it has yet to be adopted. The Law on volunteer work remains uncondusive for promoting volunteering as the law treats volunteering more as a form of labour than a civic activity.

The 2022-2026 strategy for cooperation between state administration bodies and NGOs is being implemented. However, its practical application continues to remain inadequate for public funding for NGOs and their involvement in public consultations. The government appointed the members of the Council for Cooperation comprising 12 members from State bodies and 12 from NGOs. The Council is expected to resume its work for the first time since October 2021.

Despite the obligation prescribed by the Law on NGOs, not all ministries launch calls for proposals to finance NGO projects. Montenegro still needs to strengthen ministries’ capacity for strategic planning, monitoring and evaluation of support provided to CSOs. Civil society’s partnership in policymaking is recognised. However, the government’s practical implementation of this principle is inadequate as NGOs are not being consulted on many laws and important pieces of legislation. CSOs have not been invited to participate in work related to the Reform Agenda, despite their calls for inclusion, highlighting a need for wider participation.

### 2.1.2. Public administration reform

#### Strategic framework for public administration reform

The strategic framework for public administration is in place. The quality and effectiveness of implementation of the **public administration reform strategy** is improving but not yielding the expected results yet. The effectiveness of the Public Administration Reform Council, chaired by the Prime Minister, has been undermined by the irregular attendance of senior decision-makers, low levels of engagement from members, and limited discussion on key reform challenges, institutional performance and risk mitigation. The technical level coordination mechanism on public administration reform, set up in July 2024, also fell short of expectations due to frequent organisational and staff changes. Dialogue with non-governmental stakeholders on public administration reform remains underdeveloped, and there is no central online monitoring platform to support public engagement.

#### Policy development and coordination

The **legal framework** in this area is in place. There are clearly defined roles for central government institutions and a well-designed regulatory framework for strategic planning and monitoring. However, the national plan on the EU *acquis* (the accession programme) needs to be effectively implemented. There is a need to strengthen coordination between public bodies, ensure alignment between central policy planning documents and improve the quality of cost estimates in planning documents.

Despite guidance on sectoral policy planning and monitoring, the overall rate of achieving policy objectives in sectoral strategies is still low in line ministries. While the regulatory framework on **evidence-based policymaking**, including regulatory impact assessments and public consultations, is in place, these standards are not always implemented in the legislative planning phase across all line ministries. However, all line ministries do publish monitoring reports regularly.

#### Public financial management

**Public financial management** is broadly in place but needs to be improved. The government adopted a new public financial management reform programme and the annual monitoring report for 2024 in March 2025. The Fiscal Council is not yet operational, and Parliament still needs to appoint the Council’s members. The government adopted the Medium-Term Debt Management Strategy for 2025-

2027 and the Fiscal Strategy for 2025-2027 in December 2024. The late adoption of the 2025 budget created constraints in budget execution, particularly in initiating new capital projects and disbursing certain earmarked funds. The Ministry of Finance has yet to prepare the ‘citizen budget’.

The new Public Investments Council contributed to more efficient infrastructure project planning and improved execution of capital investments. Appraisal mechanisms for major projects remain incomplete, and most public infrastructure management reforms have yet to be implemented. In December 2024, the Law on budget inspection was adopted. The Ministry of Finance set up the budget inspection function and became operational, with nine inspections already completed. In January 2025, the Budget Inspection unit of the Ministry of Finance adopted its annual plan of oversight for 2025. Despite the increase in the number of budget inspector positions, some of them are still vacant. Montenegro has built a solid formal framework for gender-responsive budgeting, but significant work is needed to integrate this approach into the budgeting cycle in a meaningful way.

#### Public service and human resources management

The **legal framework** only partially ensures that the civil service is professional, de-politicised and merit-based. The amendments to the Law on civil servants and state employees, adopted in February 2025 at government level, were also adopted by the assembly in August. The law brings improvement in alignment with merit principles. However, it does not fully embrace those for acting senior management civil service positions, as it allows externals to occupy acting positions without passing any competitive recruitment procedures. Filling of regular vacancies has been delayed. Recruitment of police officers sometimes bypasses the current civil service law through a special recruitment procedure. The quality of the recruitment process remains weak due to inadequate standardised testing, low number of qualified candidates and delays in adopting competence frameworks for middle and lower-level management, as well as specific skill requirements for experts and technical staff. The high turnover rate among senior civil servants, along with temporary contracts, high number of acting appointments at managerial level, with a large share recruited externally, undermines the stability of civil service careers and administrative capacities. Furthermore, the performance appraisal system in the civil service needs to be improved.

Modern **human resources management** capacity across line ministries and the public sector remains limited. The human resources management information system remains a weak tool for transparent planning, management and monitoring of human resources. The frequent reorganisation of line ministries has delayed the process of linking positions to the new portfolios and the preparation of staffing and human resource plans. The lack of administrative capacity is affecting the EU acquis alignment process across all sectors and the government has launched the process of optimising such capacities. The lack of salary reforms has led to unclear and non-transparent remuneration practices, but a new salary law is under development. The mismatch between job descriptions and qualification requirements and the lack of adequate salary grids linked to job descriptions undermine fair and merit-based remuneration across the public sector.

The administration lacks accurate data on the number of public employees under different types of public employment contracts, the number of vacancies filled, the number of temporary contracts, and staff retention and attraction rates in the civil service. This data gap, combined with underdeveloped competence frameworks in the civil service, means that there is little understanding of the skills needed across different sectors, where the gaps lie and how to bridge them. On gender balance in the civil service, there is still not full parity as women make up slightly less than half of total employment with a gender gap of just under 6 percentage points. Gender balance needs to be proactively promoted and achieved in the civil service, including in senior managerial positions

#### Accountability of administration

There is a legal framework that sets good standards for the lines of accountability, responsibilities of supervisory and subordinated bodies and performance management. Additionally, the organisational set-up of the public administration is still not fully aligned with the good standards of public administration stipulated in the Law on state administration. Frequent changes in the organisation of public administration, involving splitting or merging different institutions without thorough analysis

beforehand, has led to significant staff turnover and a loss of institutional memory and expertise. The functioning of this framework needs to be improved, including the process and quality of reporting by subordinate authorities to the relevant ministries and implementation of performance management in subordinated bodies. In addition, due to reorganisations and frequent changes in the line ministries' functions, there has been a delay in completing the internal review on the organisational set-up and policy mandates.

The Law on free **access to information** aimed at enhancing alignment with the Open Data Directive is pending adoption by the Parliament. The legal basis is in place to ensure the **citizens' right to good administration** in administrative procedures and judicial review. However, cases of administrative disputes are not treated in a reasonable time, with a very large number of administrative disputes in the area of access to information, which results in a significant backlog.

#### Service delivery to citizens and businesses

Service delivery to citizens and business still needs to be improved. Overall, the existing legal framework, institutional set-up and related strategies and guidance for **public service delivery** and digitalisation are only moderately in line with the Principles of Public Administration. The Law on administrative procedure has not been implemented consistently, particularly with regards to the 'once only' principle and electronic communication. Services in general remain bureaucratic and are not user-friendly.

On **digital government**, a major cybersecurity crisis in 2023 delayed some improvements to digital services, caused loss and damage to a substantial amount of data from various databases and eroded trust in the public ICT infrastructure. Nevertheless, the recently renewed policy plans, in particular the Digital Transformation Strategy 2022-2026, aim to: (i) expand and modernise the ICT infrastructure; (ii) develop and improve digital skills; (iii) raise awareness of the importance of digital development among citizens and businesses; and (iv) improve the quality, quantity and use of e-services.

However, several challenges remain, particularly in consolidating digital services into a single e-government portal and improving interoperability and data exchange among institutions. There is poor planning and no effective collection of key data to monitor and incentivise public institutions to improve their digitalisation efforts. (*See Section 2.1.1 – Data protection*).

## **2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS**

### **2.2.1 Chapter 23: Judiciary and fundamental rights**

*The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is the respect for fundamental rights in law and in practice.*

#### **Functioning of the judiciary**

##### Strategic documents

Implementation is ongoing of the Justice Reform Strategy 2024-2027, its accompanying Action Plan 2024-2025 is ongoing, yet not all planned activities for 2024 have been fully implemented. In addition, the implementation of the 2025-2028 Judicial Digitalisation Strategy and its Action Plan 2025-2026 for improving the judiciary's IT infrastructure is ongoing but needs to be accelerated. The implementation is being supervised by the Council for Monitoring the Strategy's implementation.

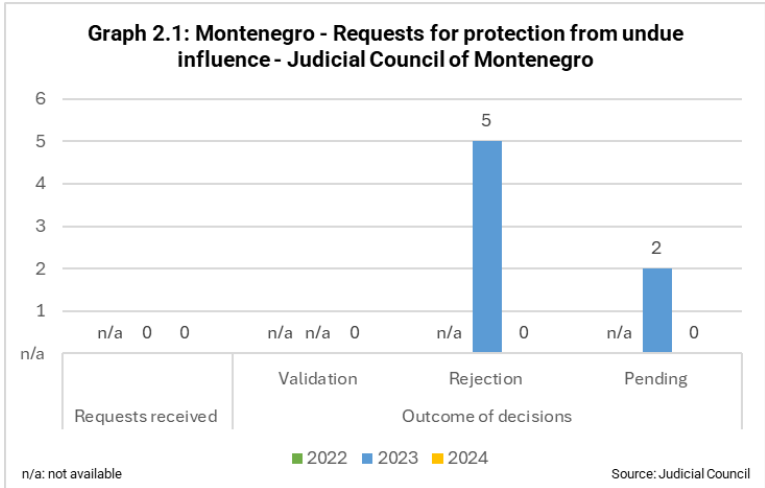
##### Management bodies

The composition of and appointment procedures for the Judicial and Prosecutorial Councils are broadly in line with European standards. At the same time, these still need to be further aligned to address fully the European Commission and Venice Commission's recommendations. According to European standards, a Minister of Justice as member of the Judicial Council shall not vote on decisions on transfer and disciplinary proceedings for judges. In addition, GRECO has recommended

to abolish the ex-officio membership of the Minister of Justice. Another relevant standard on the composition of the Judicial Council is that judges chosen by their peers must make up at least half of its members and ex-officio judge members do not count in this regard. In the present composition of the Judicial Council, judges selected by their peers are in a minority. This situation will also need to be addressed through constitutional amendments. The Minister of Justice continues his predecessor’s practice of not participating in Judicial Council sessions.

Regarding the Prosecutorial Council, enshrining in the Constitution its composition and the method of election of its members, considered as a more sustainable solution by the Venice Commission, is still pending.

The Government adopted a proposal to amend the Constitution addressing only the removal of the Minister of Justice, and the Parliament has initiated deliberations on that basis.



The Judicial Council currently has 1 vacant position, and the Prosecutorial Council has four unfilled positions. In line with the full implementation of the improved Law on the State Prosecutor’s Office, the Prosecutorial Council should now be made up of the Supreme State Prosecutor, 5 state prosecutors, 2 lay members, 1 representative of the Bar Chamber, 1 NGO

representative and 1 representative from the Ministry of Justice. Montenegro must consistently ensure swift high-level judicial appointments based on merit and transparency.

In general, the timely filling of judicial and prosecutorial positions is a challenge, in particular due to remuneration levels. For instance, by the end of 2024, Montenegro had 243 full-time judges in place out of 329 planned positions, marking an increase in vacancies compared with the previous year. By contrast, the number of state prosecutors increased from 85 to 114 (out of 141 planned positions).

Both Councils have yet to improve their strategic approach to address shortcomings in how courts and prosecution offices are run. All members of the Councils need to dedicate more time and show a strong commitment to their responsibilities. Working conditions in both Councils need to be improved. Overall, the public communication and transparency of both Councils are ensured and continue to improve. The Councils’ sessions are public, and attendees include the media and CSOs, which has improved the public’s perception of transparency. In a new development, the Councils have started to regularly publish their decisions, minutes and press statements. Both Councils have also adopted strategic documents to improve public communication. Despite these efforts, the Councils still face challenges in fully publishing reasoned decisions on promotions, appointments, and disciplinary cases, and need to make further efforts to restore public trust in the judicial system.

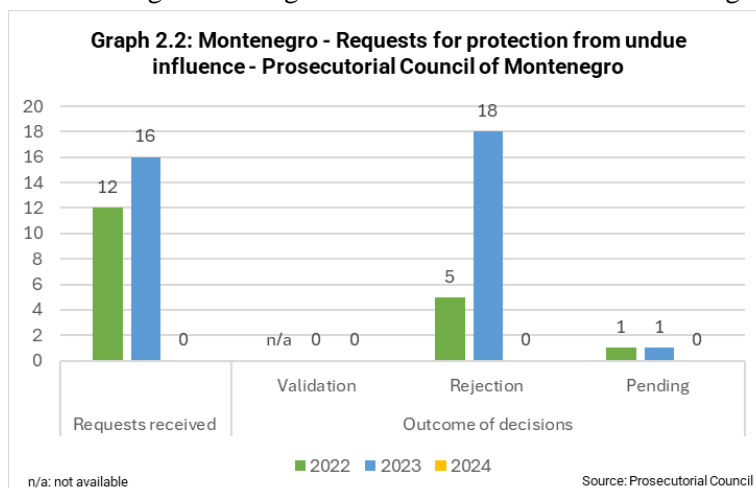
Independence and impartiality

Following an intensive phase of reforms in 2024, the main laws guaranteeing the independence and impartiality of the judicial system are now broadly in line with European standards, such as the Law on Judicial Council and Judges and the Law on State Prosecution Service. As a result of these amendments, the Judicial and Prosecutorial Councils are developing a new system for appointing, evaluating and promoting judges and state prosecutors. The new system aims to ensure a more consistent, merit-based assessment in line with European standards.

In November 2024, the Judicial Council unanimously appointed a new permanent President of the Supreme Court, after nearly four years of this position being held on an interim basis. This appointment reinforces the independence, legitimacy and stability of a key institution in the judiciary.

The constitutional and legal framework guaranteeing judicial independence is in place. Nevertheless, the recent deep institutional and political crisis following the decision of the Parliament to unilaterally declare the retirement of a Constitutional Court judge has underscored the importance of upholding the principles of judicial independence and the separation of powers in practice. In addition, it is important to note that the general principles of judicial independence, separation of powers and the principle of irremovability of judges, are essential benchmarks under Chapter 23. All institutions and authorities must consistently respect the law and uphold the Constitution and the constitutional order. This includes ensuring the independence of the Constitutional Court as an essential safeguard for the rule of law and democratic stability and the timely appointment of its judges based on merit, transparency and legal requirements.

Both the Law on Judicial Council and Judges and the Law on State Prosecution Service are now broadly in line with European standards. While the Law on Special State Prosecutor's Office (SSPO) was amended last year, it still has to address recommendations by the Venice Commission with regard to increased accountability, clearer operational frameworks, strengthened personal data protection, and a strategy to reduce the significant case backlog. Montenegro must focus its efforts on ensuring full and effective implementation of the legal framework to address existing challenges. The country must also continue aligning the framework to further improve it by addressing the remaining recommendations from the European Commission, the Venice Commission and GRECO. This is crucial as the judiciary and the prosecution are still generally perceived as vulnerable to political interference, which may contribute to undermining public trust.



The promotion and enforcement of ethics and professional standards among judges and prosecutors has improved. Concerns persist in ensuring the quality of evaluations and the consistency of sanctioning practice for Agency for the Prevention of Corruption reports. The initial track record on reporting and establishing breaches of the Codes of Ethics continued to improve. The Ethics Commission of the Prosecutorial Council adopted new Rules of Procedure for the Ethics Code Commission.

Despite both the Judicial Council and the Prosecutorial Council having put in place mechanisms for reporting undue influence, no requests for protection were received in 2024. However, instances have occurred where high-level officials and political figures commented on ongoing high-profile cases, judicial decisions or the actions of law enforcement and the criminal justice system. Such actions may contribute to undermining public trust in the judiciary.

Montenegro must urgently adopt a dedicated law on labour rights, including retirement criteria, for all judges and prosecutors, including Constitutional Court judges. This has been recommended by the Venice Commission to address the legal uncertainty in the current legal framework. In response to the concerns raised by the Association of Judges requesting salary increases and a special law regulating their labour rights, the Ministry of Justice began drafting a law on salaries and other rights related to judicial and constitutional court functions. In July, the Parliament adopted amendments to the Law on the Judicial Council and Judges, the Law on the State Prosecution, and the Law on the Constitutional

Court with the votes of both ruling majority and the opposition. These amendments provide for a 30% salary increase for holders of judicial functions (judges, prosecutors, and Constitutional Court judges) making an important contribution to the attractiveness of the judicial career and addressing a longstanding recommendation of the European Commission.

The random allocation of cases is provided for by the Law on courts and implemented automatically through the judicial information system. However, limitations remain in very small courts, where the system is not operational due to the lack of judges. A system for the random allocation of cases in misdemeanour courts has been put in place.

### Accountability

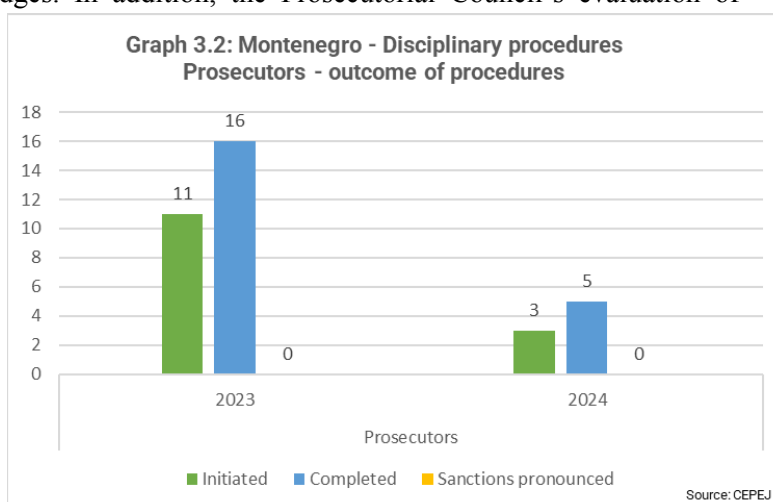
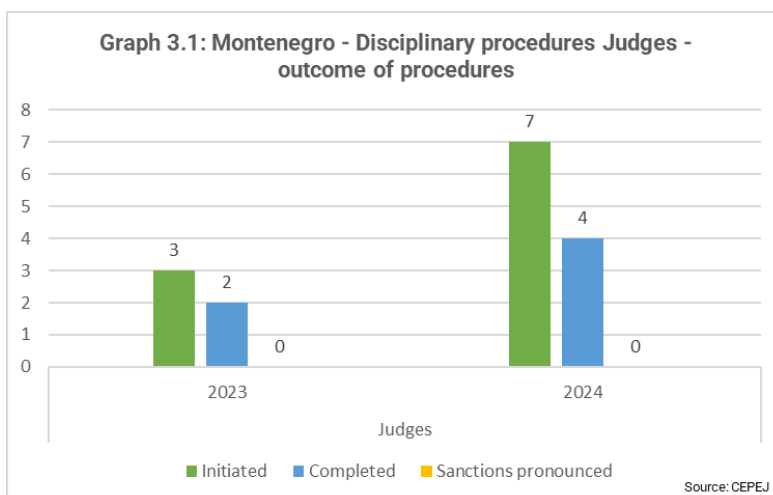
Montenegro must continue strengthening the effective accountability of the judiciary by fully implementing the improved legal framework adopted in 2024.

Montenegro has yet to address the outstanding recommendations on strengthening the legal framework for disciplinary and ethical standards.

The track record in enforcing disciplinary accountability among judges and prosecutors continued to improve, but further efforts are needed. The Judicial and Prosecutorial Councils must improve their practices and be more proactive since disciplinary proceedings, when substantiated, tend to result in relatively minor penalties.

Following appointments of new members to both Councils, work on evaluation resumed with renewed impetus yielding some initial positive results. The Judicial Council introduced for the first time a system to evaluate Supreme Court judges. In addition, the Prosecutorial Council's evaluation of prosecutors has become more nuanced, slowly shifting away from the previous practice of uniformly rating all prosecutors as excellent. However, more efforts are needed to ensure that evaluations are of high quality and that sanctioning practices are consistent for reports from the Agency for the Prevention of Corruption. The rules for evaluating judges and court presidents still have shortcomings, which risks undermining their independence and judicial discretion. For example, the rules still provide that judges with 30% or more of their decisions annulled on appeal will be evaluated as 'unsatisfactory'. This threshold was considered too low by the Venice Commission, which warned against its negative implications on judicial independence and judicial discretion.

The work of the Agency for the Prevention of Corruption on checking assets and income declarations of judges and prosecutors improved, in terms of the number of asset declarations checked. However, the disciplinary practices of the Judicial and Prosecutorial Councils still have shortcomings, which weaken the verification process. This is due to the inconsistent approach to penalising judges and





prosecutors for not submitting reports on assets and incomes to the Agency for the Prevention of Corruption.

There was no progress made in adopting a new Code of Ethics for lawyers or in implementing ethical codes for notaries, public bailiffs or court interpreters.

### Quality of justice

The Judicial and Prosecutorial Councils regularly adopt plans for filling vacant judicial and prosecutorial positions through single nationwide competitions, yet the timely filling of judicial and prosecutorial positions remains a challenge.

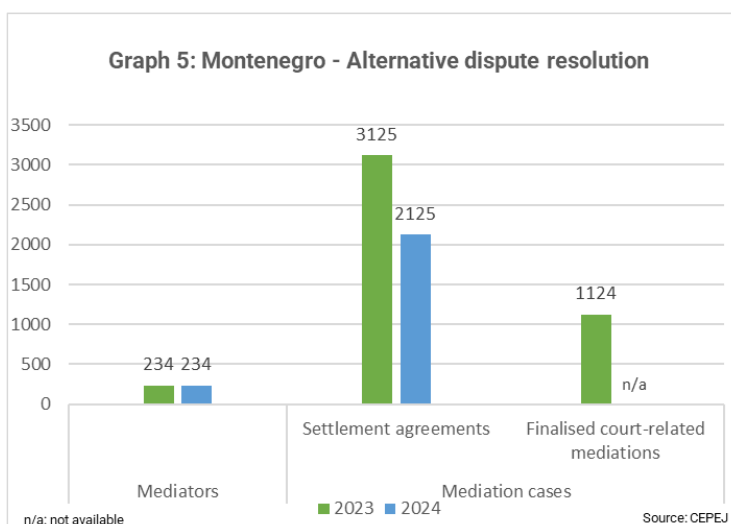
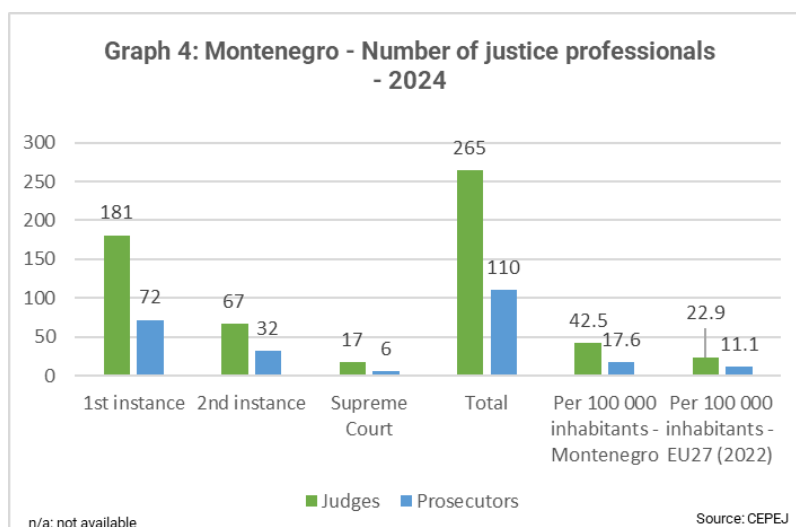
In 2024, Montenegro had 243 full-time judges in place (out of 329 planned positions). Many basic courts, especially in the north of the country, are facing a serious lack of judges. Stakeholders consider that the absence of competitive salaries undermines the attractiveness of a judicial career, affecting both the recruitment process of new judges and the motivation of existing ones to accept promotions to positions with greater responsibilities.

There was progress on the selection process of state prosecutors. In 2024, the Prosecutorial Council managed to appoint 31 state prosecutors, bringing the total number of filled positions to 114 (out of 141 planned positions). The Basic Prosecutor's Offices in Berane and Rožaje are facing a severe lack of full-time prosecutors.

Both the Judicial and Prosecutorial Councils are developing new rules for the evaluation of judges and state prosecutors to ensure a more consistent, merit-based assessment in line with international and European standards and best practices. Overall, the quality of appraisals needs to improve, with a detailed assessment of individual performance and capacity, including the quality and quantity of completed tasks. In 2024, the Judicial Council evaluated 17 judges, and the Prosecutorial Council evaluated 34 prosecutors.

Montenegro must urgently start the effective implementation of the 2024-2027 Plan for the rationalisation of the judicial network, which represents a challenge. At all levels of the judiciary, the allocated working spaces and working conditions, including equipment, continue to be inadequate. This is a particular concern for the Special State Prosecution Office, the High Court of Podgorica and the Supreme Court.

Judicial institutions express dissatisfaction about the overall working conditions, notably regarding the shortage of courtrooms, inadequate workspace, and insufficient professional advisors and administrative staff. The government must urgently take a final decision on the location of the Judiciary Complex



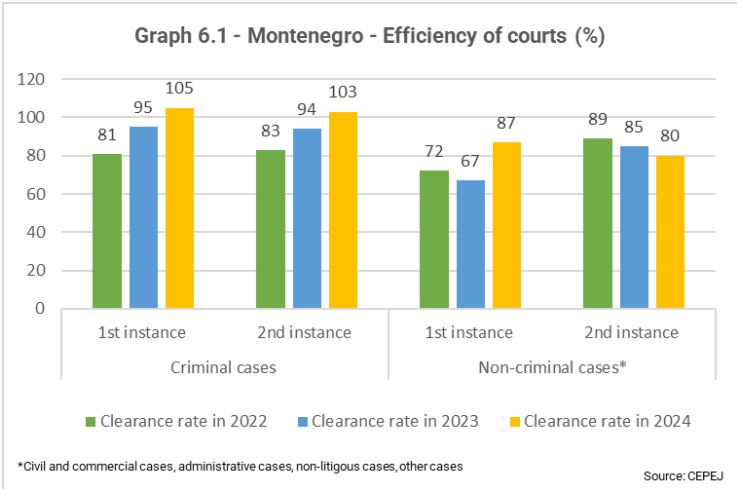
as it is the only comprehensive, long-term solution for the judiciary's spatial capacity needs.

There was no progress in implementing the 2024-2027 plan for the rationalisation of the judicial network.

The effectiveness of the judicial system is hampered by the lack of strategic investment in human resources, ICT and infrastructure. The 2025 budget for the judiciary is EUR 34.2 million, an increase of 4.5% compared with 2024 (EUR 32.7 million). For 2025, the budget of the Prosecutorial Council and state prosecution service is EUR 15.3 million, an increase of 12.5% compared with 2024 (EUR 13.6 million).

The Judicial Training Centre (JTC) has continued to improve its operations. However, the 2024 JTC budget amounted to EUR 798 935.88 which is below the legally established threshold. The JTC budget for 2025 is EUR 826 274.90 EUR, which is again below the legally established threshold. In 2024, the JTC organised 10 training sessions on EU law for 157 participants (127 judges, 17 state prosecutors, 3 candidates for judges and 10 advisers).

Efficiency

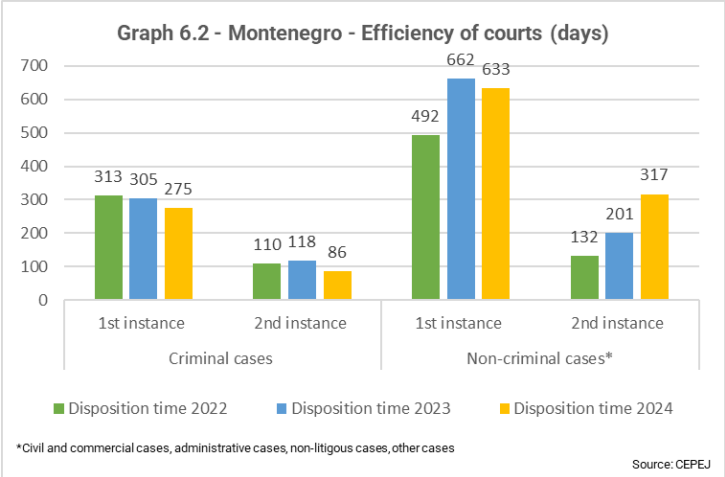


Although there have been some improvements, the efficiency of the justice system still needs to be significantly improved, including by addressing human resources, ICT and infrastructure challenges.

Montenegro adopted a new 2025-2028 Judicial Digitalisation Strategy and action plan. This provides for the implementation of the upgraded court information system (PRIS) by the end of the year. The system is used for case allocation, tracking, management and communication with parties. The

upgrade will allow for revising the existing random case allocation procedure, aiming to further improve the efficiency of case allocation and the use of judicial statistics.

The backlog of cases pending before the courts for both instances in all type of cases is significant (2024: 113 850 cases). At the end of 2024, the number of unresolved cases older than three years was 15 527. In first instance courts, the clearance rate for civil and commercial cases has shown an upward trend recently, while the disposition time increased significantly from 492 days in 2022 to 633 days in 2024, indicating a clear deterioration in efficiency. In administrative cases, the clearance rate was above 100% in 2024 (109%), and the disposition time fell to 879 days (2023: 1 411 days). For criminal cases, the clearance rate was 110% and the disposition time slightly improved to 249 days.

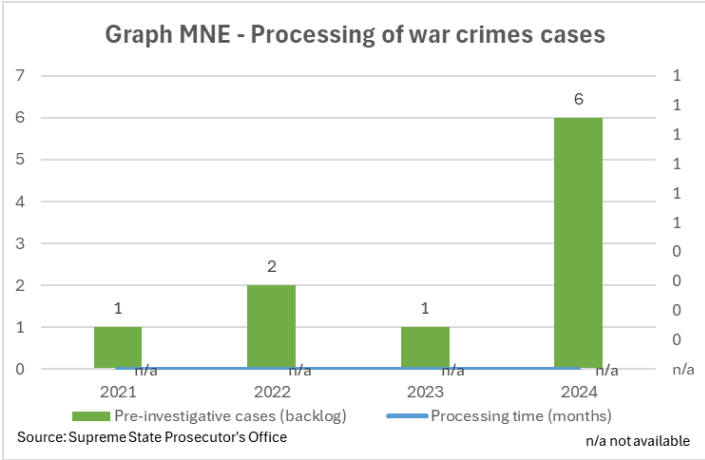


Domestic handling of war crime cases

Montenegro continues building a credible and sustained track record in effectively investigating, prosecuting and trying war crime cases, including high-level cases, in line with international law and



standards. Proactive approach to ensure access to justice and reparations for victims should continue. The Supreme State Prosecutor’s Office monitors and reports on the implementation of the War Crimes Investigation Strategy 2024-2027 and its accompanying action plan 2024-2025. The implementation of the activities in the action plan is satisfactory.



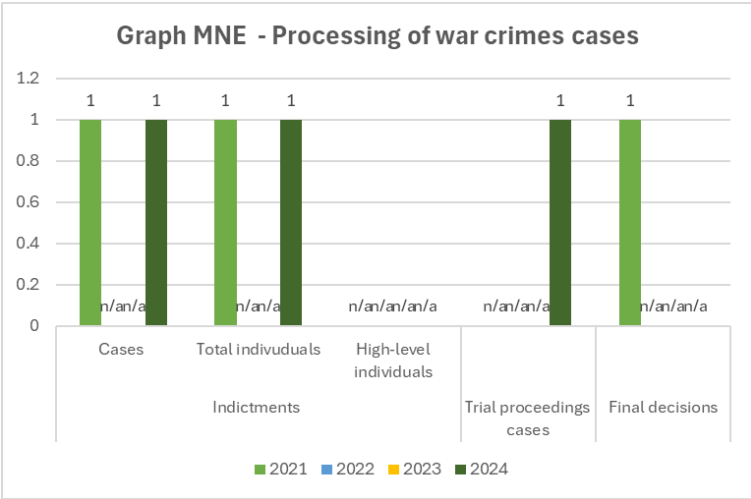
One criminal case is ongoing before the High Court in Podgorica. In October 2024, the defendant was released from pre-trial detention after the High Court failed to issue a verdict within the three-year limit. In 2024, the Special State Prosecutor’s Office (SSPO) initiated 8 new cases, and 11 cases from previous years are still in progress. Meanwhile, the SSPO submitted an indictment to the High Court in Podgorica against one defendant for crimes against humanity. In February 2025, the SSPO reopened criminal cases related to war crimes

committed in Morinj, Bukovica and Kaludjerski Laz and the deportation of refugees from Herceg Novi to Bosnia and Herzegovina. The SSPO assigned specialised prosecutors and investigative teams to review past cases, gather new evidence and search international databases.

In July, the High Court of Podgorica sentenced one individual to 20 years imprisonment for a war crime committed against the civilian population in 1992 in Bosnia and Herzegovina. This is an important judgment that establishes accountability for war crimes in line with international law and standards. Following the delivery of the first-instance judgment, the court rendered a decision placing the defendant in detention.

The SSPO received 7 requests for international legal assistance (1 from Bosnia and Herzegovina, 2 from Serbia, 1 from Kosovo, and 3 from Croatia). In the same period, the SSPO sent 10 requests for international legal assistance: 1 to Serbia, 5 to Bosnia and Herzegovina, and 4 to Croatia. In 2024, the SSPO concluded five cases related to cases initiated based on requests for international legal assistance from countries in the region.

During the reporting period, intensive cooperation between the State Prosecutor’s Office and the International Residual Mechanism for Criminal Tribunals from The Hague continued. The SSPO signed bilateral memoranda of understanding and cooperation agreements to support witnesses, injured parties and victims in criminal proceedings of war crimes with the Prosecutors’ Office of Bosnia and Herzegovina and the State Prosecutor’s Office of the Republic of Serbia.

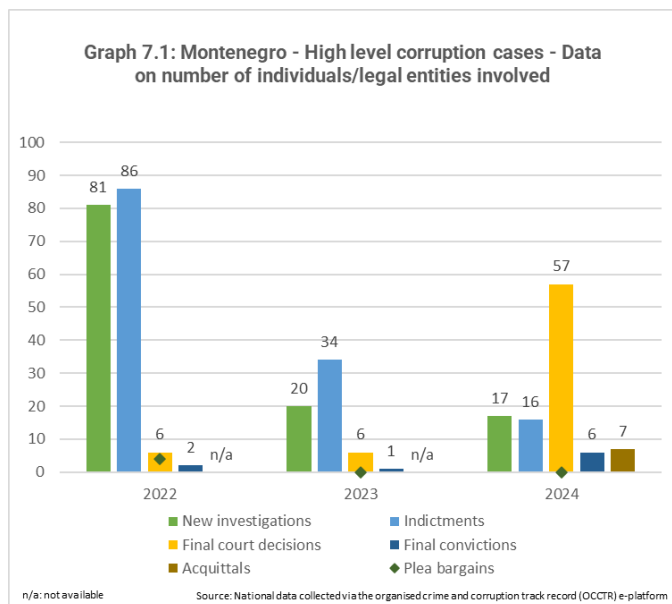


Montenegro participates in the regional Missing Persons Group and is implementing the framework plan signed in 2018. Montenegro cooperates with neighbouring countries under bilateral cooperation protocols. The Commission on Missing Persons of Montenegro compiled a list of missing persons that includes 50 active cases of Montenegrin citizens or people whose families reside in Montenegro. The majority of cases are related to Kosovo (38 individuals), Bosnia and Herzegovina (9 individuals) and Croatia (3 individuals).

## Fight against corruption

### Track record

The track record on investigations and prosecutions in high-level corruption cases continues to improve, but the low number of final convictions and lack of effective and deterrent penalties contribute to a perception of impunity. The prosecution service and courts must continue improving

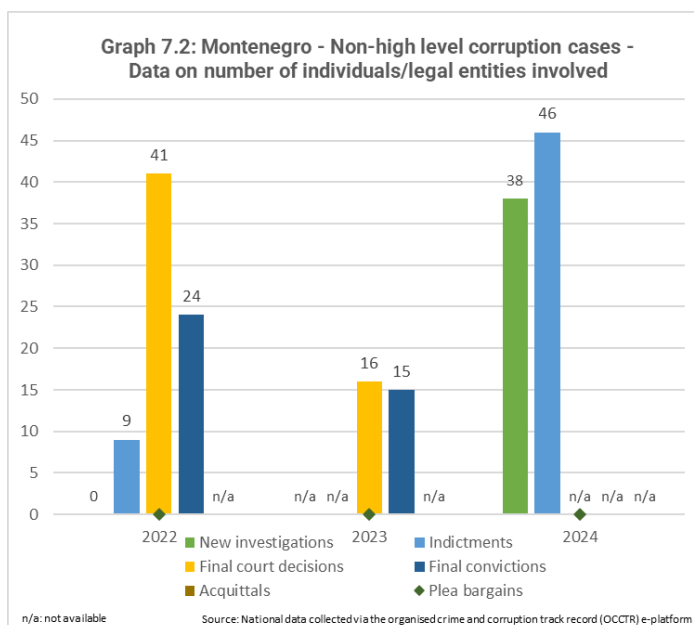


the effective enforcement of criminal legislation, including both preventive and repressive measures. This should also include addressing abuses of the Criminal Procedure Code guarantees to delay criminal proceedings in high-level corruption cases without valid justification.

The amendments introduced in 2024 to the Law on the Special State Prosecutor's Office (SSPO) have significantly improved that the efficiency of that body's work: the SSPO opened investigations against 17 people and filed indictments against 16 people. Notably, the SSPO launched an investigation into the former Director of the Agency for the Prevention of Corruption (ACA) who was indicted for alleged abuse of office and mismanaging the state budget. As a result, the ACA's Council dismissed the Director;

this decision was annulled in first instance by the Administrative Court. In addition, the Basic Court of Podgorica acquitted the same Director in a first-instance verdict over charges of tax evasion. This case is still ongoing.

The enforcement of the guidelines on the use of plea bargain agreements by prosecutors and judges in corruption cases is contributing to a more effective and deterrent criminal justice response. The quality of indictments and verdicts (including decisions extending detention periods) has not significantly improved or been fully harmonised among courts and within the SSPO to ensure an effective prosecution and adjudication in high-level corruption cases. Guidelines on the quality of indictment and verdicts, alongside quality control mechanisms and performance indicators to assess the legal reasoning and writing skills of prosecutors and judges remain to be adopted. In addition, in 2024, the Police Administration filed 88 reports on corruption-related criminal offences (a 35.5% increase compared with 2023) and 6 criminal reports on high-level corruption cases. The accused individuals included 6 police officers and 9 public officials.



The number of final convictions increased in 2024, but it remains low compared with the number of high-level corruption cases on trial or under investigation.

The Agency for the Prevention of Corruption (ACA) received 11 905 reports on income and assets declarations (2023: 13 141), which were all checked administratively and technically. Furthermore, according to its methodology, the ACA also checked the accuracy and completeness of 665 declarations (2023: 1 533 checked). In-depth checks of income and assets declarations of a small number of public officials (18) were carried out; the officials were selected based on the risk of corruption.

On incompatibility of functions and conflicts of interest, the ACA issued 191 opinions in 2024 (2023: 227). Following the revision of some of its previous decisions, in October 2024, the ACA has adopted a more restrictive interpretation of the legislation, resulting in a reduced number of categories included in the registry of public officials. The new approach should allow the ACA to focus on a smaller number of potential cases of incompatibility and conflicts of interest.

As prescribed by the Law on financing political entities and election campaigns, the ACA monitored electoral campaigns for the six municipalities where elections were held in 2024 (Budva, Andrijevica, Gusinje, Kotor, Podgorica and Berane). The ACA also conducted 412 checks on political entities' statements on both their regular operations and electoral campaigns and reported 242 irregularities/breaches of the law.

Overall, the impact of the ACA's checks in this area remains limited. This is due to unclear provisions in the legislation, in particular those on the exemption of some categories of political persons from the ACA's scrutiny. As regards whistle-blowers' reports, the ACA received 163 reports (2023: 190) and forwarded 23 reports to prosecutors' offices and 46 to other competent institutions. The ACA concluded 116 procedures (2023: 69), and it reported the existence of threats to public interest in 25 cases.

In 2024, the ACA launched 1 261 misdemeanour proceedings on breaches of all anti-corruption laws within its jurisdiction, a 37.5% decline compared with 2023.

The ACA made progress on the development of a pre-appointment integrity checklist for its future employees. In January 2025, the ACA Council adopted rules on the procedure for recruitment. However, the ACA needs to develop additional employment procedures to align with the labour law, under new provisions of the Law on Prevention of Corruption.

### Legal framework

The legal framework for the prevention and fight against corruption is largely in place. Montenegro started implementation of the previously improved legal framework, but further efforts are needed to ensure full enforcement. In addition, several outstanding recommendations still need to be addressed, including from the fourth and fifth evaluation rounds of the GRECO evaluation reports, the Venice Commission, the European Commission and the EU peer review missions of 2021 and 2022.

The legal framework regulating political parties' funding remains hampered by shortcomings in its scope, clarity and implementation. Montenegro must further amend the Law on Financing of Political Entities and Election Campaigns without delay to bring it fully in line with recommendations from the OSCE/ODIHR, GRECO and European standards through a transparent and inclusive consultation process including relevant stakeholders. It had committed to do so as a matter of priority by the end of 2024. The current legal framework falls short of GRECO and ODIHR recommendations, which emphasise the need for greater transparency, stricter control of the spending of political parties and stronger measures to prevent the abuse of state resources, including dissuasive penalties. Therefore, the existing legal framework lacks effective safeguards to prevent the circumvention of the rules and fails to impose adequate penalties for non-compliance. Additionally, the Law on Election of Councillors and Members of Parliament is still not aligned with the Law on Financing of Political Entities and Election Campaigns, hindering effective and efficient oversight of electoral campaign financing.

Complementing the adoption of the new Law on prevention of corruption in June 2024, nine implementing laws (bylaws) have been adopted. The revised law requires further alignment with EU standards, and new draft amendments are being discussed. Montenegro is making progress in

implementing its improved legal framework for protecting whistle-blowers, as introduced in the Law on prevention of corruption. As of November 2024, nine pieces of implementing legislation had entered into force, complementing the new Law on lobbying adopted in May 2024.

#### Strategic documents

The implementation of the 2024-2028 strategy for the fight against corruption and its 2024-2025 action plan is ongoing. However, its monitoring and reporting on the implementation by the Operation Team in the National Council for the Fight Against Corruption remains challenging. The Council should take a more active role, and its internal set-up, work plan and resources need to be clarified urgently. In addition, Montenegro must adopt a cooperation framework between the ACA and the Council, as recommended by GRECO.

By implementing the Strategy, Montenegro enforces measures to reduce corruption in the identified vulnerable areas. The ACA assesses the integrity plans of public institutions and monitors their adoption and implementation. So far, it has assessed the integrity plans of the prosecutorial and judicial bodies. The ACA plans to apply its methodology to other high-risk sectors identified in the strategy, including independent and regulatory authorities. The methodology will be adjusted to each sector. In addition, the government conducted assessments of potential corruption risks for legislative initiatives in line with the ACA's methodology.

#### Institutional framework

The institutional framework for preventing and fighting corruption is in place but there is a need to strengthen it further. Despite some improvements, human resources capacity in the fight against corruption is insufficient overall and a challenge to improving the criminal justice response to the problem.

The Judicial Council appointed 5 new judges to the High Court of Podgorica, increasing the total number to 11 judges. However, it is unclear if these new judges will be assigned to the Specialised Department where the backlog of cases is extremely high. In the reporting period, no cases were completed, and no final decisions were transferred from the Court of Appeal. The SSPO currently includes the Chief Special Prosecutor and 15 special prosecutors (out of 16 positions). The amendments to the Law on Special Prosecution Office adopted last year limit the SSPO's powers to acts of organised crime, corruption committed by high-ranking public officials and money laundering. This has yielded positive results in terms of efficiency, reducing the number of cases handled per special prosecutor and the scope of their investigations.

The human resource situation in the Special Police Unit (SPU) is improving but remains insufficient, despite the adoption of the new Rulebook on Internal Organisation and Systematisation of the Ministry of Interior in December 2024. The procedure for recruiting new police officers has begun, particularly in the unit dealing with the fight against high-level corruption and money laundering. Additionally, the procedure should ensure a merit-based recruitment. Furthermore, the SPU lacks specialised initial and continuous training in financial investigations, with no regular courses on this topic in the police academy's curriculum. In general, human resources are deemed to be insufficient by the three main bodies (SPU, SSPO and Special Department of the High Court of Podgorica) to cope with their workload and responsibilities. In addition, the three bodies still suffer from very poor infrastructure, and their equipment and technology need further upgrades, which limits their overall efficiency.

The efficiency of the Agency for the Prevention of Corruption (ACA) continued to improve, despite some disruption caused by delays in appointing its management and resource constraints. A new Council of the ACA was elected. However, Montenegro must urgently appoint of a full-term Director, a position that has been vacant since April 2024, which limits the legitimacy of the Agency's leadership and strategic direction.

The track record on prevention of corruption continued to improve in quantitative terms although the overall impact of the ACA's work remains limited. The Agency is still run by an interim director, and the selection procedure for a new director only started in March 2025. The ACA's independence, impartiality and accountability need to be further strengthened.

The ACA suffers from human resources shortages. ACA currently employs 54 people: 98 positions are provided for in the Rulebook adopted in October 2024.

The financial independence of the ACA remains to be fully ensured. Its 2025 budget remains below the legally required minimum (0.14% against 0.2% of the State Budget as set out in the Law on Prevention of Corruption). This is an obstacle for the implementation of the Agency's overall mandate and recruitment plan for 2025, as well as a risk to its performance.

In 2024, the State Audit Institution (SAI) audited the consolidated financial statements of 10 political entities from 2023, giving 20 audit opinions and 110 audit recommendations. The SAI monitored the implementation status of audit recommendations through 14 annual audit reports. However, the follow-up to SAI's opinions and reports by other competent authorities, including the National Council for the fight against corruption, remains challenging due to shortcomings in the legal and institutional framework.

Since early 2025, the Special State Prosecution Office (SSPO) has been made up of the Chief Special Prosecutor and 15 special prosecutors (out of 16 planned positions). In early 2025, the SSPO strengthened its capacity by hiring five new financial experts to contribute to analysing the economic aspects of high-level corruption crimes. In December 2024, the SPU was made an independent organisational unit within the Police Administration, directly accountable to the Director of the Police Administration and the Chief Special Prosecutor. The human resources situation in the SPU remains worrying: the new Rulebook on Internal Organisation adopted in December 2024 increased the number of positions from 50 to 60, but only 33 of these are currently filled.

The condition of the SSPO and SPU's offices is well below the minimum standards required by European standards, preventing these institutions from carrying out their duties effectively, efficiently and independently. The High Court of Podgorica, whose remit covers organised crime, corruption, terrorism and war crimes, is still understaffed. However, as of February 2025, four more judges had been appointed to the High Court's Special Department.

The new National Council for the Fight against Corruption (set up in February 2024) appears marked by structural weaknesses so far, with an inadequate work plan and organisational set-up. In October 2024, an Operational Team with 12 members was created in the Council in charge of reporting on implementation of the Anticorruption Strategy's Action Plan. The cooperation framework between the ACA and the National Council still needs to be clarified, which is one of GRECO's recommendations.

## **Fundamental rights**

### General framework

The general legal and institutional framework for fundamental rights is largely satisfactory. The implementation and enforcement of fundamental rights need to be improved.

### International human rights instruments

Overall, Montenegro continues to meet its international obligations on human rights. The cooperation with international human rights monitoring bodies and the follow-up to their recommendations needs to be further improved.

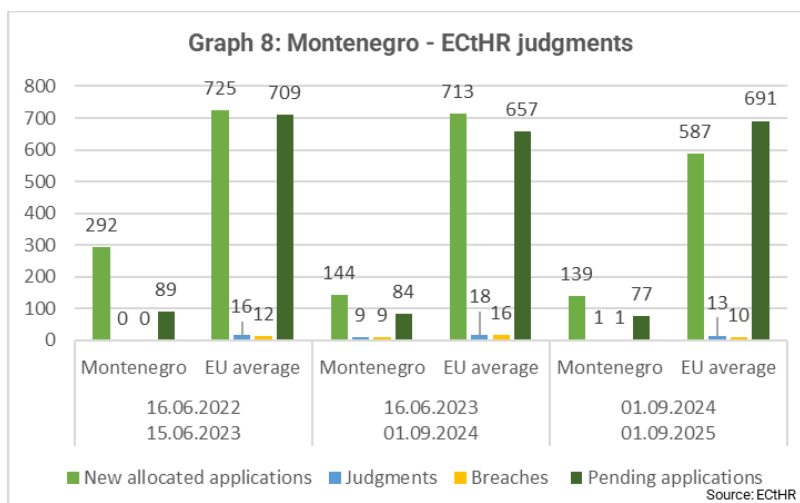
Montenegro has ratified most key international human rights instruments. Montenegro has yet to ratify the 2014 Protocol to the ILO 1930 Forced Labour Convention. The European Commission against Racism and Intolerance (ECRI) visited Montenegro from 30 September to 4 October 2024 and the publication of its report is pending. On 28 March 2025, the UN Human Rights Committee published its concluding observations on the second report of Montenegro regarding the implementation of the International Covenant on Civil and Political Rights (CCPR) with priority recommendations for the rights of LGBTIQ persons, people in detention (including in the Dobrota psychiatric hospital), journalists and human rights defenders. The Committee's recommendations also addressed strategic lawsuits against public participation (SLAPPs) and access to information. The Special Rapporteur on Human Rights Defenders plans to visit Montenegro in 2025.

Montenegro needs to improve its mechanisms for reporting to UN human rights bodies and following up on their recommendations.

### European Court of Human Rights

The cooperation with the European Court of Human Rights (ECtHR) and the implementation of its judgements is adequate. During the reporting period, the ECtHR delivered nine judgements against Montenegro. Currently, there is on case under enhanced supervision by the Committee of Ministers related to non-enforcement of final domestic decisions against State-owned companies (three cases last year).

Montenegro needs to address systematic issues or structural issues raised by the Court.

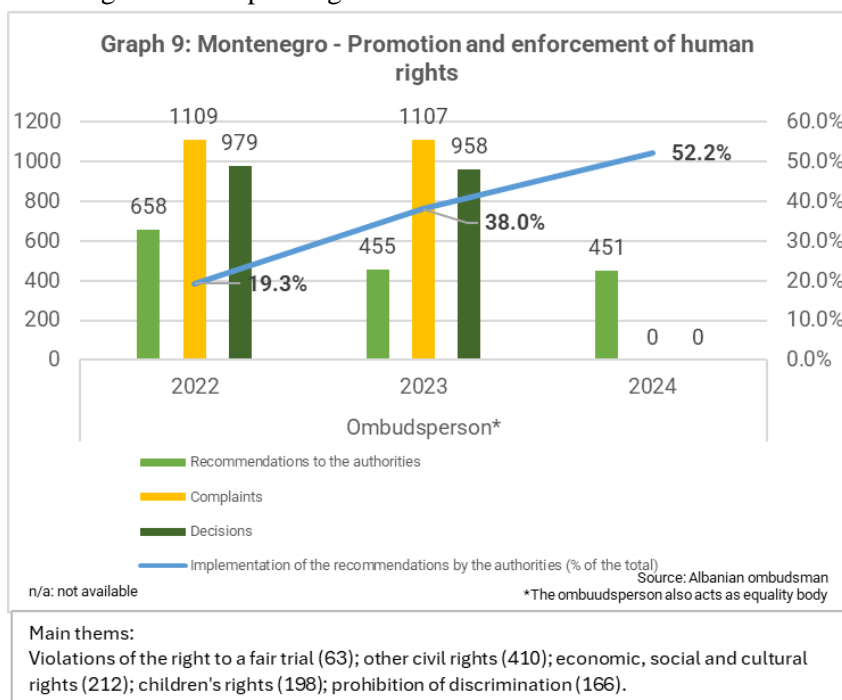


In March, Parliament adopted amendments to the Law on Montenegro's Representative before the ECtHR, despite a ruling by the Constitutional Court five months earlier that the decree under which the current representative assumed that role was unconstitutional.

### Promotion, protection and enforcement of human rights

The legal and institutional framework for the promotion, protection and enforcement of human rights is in place but needs to be improved.

The Constitutional Court adopted and implemented a plan to resolve its backlog of pending cases. The goal was to reduce the duration of proceedings to comply with the ECtHR's case law on the effectiveness of the constitutional complaint as a domestic legal remedy. By September 2025, the backlog of cases pending before the Constitutional Court stood at 2 135, of which 1 797 were constitutional complaints. Out of these, only one case is older than three years (in June 2024, 769 pending cases were older than three years). In addition, the average duration of proceedings fell to one year and eight months.



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Montenegro has yet to adopt a comprehensive monitoring and data collection system to assess the level of implementation of human rights legislation, policies and strategies.

The Ministry of Human and Minority Rights (MHMR) is finalising the drafting of a new law on the Ombudsperson's Office to fully align the regulatory and institutional framework of the Office with the Paris principles and secure an 'A' Status.

The decisions and recommendations of the Office are non-binding, and Montenegro needs to improve

their systematic follow-up across all public institutions. The 2025 budget for the Office is EUR 908 306 (4.3% higher than in 2024) and is adequate and sustainable. The Office's staffing levels are also satisfactory. The Ombudsperson's Office also serves as an equality body.

### Prevention of torture and ill treatment

Montenegro provides insufficient legal guarantees for the prevention of torture and ill treatment, and the follow-up of cases needs to be improved.

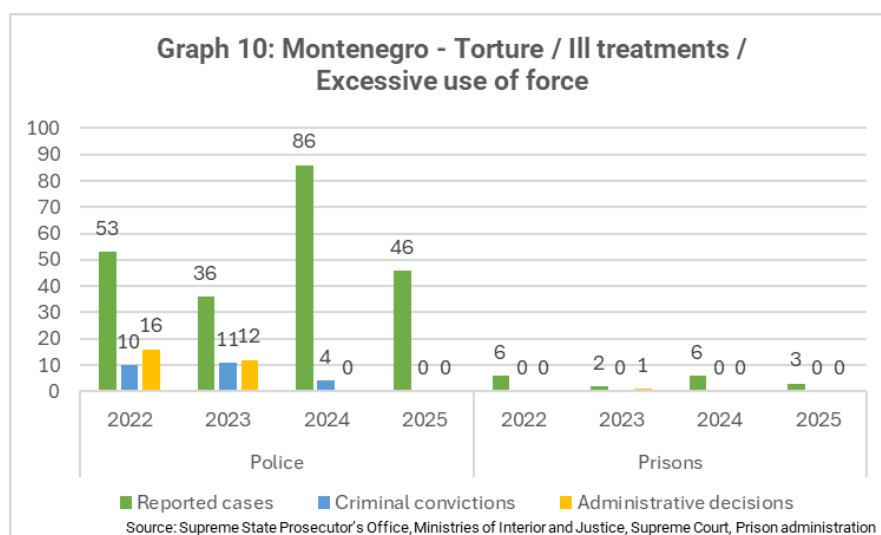
Montenegro made some progress in addressing the recommendations of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment (CPT) and the UN Committee Against Torture (CAT). The CPT plans to conduct its periodic visit to the country before the end of the year. In December 2024, Parliament adopted amendments to the Law on free legal aid, recognising victims of torture as eligible for free legal aid, which addresses CPT recommendations.

The Criminal Code needs to be amended to abolish the statute of limitations for crimes related to the extortion of testimony and ill treatment and to align the definition of torture with CAT's recommendations.

There was some progress in investigating and prosecuting cases of alleged violence by law-enforcement officers, as well as cases of violence in prisons. In 2024, the Department for Internal Police Control conducted 134 internal oversight procedures, 59 ex officio and 75 based on citizens' complaints. Out of the 59 ex officio investigations, in 11 cases the Department conducted checks concerning the conduct of police officers where there were grounds to suspect excessive use of police powers or unlawful use of force in the exercise of official duties. All 11 cases were referred to the competent state prosecutors to assess whether the conduct of the police officers met elements of the criminal offence of ill-treatment. As for the 75 complaints based on citizens' complaints relating to the actions and behaviour of police officers, the Department assessed 18 complaints as founded, while in the other 57 cases, the checks did not establish evidence indicating disciplinary or other liability of police officers. Following the publication by the Supreme State Prosecutor of binding instructions for state prosecutors in cases of suspected ill treatment in May 2024, the number of cases opened, and the overall efficiency of the prosecutorial response increased. While from January 2023 until May 2024, the SSP opened three cases against 22 police officers for the criminal offense of torture, from May 2024 until September 2025, the SSP opened three additional cases for alleged torture involving 14 police officers. During the same period, the SSP initiated 14 additional cases, in which criminal proceedings have not yet been launched. The adoption of standard operating procedures for the police to ensure compliance with CPT standards and uphold human rights has been delayed. This delay is due to the postponement of the adoption of the Rulebook on the execution of police duties and the application of police authority.

In 2024, the Administration for the Execution of Criminal Sanctions (AECS), in cooperation with the Police Academy in Danilovgrad and the

Ombudsperson's Office, carried out several training sessions on human rights for police officers. The AECS and the Ombudsperson's Office organised specific training for prison doctors and medical staff on how to document injuries in line with the Istanbul Protocol.





The National Prevention Mechanism (NPM), which is part of the Ombudsperson’s Office, adequately fulfils its tasks to protect people deprived of liberty from torture and other forms of cruel, inhuman or degrading treatment or punishment. In 2024, the NPM received 122 complaints against the AECS from individuals deprived of liberty, around 60% more than in 2023 (76), and 45 against the Police Administration (2023: 52). The NPM issued 60 recommendations to administrative authorities in 42 cases, of which 43 were accepted and 17 are still pending.

Execution of criminal sanctions

The system for the execution of criminal sanctions (including probation) needs to be improved.

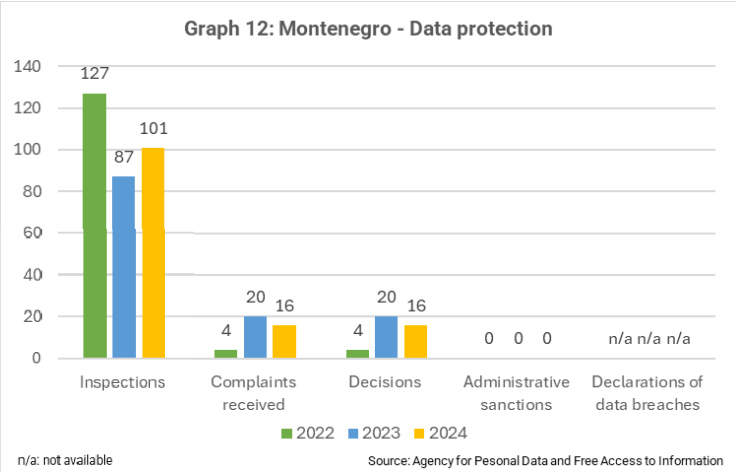
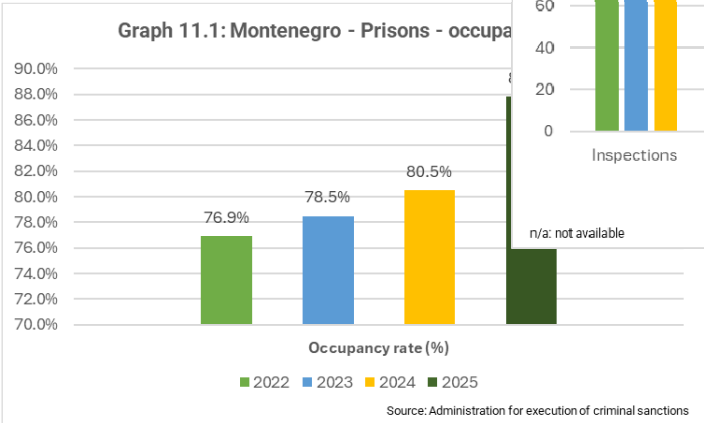
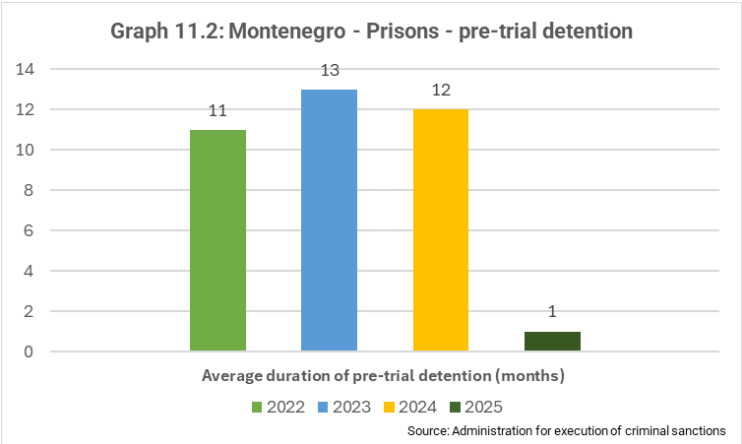
In December 2024, the government set up a council for monitoring the 2023-2026 strategy for the execution of criminal penalties and its action plans. In December 2024, the government amended the regulation on uniforms, rank insignia, weapons, vehicles and special equipment of AECS security officers. The construction of new prison facilities in Spuz is ongoing. The government has not yet taken a decision on building a new prison facility in Mojkovac. The AECS expanded the capacity of the Spuz prison from 175 to 246. In addition, by relocating the Health Care Sector, the capacities of the Podgorica Remand prison (in Spuz) have increased by 60 places, from 292 to 352 places. In the Bijelo Polje prison, the capacity has increased by 60 additional places, now amounting to 175 places, of which 125 are for detainees and 50 for prisoners.

In April, 163 detainees in Spuz went on a two-week hunger strike in protest against prison conditions, long pre-trial detentions and alleged breaches of fundamental human rights. In September, 66 detainees in the Spuz remand prison initiated a strike, including 48 who started a hunger strike.

Protection of personal data

The Law on personal data protection is still not aligned with the EU *acquis*. Montenegro has not yet ratified the 2018 Council of Europe Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data.

The human and financial capacity and IT expertise of the Agency for Personal Data Protection and Free Access to Information is insufficient to implement effectively the Law on free access to information, which was presented to the



Parliament in July and has yet to be adopted, and the planned new data protection law. In December 2024, the Agency’s Director, who had only been appointed by the Agency’s Council the



previous January, resigned. In March, Parliament appointed a new member to the Council of the Agency. In April 2025, the Council appointed the Acting Director as the new permanent Director.

#### Freedom of religion or belief

Montenegro provides adequate legal guarantees for freedom of religion or belief.

The rights to freedom of religion or belief are broadly respected.

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#### **Freedom of expression**

Montenegro continues to uphold a zero-tolerance policy to violence against journalists. Montenegro continues to enjoy a pluralistic media environment and provides adequate legal guarantees for the freedom of expression. The country provides an adequate enabling environment for the media to operate freely, independently and professionally.

#### Intimidation of journalists

The authorities continue to provide a prompt and effective institutional and law enforcement response to new reports of violence against journalists, which mostly involves harassment and online threats. In November 2024, a journalist was physically assaulted in Podgorica. The police responded promptly and arrested the suspects, while the prosecution swiftly filed an indictment. In a first instance ruling delivered in April 2025, 3 defendants were convicted for the attack, with 2 sentenced to prison and 1 receiving a conditional sentence. In August, two photojournalists and one reporter were physically mistreated, threatened and verbally abused while carrying out their professional duties in a village near Berane, reportedly in the presence of law enforcement officers. The prosecution authorities launched an investigation against multiple suspects, one of whom was arrested and ordered into 30-day pre-trial detention. The trial in one of the most serious longstanding cases of violence against the media, involving the wounding of an investigative journalist in 2018, began in June 2025.

A legal case initiated in January 2025 by the brother of the Serbian President against a local media outlet before the Podgorica Basic Court raised concerns.

In 2024, the prosecution authorities handled 14 cases of violence against media workers, issuing indictments in 2 cases and initiating misdemeanour proceedings in 3. Over the same period, the police recorded 16 cases of violence against the media, including 7 classified by the prosecution authorities as criminal offences. 3 journalists remain under police protection.

Although public authorities widely condemned acts of violence against journalists, instances of strong verbal attacks on the media and civil society representatives by public officials and political parties, including senior figures from the security and defence sector, have continued.

#### Legislative environment

Following the significant legislative improvements introduced by the comprehensive media laws package adopted in June 2024, the national media legislation is largely aligned with the EU *acquis*. The authorities began a comprehensive review of its compliance with the European Media Freedom Act.

#### Implementation of legislation/institutions

The implementation of the improved legal and strategic frameworks for the media is yielding initial positive results. However, the full implementation of the legislative improvements, including through transparent and merit-based appointments, remains to be achieved to ensure the proper functioning and full independence of the Audiovisual Media Agency (AMU) and the public broadcaster RTCG. While the Parliament appointed in July three new members of the Council of the public broadcaster RTCG, it has repeatedly failed to appoint two members to the AMU Council, greatly exceeding the deadline set by the Law on Audiovisual Media Services. The Parliament cancelled the call for applications twice, initially launched in December 2024, with technical grounds cited as the reason. Additionally, in its

third repeated attempt in July 2025, the Parliament once again failed to appoint members to the AMU Council. This is hindering the full implementation of the legal framework and could also have implications on Chapter 10. Montenegro must appoint the remaining members of the AMU Council as a matter of urgency. In addition, any legal change in this area, if needed, should be consulted and discussed with all relevant stakeholders, and should always ensure the legal safeguards of AMU's independence to maintain previous progress and avoid deviating from the EU *acquis* and European standards.

Significant challenges persist in implementing the amended legal framework for access to information.

#### Public service broadcaster

The effective implementation of the new Law on the National Public Broadcaster RTCG adopted in June 2024, provided RTCG with sufficient institutional and financial independence and resources to carry out its mandate.

The ongoing legal process challenging the lawfulness of the appointment of RTCG's Director General continues to raise questions about the lack of transparency and the potential breach of legal procedures. In November 2024, the prosecution filed an indictment against members of the RTCG Council accusing them of abuse of office during the appointment of the RTCG Director-General and the court proceedings are ongoing. A prompt legal resolution of this case is essential to ensure the public broadcaster's full compliance with both the law and the highest standards of professional integrity and accountability.

#### Economic factors

The significant increase in state funding for media under the new Media Law is supporting the financial sustainability of commercial media, which otherwise remained constrained by the relatively small audience and a restricted advertising market. The local media market, particularly the television sector, is dominated by regionally and internationally owned media companies.

State funding for content of public interest in broadcast, print and online media remained steady at 0.2% of the current national budget, allocated by the Media Pluralism and Diversity Fund. There was a notable increase in the number of public-sector organisations complying with the legal requirement to disclose the public funding allocated to the media. However, this requirement remains only partially fulfilled, with 56% of registered media outlets and 64% of public-sector organisations meeting the disclosure criteria. Further efforts are required to fully implement the provisions of the new media legislation, particularly regarding the public funding of the media and the creation of a public media registry.

#### Internet

Internet services operated without undue restrictions.

#### Freedom of artistic expression

In September 2025, the screening of a film at an outdoor festival in Podgorica was forcibly interrupted after being targeted for featuring the Albanian language.

#### Professional organisations and working conditions

A nationwide trade union and professional organisations in the media sector are well-established, actively advocating for improvements in socio-economic conditions, professional standards and safety of media workers.

The adoption of the new media law in June 2024 introduced media self-regulation as a prerequisite for securing funding from the Media Pluralism and Diversity Fund. Following the adoption, membership in the Council for Media Self-Regulation increased significantly. During the reporting period, the Council's membership had grown from 17 to 75 media outlets.

A sectoral collective agreement has yet to be signed, making it more difficult for media industry workers to exercise their labour rights on an equal footing with workers in other sectors. Journalists' salaries remain below the national average.

RTCG union representatives have raised concerns over perceived undue management pressure, anti-union discrimination, and delayed collective bargaining.

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### Freedom of assembly and association

Montenegro provides adequate legal guarantees for the freedom of assembly and association and the regulation of assemblies is also adequate. In July, amendments to the Law on Public gatherings were withdrawn from Parliamentary procedure amidst criticism from the UN, the Council of Europe, the EU and local CSOs, pending the opinion of the European Commission.

**Labour and trade union rights** are covered in *Chapter 19 - Social policy and employment*.

### Property rights

The legal and institutional framework for enforcing property rights is incomplete.

The process in restoring properties expropriated in the past has remained slow. Despite the resolution of the Council of Europe Committee of Ministers on the closure of the case *Nesic v. Montenegro* concerning expropriation of coastal land in December 2023, the 2020 ECtHR decision has not yet been executed through all judiciary instances. Montenegro needs to ensure fair restitution proceedings within a reasonable time and the full independence of the three Regional Restitution Commissions by amending the Law on restitution and compensation of expropriated property.

### Non-discrimination

The legal and institutional framework on non-discrimination, hate crime and hate speech is largely in place, but remains to be fully aligned with the EU *acquis*. The capacity of the Ombudsperson's Office is adequate. Montenegro has initiated the adoption of a new Law on anti-discrimination aiming to align with the EU *acquis* and European standards.

Social polarisation continued during the reporting period. The most vulnerable in society (including Roma and Egyptians, persons with disabilities, LGBTIQ persons) continued to be subjected to discrimination, hate speech and hate crimes.

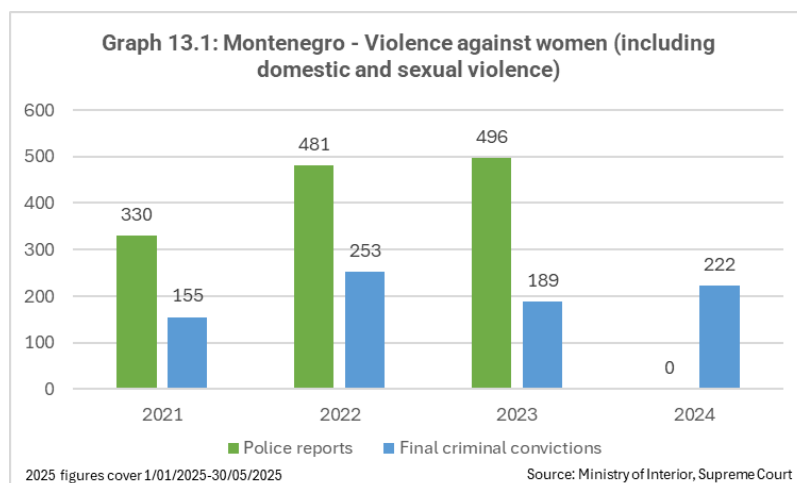
In 2024, the Ombudsperson's Office worked on 166 complaints of discrimination (2023: 243). As in previous years, most complaints were related to labour and employment.

Montenegro needs to consistently implement strategic measures on anti-racism, rights of LGBTIQ persons and rights of persons with disabilities.

Following the amendments to the Criminal Code in December 2023, and appropriate institutional follow-up, including by law enforcement, there was an increase in the number of prosecuted cases of racism and hate speech (2023: 16 cases against 19 people, 2024: 24 cases against 38 people). In addition, in May 2024, the Supreme State Prosecution Office adopted binding guidelines, as well as appointed a coordinator to oversee their implementation, to ensure a consistent and effective handling of hate speech and hate crime cases in line with international standards, including the European Commission against Racism and Intolerance (ECRI), the UN's Rabat Action Plan, and established bias indicators.

In 2024, the Ombudsperson processed 6 cases of hate speech and 5 cases in the field of public discourse / media, which also predominantly related to hate speech (2023: 12 and 7, respectively).

### Gender equality



The legal and institutional framework for gender equality and combating gender-based violence is incomplete, and its enforcement needs to be improved.

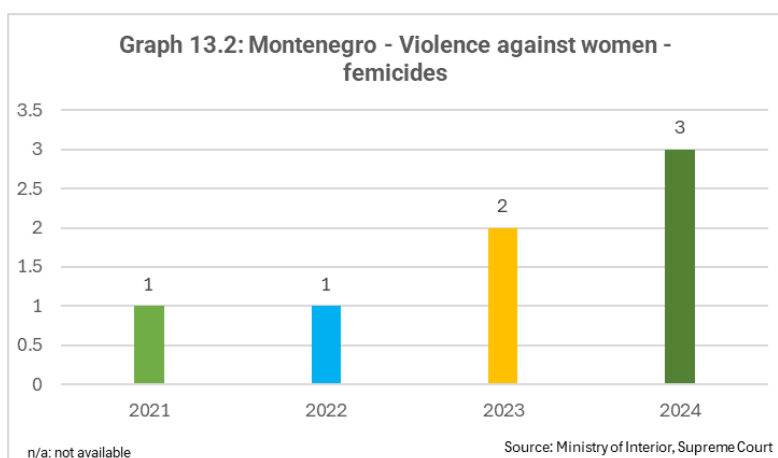
Women continue to face multiple and intersecting forms of discrimination, and stigmatisation is prevalent in Montenegrin society, including against women belonging to minorities. Harmful gender norms that affect the position of

women in society have been recently highlighted by several UN Human Rights Committee reports and the Group of Experts on Action against Violence Against Women and Domestic Violence (GREVIO). In addition, recommendations from the UN Committee on the Elimination of Discrimination Against Women still need to be addressed (CEDAW).

The gender equality framework is hindered by a lack of human and financial resources, resulting in limited policy influence and authority within the government. There is an overall lack of awareness and commitment among institutions on gender equality, including mainstreaming. There are also discrepancies in the application of implementing legislation and regulations and weak coordination with other national strategies.

In December 2024, the Ministry of Human and Minority Rights (MHMR), in cooperation with the OSCE Mission to Montenegro, conducted an *ex-post* evaluation of the 2021-2025 gender equality strategy. The Ministry concluded that the budget for its implementation is limited, and often insufficient, institutional coordination is insufficient and there is a lack of specialised staff.

In July, the government adopted a new 2025–2029 National Gender Equality Strategy, with its accompanying Action Plan 2025–2026. The Strategy sets as its strategic goal the advancement of gender equality in Montenegro through the reduction of systemic and structural inequalities, the empowerment of women and girls, the prevention and elimination of gender-based violence, and the integration of the principle of gender equality into all spheres of public and private life, with the aim of building a more just, inclusive, and sustainable society.



More efforts are needed in the collection of sex-disaggregated data in all spheres of life, particularly in the field of domestic and gender-based violence, incomes and salaries, health and social security.

Gender-based violence is pervasive, affecting women across different spheres of life. Societal attitudes remain troubling: one third of citizens believe women fabricate claims of psychological abuse for attention. Furthermore, the lack of accountability for perpetrators is an issue: only 10% of convictions for violence result in prison sentences. Women's right's civil society organisations play a key role in supporting victims of gender-based violence.

The legal framework needs to be further aligned with the Istanbul Convention and the EU Directive on combating violence against women and domestic violence. The interinstitutional operational team for

the fight against family and gender-based violence is active, providing recommendations in this regard. The amendments to the Law on protection from domestic violence are pending. Amendments to the Criminal Law, adopted in December 2023, resulted in a better definition of misdemeanour and criminal acts related to violence in the family or family community. Psychological violence is now taken into consideration, in addition to physical violence, and a broader definition of family has been introduced, including current and former unmarried partners and same-sex partners.

It is composed of representatives of different government institutions, prosecution, judiciary and civil society. The Council of Europe helped assess implementation of the Protocol on prevention and protection from gender-based violence and family violence, and the assessment was finalised in June 2025.

In October 2024, the Supreme State Prosecutor adopted standard operating procedures for the prosecution when handling cases of sexual and gender-based violence, in line with the amended Criminal Code of Montenegro, relevant articles of the Istanbul Convention and the EU Victim Rights Directive. The guidelines are already yielding positive results in improving the prosecution's handling and qualification of gender-based violence cases. For instance, prosecutors now act directly in all cases of violence, allowing for more proactive case management, better assessment of the type of protective or supervisory measures to propose to the court, improved verification of the risk of repeated violence assessed by the police and enhanced victim protection. However, sentencing is still mild in the majority of cases of gender-based violence and often imposed close to the legal minimum. Following the adoption of the guidelines, in 2025, 862 cases have been opened.

In December 2024, the government adopted the report on the implementation of the National Plan for the Implementation of the Istanbul Convention.

In 2024, the Ministry of Social Welfare, Family Care and Demography allocated EUR 300 000 for shelter services for children, adults and older victims of abuse, neglect, gender-based violence and domestic violence. In 2025, the budget increased to EUR 500 000. Additionally, Social Welfare Centres allocated EUR 151 200 to victims of such violence. However, adequate and sustainable financing of specialised services for female victims of violence should be ensured. Robust data collection and analysis among different institutions and coordinated policy implementation is needed. Action is also urgently required in relation to general preventive measures and training of professionals. Furthermore, psycho-social treatment programmes for perpetrators of violence are needed.

The country also lacks crisis centres and clear procedures to address sexual violence, leaving survivors without adequate support.

### Rights of the child

The legal and institutional framework for the rights of the child is in place, but implementation and enforcement need to be improved.

The legislative and institutional framework is largely aligned with the EU *acquis* and relevant international standards. Challenges remain in the effective implementation of the legislative and institutional framework due to: (i) poor accountability; (ii) inappropriate and insufficient capacity; (iii) a lack of systematic monitoring and sufficient funding; (iv) a lack of quality assurance for existing laws, strategies and action plans; and (v) insufficient cross-sectoral cooperation. The chair of the Children's Rights Council remains to be brought back to an appropriate political level within the government to ensure effective follow-up of recommendations.

The National Strategy on the Exercise of Child Rights expired in 2023, and a new one has still not been adopted. Montenegro has not submitted its fourth periodic report to the UN Committee on the Rights of the Child yet (due in November 2023).

To strengthen child protection systems and ensure effective realisation of rights, Montenegro should align with the EC Recommendation on integrated child protection systems and with the EU Strategy on the Rights of the Child.

Montenegro has still not amended its family law to raise the minimum age for marriage to 18 years. This was recommended by the UN monitoring bodies' recommendations and the 2005 Resolution 1468 of the Council of Europe Parliamentary Assembly.

Violence against and among children remains a matter of serious concern. While Montenegro has a well-established legal framework for addressing peer violence, with numerous regulations clearly setting out procedures and rules, implementation and monitoring remain weak. In December, the government adopted the Strategy for the prevention and protection of children from violence 2025-2029 with an Action Plan 2025-2026 and created a sex offenders register. Access to justice for children, in particular in vulnerable situations, still needs to be improved. Child- friendly proceedings are still only implemented sporadically in criminal court cases for children in conflict with the law, child victims and witnesses of crime. In civil and family law- related misdemeanour proceedings, children are often insufficiently taken into account. The law on the Treatment of Juveniles in Criminal Proceedings has yet to be amended.

### Persons with disabilities

The legal and institutional framework for the rights of persons with disabilities is incomplete and needs to be further aligned with EU *acquis*, including the European Accessibility Act. Implementation and enforcement mechanisms also need to be improved.

Persons with disabilities cannot fully exercise their rights and continue to face multiple forms of discrimination. Furthermore, some definitions of disability in Montenegrin legislation use derogatory terminology.

Montenegro needs to ensure implementation of the provisions of the UN Convention on the Rights of Persons with Disabilities, especially regarding the reform of guardianship and decision-making on behalf of persons with disabilities.

In March, Montenegro set up a commission to draft an action plan to implement the Committee's recommendations.

The government adopted in July 2025 a new Law on a unified disability determination system, while adoption by the Parliament is pending. This is a major reform aiming to ensure a more just and equal framework, with easier access to rights, enabling a shift from a medical to a human rights-based model.

In December 2024, the government allocated premises for the future Institute for Disability Assessment; the process of adapting and equipping it is underway.

In December, the government adopted the country's first National Strategy on Deinstitutionalisation 2025-2028 along with a two-year Action Plan. This needs to be swiftly followed by implementation to ensure progress in moving to community-based care for persons with disabilities. The National Council for the Rights of Persons with Disabilities is still unable to carry out its work due to lack of institutional will.

### LGBTIQ persons

The legal protection of the rights of LGBTIQ persons needs to be improved and further aligned with the EU *acquis*. Moreover, LGBTIQ persons continue to face discrimination. Seven laws have been harmonised with the 2020 Same-sex Partnership Law, and work regarding six further laws is ongoing, but the process needs to be accelerated as it is long overdue. The Draft Law on Legal Gender Recognition by Self Declaration underwent all necessary steps within the legislative process and was consulted with the European Commission, but the government has not yet adopted it.

Hate speech against LGBTIQ persons is still widespread, including online hate speech. Cases of hate speech are often prosecuted under the Law on public order, rather than the anti-discrimination law; judicial practices for the prosecution of offenders therefore need to be streamlined.

### Procedural rights and victims' rights

The legal framework for procedural rights for suspects and accused and the rights of victims of crime is incomplete and needs to be improved.

The Criminal Procedure Code is not yet fully aligned with the EU *acquis* and European and international standards on victims' rights and procedural safeguards. Montenegro still needs to further align the criminal legislation with the EU Victims' Rights Directive to ensure that all provisions are implemented and that the rights set out in the Directive apply to all victims of all crimes. A first national Strategy on Victims' Rights remains to be adopted to ensure a harmonised approach to victims' rights.

In December, Parliament adopted amendments to the Law on free legal aid, expanding the scope of legal aid, particularly for persons in vulnerable situations, such as child victims of crimes against sexual freedom and children involved in child protection proceedings. Under the amended law, only specialised lawyers will be authorised to provide legal assistance to vulnerable victims, including those of trafficking in human beings and domestic violence. In 2024, the amount spent on free legal aid was EUR 79 847.19 (2023: EUR 106 476).

### Protection of minorities

The legal and institutional framework for the protection of persons belonging to minorities is largely in place but needs to be improved and further aligned with the EU *acquis*. Persons belonging to minorities are well-integrated into society. The Law on minority rights and freedoms ensures the protection and respect of human rights for all citizens, including the right to publicly express their national, ethnic, cultural, religious and linguistic identity. The implementation of the framework is still not sufficiently effective.

In October 2024, the Advisory Committee on the Framework Convention for the Protection of National Minorities (FCNM) published its fourth opinion on Montenegro with five main recommendations for immediate action. These recommendations include a review of the appointment procedure for the Commission for Evaluation of the Fund for the Protection and Exercise of Minority Rights and an evaluation of the effects of current policy measures to foster integration into society. On the basis of these reviews, a coherent and wide-ranging strategy to foster a shared civic identity will have to be developed.

### Roma

The legal and institutional framework for Roma is insufficient and needs to be further aligned with the EU *acquis*. Three main recommendations of the FCNM for immediate action concern the Roma and Egyptian communities: (i) access to adequate housing; (ii) access to secondary and university education; and (iii) set electoral thresholds for national minorities to ensure the principle of equal treatment.

The threshold for political representation of Roma has not been reduced. The level of discrimination against Roma remains high in all spheres of life: education, employment, housing, access to services.

According to the 2023 population census results published on 15 October 2024, the total number of Roma in the country is 5 629 (0.90% of the total population), and there are 1 655 Egyptians (0.27% of the total population). Therefore, the total number of Roma and Egyptians is 7 284 or 1.17% of the total population. Romani is spoken by 4 658 people or 0.75% of the total population.

An official, structured catalogue of all job positions for Roma mediators in the area of health, employment and social welfare is needed. The Ministry of Human and Minority Rights (MHMR) currently provides funding for the salaries of 21 mediators on an annual basis, which is not sustainable. Roma mediators in pre-school education are greatly needed in order to prevent segregation and ensure better learning outcomes for Roma later in primary education.

In January, the government adopted the Semi-annual report on the work of the Coordination body for monitoring the implementation of the Poznan Declaration commitments for 2024. There has been limited progress in implementing the Poznan Declaration commitments due to the lack of coordination and political will to prioritise Roma inclusion.



In February, the government adopted the National Programme for the Transformation of Informal Employment of Roma and Egyptians for 2024-2026.

In November 2024, the MHMR organised the National Roma seminar for the first time in six years and an agreement on the seminar's conclusions was reached only in June 2025. The National Roma Contact Person has limited capacity, and there is lack of political will and poor coordination among the institutions in implementing Roma policies.

In November 2024, the Ministry of Justice appointed a court interpreter for the Romani language for the first time.

In 2024, the MHMR supported 33 NGO projects with EUR 500 000 in funding to improve the position of Roma and Egyptians in Montenegro.

In a mid-term report published on 20 June 2025, the Committee of Experts of the European Charter for Regional or Minority Languages welcomed several policy steps taken by the Montenegrin authorities. However, the Committee expressed its regret that the recommendations in the sixth evaluation report of 2023 were not implemented. These recommendations included integrating Romani into formal education, tackling the lack of qualified teachers and introducing Romani as an official language in at least one local self-government unit. The Committee recommends stepping up efforts to promote the Romani language in Montenegro, in cooperation with those who speak it.

#### Refugees and internally displaced persons

From 7 November 2009 to 7 July 2025, there were 15 277 requests for permanent or temporary residence. Of these, 15 268 requests were resolved, and nine cases are pending. A total of 12 430 people received permanent or temporary residence of up to three years, 338 requests were refused, and 2 500 cases were suspended due to incomplete or duplicated requests.

Since the entry into force of the new Law on foreigners in 2018 and its amendments in June 2025, 11 people were recognised as stateless, out of 42 submitting a request. Montenegro has yet to adopt amendments to the Law on foreigners to strengthen the procedure to determine statelessness, procedural guarantees and rights during the procedure and when stateless status is recognised.

#### Citizenship rights

Montenegro will have to align its legislative framework with the EU *acquis* on EU citizenship rights ahead of accession. This should include carrying out an analysis of the alignment and implementation needs arising from Directive 2004/38/EC across all policy areas affected.

In 2024, the Ministry of Internal Affairs issued 1 282 decisions on granting Montenegrin citizenship in line with the provisions of the investor citizenship scheme (385 for applicants and 899 for family members). The applications had been submitted before the expiry of the scheme on 31 December 2022. 21 applications are still being processed. To ensure compliance with EU law, Montenegro should repeal the legal basis allowing for the (re)development of an investor citizenship scheme. Such schemes breach the EU law and pose risks related to security, money laundering, tax evasion, terrorist financing, corruption and infiltration by organised crime.

### **2.2.2 Chapter 24: Justice, freedom and security**

*The EU has common rules for border and migration management, visa policy, and asylum. Schengen cooperation entails the lifting of border controls inside the EU. There is also cooperation in the fight against serious and organised crime and terrorism, and judicial, police and customs cooperation, all with the support of the EU Justice and Home Affairs agencies.*

#### **Fight against serious and organised crime**

The legal framework on serious and organised crime is largely aligned with the EU *acquis*. The capacity to fight against serious and organised crime is broadly satisfactory.

#### Legal alignment, strategic and institutional frameworks

In November 2024, the Ministry of Interior adopted the strategy for the fight against transnational organised crime 2024-2027.

In September 2024, the government adopted the mid-term review for 2022-2024 of the serious and organised crime threat assessment (SOCTA). The review identified 11 high-risk organised crime groups (OCGs) in Montenegro whose dominant criminal activity is cocaine smuggling at international level. The SOCTA underlined the use of severe forms of violence in criminal activities and the use of corruption through OCGs' infiltration of law enforcement and the intelligence-security sector. The related security risk has further increased due to ineffective court proceedings, which result in the release of a significant number of members of OCGs accused of organising and directly committing serious crimes.

In line with the EU Directive on the exchange of information between the law enforcement authorities of Member States, in April 2025, the police administration set up the International Operational Room 24/7 single point of contact (SPOC). This is a 'one-stop shop' for national and international police cooperation, bringing together the country's international police cooperation bureaux, as well as all criminal police, analysis and intelligence contact points.

The Police Department of Internal control and the Ministry of Interior's anti-corruption unit have overlapping competences and both should be urgently reorganised. Further efforts need to be made to combat corruption in law enforcement agencies. The Special Investigative Measure (SIM) division of the Police Directorate should be reorganised to improve efficiency and effectiveness and reduce risks of leaking information. The SIM should also be fully equipped with the necessary technical equipment (such as software for investigative analysis, microphones and cameras) to support its investigative activities

The Director of Police as well as most of the departmental directors of the police currently hold their positions in an acting capacity, which affects the stability and sustainability of police action and increases risks of political interference. In September 2024, Parliament adopted amendments to the Law on internal affairs concerning the recruitment of police officers without any public consultation or participation of NGOs. Following the adoption of these amendments, a recruitment campaign for 815 police officers was launched in 2025 by the Ministry of Interior. Montenegro needs to ensure that the ongoing recruitment campaign is merit-based. Procedural safeguards against undue political interference in law enforcement authorities must also be put in place. In July, amendments to Law on internal affairs concerning disciplinary proceedings and integrity checks were submitted to Parliament and subsequently withdrawn following pressure from civil society.

In December 2024, the government adopted a new rulebook on the internal organisation and systematisation of job positions of the Ministry of the Interior and the Police Directorate. One key innovation is that the Special Police Unit (SPU) will receive the status of a special department separated from the Crime Fighting Sector. Following the European Commission's recommendations, this will give the SPU a greater level of autonomy since it is the strongest operational service in the security sector and works on the most complex cases under the jurisdiction of the Special State Prosecutor's Office (SSPO). Furthermore, the number of planned positions in the SPU increased from 50 to 60. However, in August, only 33 positions were filled. The condition of the SSPO and SPU's offices are well below the minimum required by European standards, preventing those institutions from performing their duties effectively, efficiently and independently.

In 2024, the Asset Recovery Office (ARO) processed 46 foreign requests to identify property in Montenegro acquired through criminal activity, involving checks of 242 natural persons and 10 legal entities. The ARO needs to be strengthened with additional human resources, currently within the International Police Cooperation Group (in which the ARO is embedded), out of six officers foreseen for ARO-related duties, only one officer has been assigned. Montenegro needs complete the alignment of its legal framework with the EU *acquis* on asset recovery.

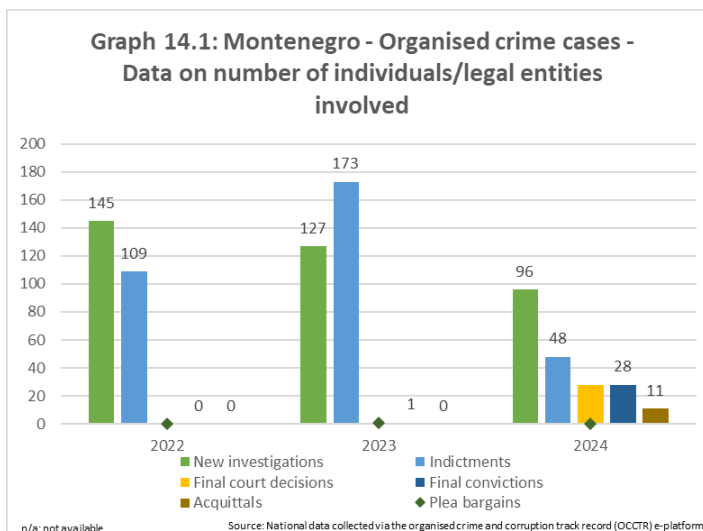
The new strategy to combat **trafficking in human beings** for 2025-2028 and its 2025 action plan was prepared following the forming of a working group by the Ministry of Interior in December 2024

Following the mass shooting in Cetinje in January 2025 and in line with last year's recommendations, the Ministry of Interior actively worked, with the involvement of all stakeholders, on amending the Law on weapons to align it with the EU *acquis*. The draft law on weapons is currently being finalised following an extensive public consultation.

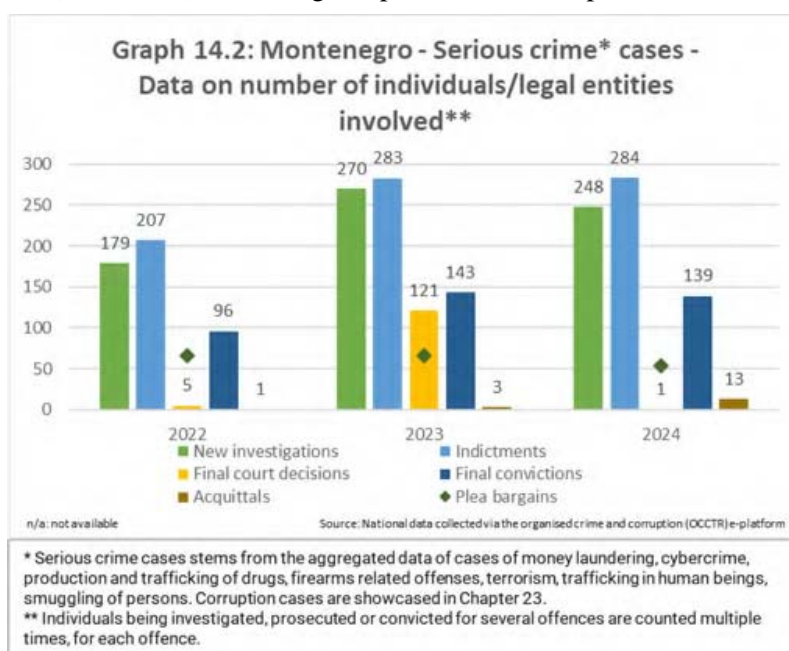
On child sexual abuse online and offline, the legal framework should be amended to align with the Directive on combating the sexual abuse and sexual exploitation of children and child pornography.

#### Implementation and enforcement capacity

In 2024, the High Court in Podgorica had a total of 106 (cases pending against 769 defendants (713 individuals and 56 legal entities). The number of final convictions in organised crime cases is the on rise, highlighting more proactive and successful investigations and prosecutions. However, the track record needs to be further improved, particularly regarding crimes such as tobacco smuggling, cybercrime stand-alone money laundering offences and trafficking in human beings.



The number of cases of **asset freezing and asset seizures** has slightly increased; however, the track record on final confiscation of assets remains limited and needs to be strengthened. The courts issued temporary security measures in nine cases (17 in 2023), including the prohibition of disposal and use of real estate properties. The courts also issued orders to banks to suspend suspicious transactions on the accounts of individuals and legal entities, for a total of approximately EUR 150 000. Additionally, despite the increase in the number of financial investigations opened, the number of confiscations remained low. Montenegro needs to address the problem of its incomplete land cadastre, which hampers financial investigations and the confiscation of assets and ensure all confiscation tools available are being used.



Montenegro continued its good cooperation with Europol and the EU Agency for Law Enforcement Training (CEPOL) and participated in 76 operational actions of the European Multidisciplinary Platform Against Criminal Threats (EMPACT), including three as co-leader To foster further alignment with EMPACT, Montenegro is encouraged to benefit from its access to the EMPACT Support Network (ESN) established by CEPOL. Montenegro is recommended to take advantage of its access to CEPOL's training portfolio and integrate the gained knowledge and competencies into the national law enforcement training system.

On **money laundering**, the SSPO launched investigations in 10 cases (five in 2023), eight of which followed notifications of suspicious transactions received by the Financial Intelligence Unit involving 17 individuals. The High Court of Podgorica finalised three cases, two acquittals and one conviction

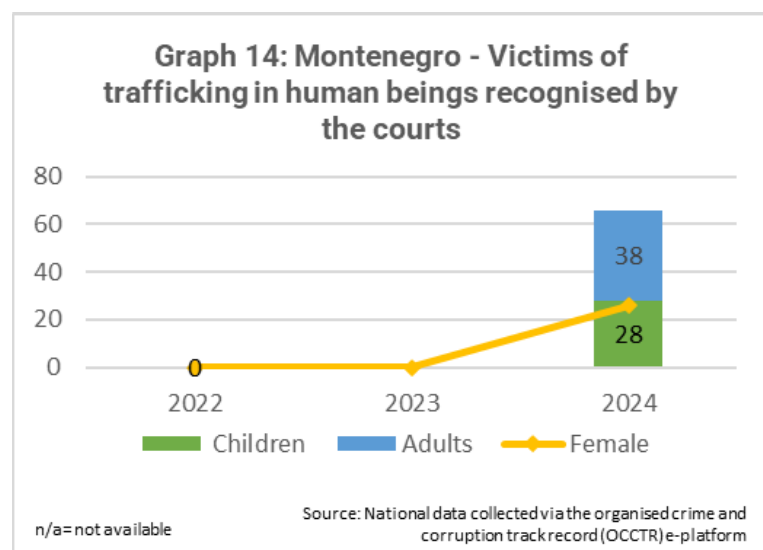
through a plea agreement, and real estate assets valued at approximately EUR 8 million were permanently confiscated. Montenegro needs to improve its track record of investigations, prosecution and convictions of stand-alone money laundering offences.

On **tobacco smuggling**, the total number of cigarette packs smuggled across customs was 442 192, resulting in a financial loss of EUR 442 270 096 for the Montenegrin budget. The Basic State Prosecutor's Offices filed 25 criminal charges (21 in 2023) against 25 individuals (39 in 2023). In total, approximately 1 707kg of cut tobacco worth EUR 93 392 was seized.

In November 2024, the Customs Administration completed the inventory of the confiscated cigarettes stored in the Free Zone of the Port of Bar with the support of the United Kingdom's HM Revenue and Customs authority. Between June and September, the destruction of the confiscated cigarettes was completed with approximately 1.7 million kilograms of seized tobacco being destroyed.

Progress continued in the reporting period in improving the fight against and prevention of **cybercrime** and. Members of the Group for Suppression of High-Tech Crime carried out a prevention-focused investigative operation to identify victims of child sexual exploitation. The members of the group also carried out a series of lectures for pupils to raise awareness of cybersecurity.

In 2024, the track record of prosecutions and convictions for **trafficking in human beings** continued to improve. The court made two final decisions in which the defendants were convicted, for exploitation of forced marriage and for begging and again exploitation of forced marriage and sentenced to imprisonment. In October 2024, at the initiative of the Supreme Court and the Ministry of the Interior, informational material on access to free legal aid was created in five languages and distributed to all relevant institutions. The Judicial Training Centre started developing specialised training on trafficking in human beings to increase lawyers' capacity to provide legal aid to victims.



The multidisciplinary victim identification team, which is in charge of identifying, referring and providing initial assistance to victims, identified 28 victims in 2024 (2023: 18).

Montenegro currently has two licensed shelters for victims of trafficking in human beings: one for women and one for children. The provision of accommodation for trafficking victims must be expanded, particularly to include male victims, as already recommended in the past years.

On **firearms**, in 2024 a total of 879 firearms, 62 194 rounds of ammunition of various calibres, and 17 711 pieces of mines and explosive devices were seized. This is a stark increase compared to the previous year.

Police officers receive specialised training on cases of gender-based violence. Currently, seven police stations are equipped with dedicated rooms for interviewing victims of gender-based and domestic violence.

### Cooperation in the field of drugs

The legal framework for cooperation in the field of drugs needs to be improved.

#### Legal alignment, strategic and institutional frameworks

In December 2024, after a prolonged period with no strategic framework since the expiry of the previous strategy in 2020, the government adopted the national drugs strategy 2024-2027. The strategy was prepared in line with the EU Drugs Strategy 2021-2025. In October 2024, Montenegro signed a working arrangement with the European Union Drugs Agency (EUDA).

The National Drug Observatory is operational with three full-time staff. It cooperates well with national health and security institutions. Its involvement in the activities of EUDA is satisfactory. The national early warning system is operational and has been associated to the EU’s system.

Implementation and enforcement capacity

Montenegro continued to be a transit country for drugs as a part of the Balkan route.

Montenegro has not addressed its insufficient storage capacity for seized drugs and has yet to make legislative changes to only keep a sample of drugs as evidence for court proceedings. Progress was made on the destruction of seized drugs through an operation in June 2025, which destroyed approximately 2 941 kg of narcotics from the deposit of the High Court in Podgorica. The previous destruction operation from the Court’s deposit was carried out in 2022.

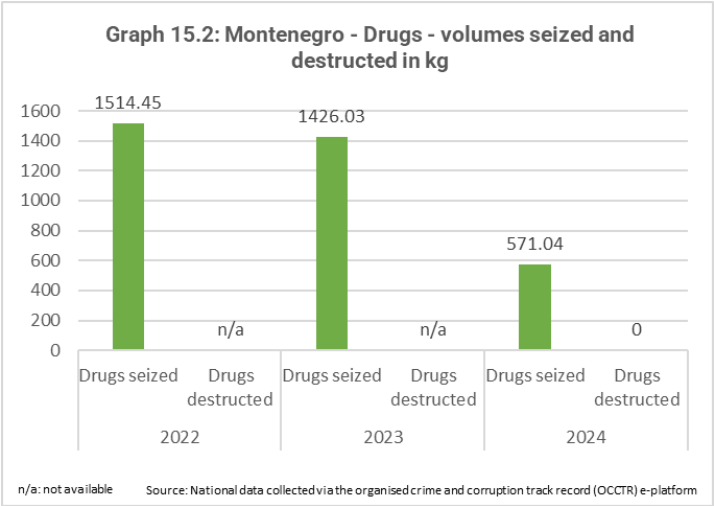
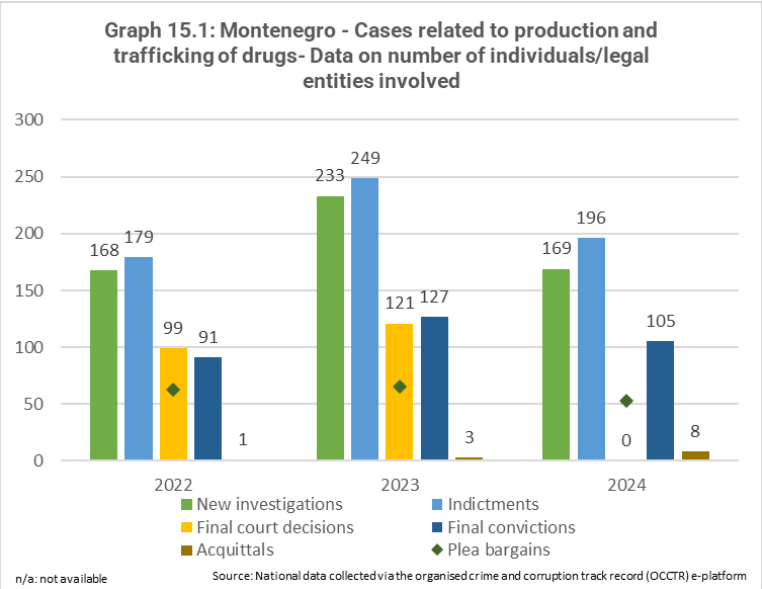
Montenegro has sufficient operational capacity to actively engage in international police cooperation on drugs-related cases, including via Europol and INTERPOL.

Throughout the reporting period, the Police Administration carried out lectures across primary and secondary schools to raise awareness of the harmful effects of taking drugs. Efforts are underway to involve more municipalities in the funding of ‘Kakaricka Gora’, the public institution for rehabilitation and resocialisation of persons who use drugs through the signing of cooperation agreements (now in place with two municipalities: Cetinje and Danilovgrad) through which local governments financially support the treatment of patients.

**Fight against terrorism and prevention of radicalisation and violent extremism**

The legal framework for the fight against terrorism is largely aligned with the EU *acquis*. The fight against terrorism is broadly satisfactory.

Montenegro’s legal framework for countering violent extremism is largely aligned with the EU *acquis*. The countering of violent extremism is broadly satisfactory.





The legal framework for critical infrastructure protection and the resilience of critical entities is not aligned with the EU *acquis*. The protection of critical infrastructure and the resilience of critical entities need to be improved.

Legal alignment, strategic and institutional frameworks

In 2024, Montenegro continued to implement measures set out in the Joint Action Plan on Counter-Terrorism for the Western Balkans. In October 2024, Montenegro received assistance from the EU Radicalisation Awareness Network (RAN) to draft its new National Strategy on the Prevention and Suppression of Radicalisation and Violent Extremism [. A growing concern is the increasing presence of right-wing extremist content online, along with hate speech and disinformation. This has been further intensified by Russia’s war of aggression against Ukraine and the ongoing conflict in Gaza.

In December 2024, the government appointed the fourth National Coordinator for Counter-Terrorism in three years. The Coordinator is in charge of the National Operational Team (NOT) for the prevention and suppression of radicalisation, violent extremism, terrorism, money laundering and terrorism financing. Activities to set up a fully functional Passenger Information Unit continued. A working group appointed by the NOT prepared the final draft of the Agreement with state authorities on the use of passenger data in air traffic.

Implementation and enforcement capacity

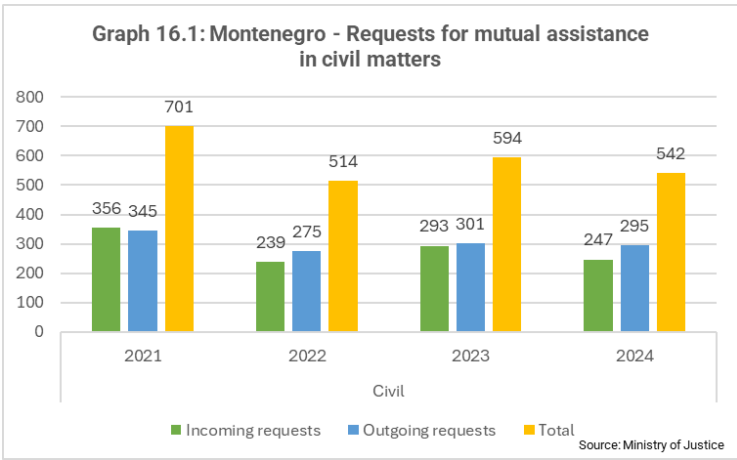
In 2024, no individual was convicted for a terrorism offence in Montenegro. The country needs to create a network of local focal points for the prevention of violent extremism in local municipalities; preparation in this regard has started in Bijelo Polje. In June, the National Security Agency, in cooperation with the police, prevented the establishment of a radical Islamist network in Montenegro. The operation led to the expulsion of a citizen of Bosnia and Herzegovina who was attempting to set up a parallel religious structure in Plav, outside the framework of the official Islamic Community of Montenegro.

In 2024, implementation was limited to the two National Strategies on Prevention of Terrorism, Money Laundering and Terrorism Financing 2022-2025 and on Prevention and Suppression of Radicalisation and Violent Extremism 2020-2024 and their action plans. Montenegro is in the process of drafting its new national strategies.

Montenegro continued its good cooperation with Europol on foreign terrorist fighters. In 2024, the number of messages exchanged with foreign counterterrorism units through Europol’s Secure Information Exchange Network Application (SIENA) communication link rose to 525 (2023: 480).

No action is currently being taken to repatriate the 14 Montenegrin foreign terrorist fighters and family members reported to be in Syria and Iraq.

**Judicial cooperation in civil and criminal matters**



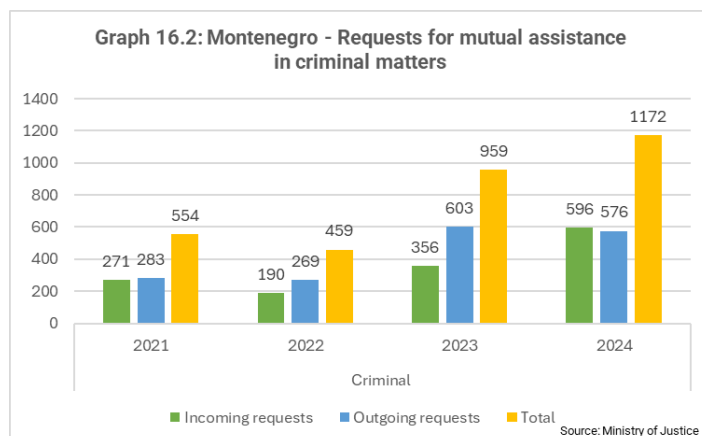
Judicial cooperation in civil and criminal matters is satisfactory.

The legal framework for judicial cooperation in civil and criminal matters is largely aligned with the EU *acquis* to the extent that alignment is already possible.

In October 2024, Parliament adopted the Law on the ratification of the 2019 Hague Convention on the recognition and enforcement of foreign court judgments in civil and commercial matters. This Convention will enter

into force on 1 March 2026.

Cooperation between Montenegro and the EU Agency for Criminal Justice Cooperation (Eurojust) continued with the country being involved between 1 March 2024 - 31 July 2025 in 41 new cases at Eurojust, most related to organised crime, drug trafficking and money laundering; half (20) of these cases were opened at the request of Montenegro's Liaison Prosecutor. To date, Montenegro has not been part of any joint investigation teams with an EU Member State. In September 2022, the European Public Prosecutor's Office (EPPO) and the SSPO signed a working arrangement. Montenegro should further improve the speed and efficiency of international judicial cooperation by increasing its use of judicial cooperation instruments, such as joint investigations teams and direct court-to-court cooperation. Montenegro needs to expedite the processing of judicial cooperation requests, particularly mutual legal assistance in criminal matters, through the application of the European Convention on Mutual Legal Assistance and its additional protocols. Furthermore, Montenegro should focus on ensuring that its authorities, which are competent to deal with matters of judicial cooperation, including in the field of criminal asset recovery, have the necessary resources to deal with foreign requests quickly and effectively.



### Legal and irregular migration

The legal framework for the management of legal and irregular migration is partially aligned with the EU *acquis*.

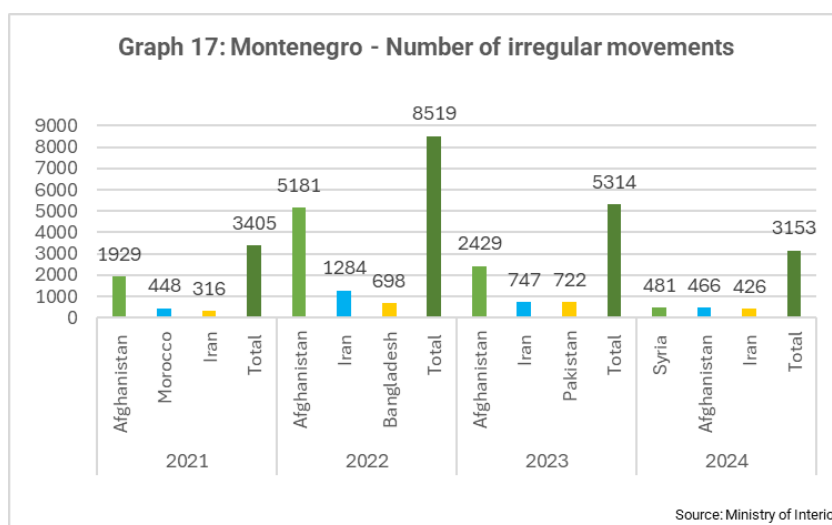
The management of legal and irregular migration is broadly satisfactory.

#### Legal alignment, strategic and institutional frameworks

Montenegro is currently implementing its 2021-2025 strategy on migration and reintegration of returnees to further align its legislation with the EU *acquis*. The strategy focuses on key areas such as legal migration, asylum, prevention of irregular migration, readmission, return, integration, internally displaced persons and statelessness.

#### Implementation and enforcement capacity

In 2024, 3 153 migrants were apprehended crossing the borders illegally, a 40% decline compared with 2023 (5 314). The majority of these migrants registered an intention to seek asylum and were provided with accommodation and healthcare at the two reception centres. In addition, 141 migrants were held in detention in the Centre for Foreigners (2023: 83).



In 2024, there was a large increase in the number of arrivals of unaccompanied minors (195 registered).

Montenegro must ensure the adequate application of standard operating procedures for the treatment



of unaccompanied minors, particularly in terms of accommodation and individual assessment by social workers.

In October 2024, the Montenegrin police successfully dismantled a migrant smuggling network and arrested 13 migrant smugglers. These smugglers were suspected of being part of a criminal organisation that trafficked 352 people from countries, including Pakistan, Bangladesh, Nepal and Syria, into Montenegro. In December 2024, the Specialised Operational Team for Dismantling Networks of Migrant Smuggling was set up in the Police Directorate.

In 2024, a new migratory route opened in the north of Montenegro (Rožaje), with migrants arriving in Montenegro from either Kosovo or Serbia. A working group was created to put in place a system for identifying and registering migrants that is similar to the Eurodac system in line with the Master Plan developed by Frontex. Equipment for the electronic identification and registration of foreigners who express their intention to apply for international protection is now operational at two border police premises in Božaj and Pljevlja. Montenegro must continue to strengthen its technical and human capacities across the new migratory route.

The **readmission agreement with the EU** continued to be implemented. As of 2024, Montenegro had implementing protocols with 15 EU Member States further facilitating its implementation. Montenegro continues ensuring good cooperation in responding to readmission requests. Reintegration assistance is available for Montenegrin returnees.

Montenegro additionally has a bilateral readmission agreement with Croatia and 11 **readmission agreements with non-EU countries**, including all five Western Balkan countries and Türkiye. However, it has no formal agreement nor administrative arrangement with the main countries of origin of migrants arriving in Montenegro. In 2024, 184 people were readmitted from Montenegro to neighbouring countries, mainly to Kosovo (2023: 70). Readmissions of non-EU nationals from neighbouring countries to Montenegro continued to decline, with 35 readmissions in 2024 (2023: 50). In 2024, 82 voluntary returns from Montenegro were carried out (2023: 31). The border police carried out 40 returns to neighbouring countries, and the International Organization for Migration carried out 42 returns to countries of origins, primarily Russia, Azerbaijan and Türkiye.

In 2024, Montenegro started discussions with some third countries of main origin of migrants coming to Montenegro (Bangladesh, Pakistan, and Nepal) to draft labour mobility agreements, which could include a return component.

Montenegro should ensure that legal pathways developed towards third country nationals prevent irregular secondary movements to the EU.

Montenegro continues to take part in the Global Alliance to Counter Migrant Smuggling and is invited to renew its engagement at the occasion of the Global Alliance's second conference scheduled to take place end of 2025.

## **Asylum**

The legal framework on asylum is largely aligned with the EU *acquis*.

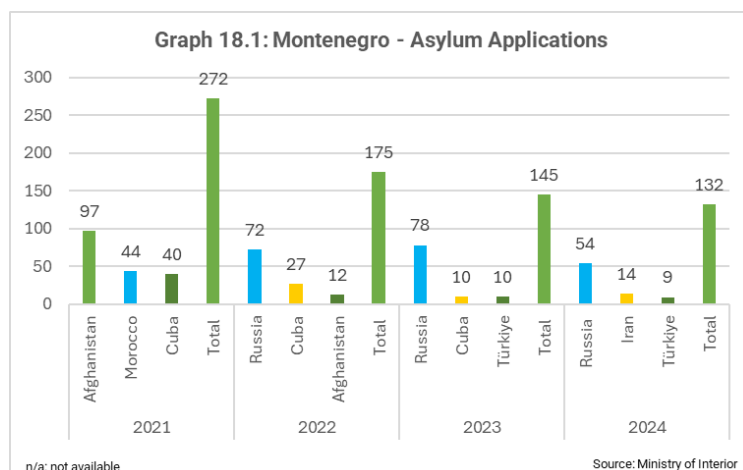
The management of asylum is broadly satisfactory.

### Legal alignment, strategic and institutional frameworks

Cooperation with the EU Agency for Asylum was strengthened in March with the signature of the Second Joint Roadmap for Cooperation (2024-2027). Cooperation with the EU Agency for Asylum is very good and continued to reinforce Montenegro's overall asylum system.

The Directorate General for Administrative Affairs, Citizenship and Foreigners underwent a reorganisation, and a new Director was appointed. Although the Directorate for Asylum continued to increase its staffing capacity in 2024, four vacant positions have still not been filled.

### Implementation and enforcement capacity



In 2024, 2 970 people registered an intention to request asylum (2023: 4 973), reflecting a downward trend in irregular entries. 132 individuals ended up lodging a formal asylum claim. In November 2024, the Administrative Court handed down a decision on an administrative dispute in asylum proceedings for the first time.

In 2024, the Directorate for Asylum continued to reduce the backlog of asylum applications. Decisions are routinely made within six months

except in complex cases, where a 21-month deadline applies. Few decisions have been overturned at second instance in recent years, reflecting an improvement in the quality of the determination process.

In 2024, the number of asylum seekers accommodated in Montenegro's reception centres was 1 745, decreasing from 3 093 in 2023. Montenegro has two reception centres with a total capacity of 164 beds, and their operating costs are covered by the state budget. In 2024, the government allocated a budget for improvements to the Spuz centre, and the Ministry of Interior formally requested that the reconstruction of the Božaj centre be recognised as a multi-year activity within its 2025 Budget Law.

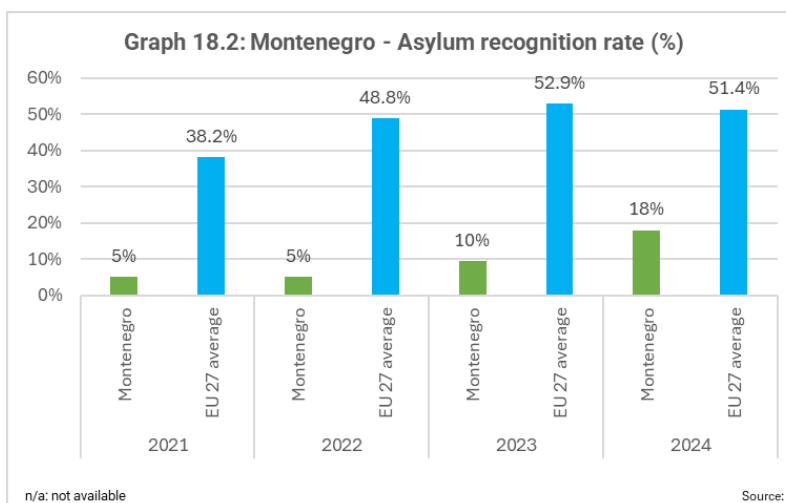
In the region, Montenegro continued to be the country hosting the largest number of Ukrainian nationals under temporary protection, having fled Russia's war of aggression, in both absolute figures and relative to its population. In March 2025, the decision to grant temporary protection was extended by one year until March 2026 in line with the EU.

Montenegro continued to provide Ukrainians under temporary protection with access to health services and accommodation that exceeds minimum EU standards. However, Montenegro still largely relies on ad hoc solutions for those under international protection. Administrative barriers hinder access to healthcare for temporary protection holders. To mitigate these barriers, several pieces of implementing legislation still need to be adopted, and the Law on health insurance needs to be amended.

### Visa policy

Montenegro's visa policy is not fully aligned with the EU's, in particular the list of countries whose nationals require a visa to enter the EU. Montenegro's list of visa-free countries continues to differ from the EU's by nine countries.

Of the nine countries on the EU's list of visa-required countries, Montenegro has exempted eight from visa requirements on a permanent basis (Azerbaijan, Bahrain, Belarus, China, Qatar, Russia, Saudi Arabia and Türkiye). In addition, one country has a seasonal visa waiver to enter Montenegro for tourism purposes between March and October (Kazakhstan).



In December 2024, Montenegro added Bahrain and Saudi Arabia (previously subject to seasonal exemptions) to its permanently exempt list. In February 2025, Montenegro adopted a decision on seasonal visa waivers for the tourist season from 1 March to 1 November and reinstated Uzbekistan, which had been removed from the list in 2024. In February 2025, following the EU's decision to add the country to its visa-required list, Montenegro removed visa waivers for citizens of Vanuatu. After the regression on visa policy alignment at the start of the year, in October 2025, Montenegro abolished the visa-free regime with Kuwait, Egypt, Armenia, and Uzbekistan (effective as of 29 October).

Full alignment with the EU's list of visa-required countries is a closing benchmark requirement under Chapter 24. Montenegro should continue making progress and enhance efforts on aligning its visa policy as a matter of urgency. Furthermore, it should address seasonal visa waivers, which are incompatible with EU visa *acquis*. It should also implement visa procedures in line with Schengen standards, including by collecting biometric data as part of the examination of visa requests and by implementing targeted security measures, such as a screening of visa-exempted arrivals.

In 2024, 1282 individuals were granted Montenegrin citizenship through pending applications of the investor citizenship scheme which ended on 31 December 2022. Of these individuals, citizenship was granted to citizens of the Russian Federation (709) to citizens of Belarus (42) and to citizens of Saudi Arabia (29). Montenegro should perform the necessary security checks while analysing the remaining applications for citizenships under the provisions of the investor citizenship scheme and ensure that the citizenship granted via that scheme to persons subject to international restrictive measures is revoked.

### **Schengen governance and external borders**

The legislative and strategic framework for the management of external borders is largely aligned with the EU *acquis*. The management of borders is broadly satisfactory.

#### Legal alignment, strategic and institutional frameworks

Implementation of the Schengen *acquis* is currently supported by the Schengen Action Plan adopted in 2017. However, Montenegro has not yet formally appointed a national Schengen Coordinator.

Given the need to reinforce and establish solid foundation for the Schengen system, the Schengen Action Plan is currently under revision process, with the aim of developing a robust national Schengen governance system, as the existing plan only partially defines such framework and of strengthening Montenegro's capacity and capabilities to ensure the effective and timely implementation of all Schengen requirements, including those related to border management and fight against cross-border crime.

In April 2025, the government adopted the Integrated Border Management Strategy for 2025-2028, along with an action plan for 2025-2026.

In December 2024, Parliament adopted the Law on the ratification of the Agreement between Montenegro and the European Union on operational activities conducted by European Border and Coast Guard Agency (Frontex) in the country. The EU-Montenegro status agreement entered into force on 1 March. As of September, there were 87 Frontex-deployed officers in Montenegro stationed at the country's borders with Albania, Croatia, Kosovo and Serbia as well as its airports in Podgorica, Tivat and Bar. The renewal of the Police Directorate's working arrangement with Frontex is ongoing.

#### Implementation and enforcement capacity

In 2024, 956 out of 1 508 posts (63%) in the Border Police Sector were filled. This is the sector's lowest staffing level since it was set up. To reduce this gap, 249 border police officers are planned to be recruited under the police's public recruitment call launched in January.

In 2024, Montenegro conducted 719 joint border patrols with neighbouring countries (2023: 647), and in April 2025, a new shared border crossing point between Montenegro and Bosnia and Herzegovina was opened in Zupci.

Montenegro is working on putting in place an electronic surveillance system on Lake Skadar and the Bojana River. Video surveillance systems are currently available at 14 border crossing points.

Montenegro's border management equipment continued to be upgraded in line with the Schengen Action Plan. However, the country remained heavily reliant on support from the EU and other donors, both for securing funds to purchase equipment and for the acquisition process.

The Border Police Sector intensified cooperation with Frontex via Joint Operation Montenegro 2025 with nearly 90 officers deployed by Frontex currently stationed at the country's borders with Albania, Croatia, Kosovo and Serbia as well as its airports in Podgorica, Tivat and Bar. The border police strengthened its collaboration with the prosecution office and the criminal police, leading to the opening of several new Europol SIENA cases, including on people smuggling.

#### **Euro counterfeiting (criminal law aspect)**

The legislation on the suppression of counterfeit currency is largely aligned with the EU *acquis*. In 2024, the State Prosecutor's Office filed charges against eight individuals for the criminal offence of counterfeiting money. Indictments were filed and confirmed against four individuals, and 14 indictments were pending before the court, out of which five individuals were convicted.

## **2.3 ECONOMIC CRITERIA**

<i>Table 19:</i>	<b>2016-21</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Montenegro - Key economic figures</b>	average			
<b>GDP per capita</b> (% of EU-27 in PPS) <sup>1)</sup>	46	48	52	54
<b>Real GDP growth</b>	2.3	7.7	6.5	3.2
<b>Activity rate of the population aged 15-64</b> (%), total	63.1	67.7	71.7	72.6
<i>female</i>	56.2	61.4	66.3	66.4
<i>male</i>	70.0	73.9	77.0	78.6
<b>Unemployment rate of the population aged 15-64</b> (%), total	16.7	15.1	13.4	11.6
<i>female</i>	16.8	13.1	14.3	12.4
<i>male</i>	16.7	16.6	12.6	11.0
<b>Employment of the population aged 15-64</b> (annual growth %)	-0.6	17.2	10.5	2.9
<b>Nominal wages</b> (annual growth %)	1.5	11.2	11.8	9.7
<b>Consumer price index</b> (annual growth %)	1.3	11.9	8.7	3.6
<b>Exchange rate against EUR</b>	1.0	1.0	1.0	1.0
<b>Current account balance</b> (% of GDP)	-16.5	-12.9	-11.2	-17.1
<b>Net foreign direct investment, FDI</b> (% of GDP)	9.5	13.2	6.1	6.4
<b>General government balance</b> (% of GDP)	-4.6	-4.2	0.6	-3.2
<b>General government debt</b> (% of GDP)	77.1	70.8	59.3	61.3
<i>Notes:</i>				
<i>1) Eurostat</i>				
<i>Sources: MONSTAT, Central Bank of Montenegro, Ministry of Finance and Eurostat</i>				

### **2.3.1. The existence of a functioning market economy**

#### Economic governance

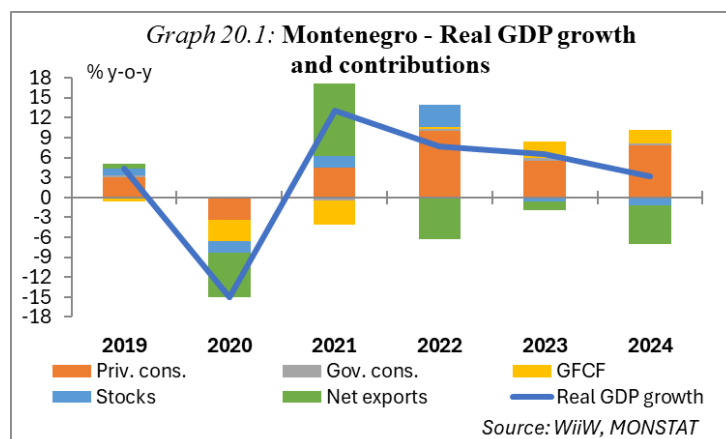
**The government adopted a new fiscal strategy and the Europe Now 2 Programme.** The main element of the fiscal strategy is the reduction of the labour tax wedge, resulting in a sizeable revenue loss that is only partially offset by compensatory measures. The Europe Now 2 Programme, adopted in

September 2024 and effective since October 2024, introduced two major changes: (i) a significant increase in minimum wages, from EUR 450 to either EUR 600 or EUR 800 a month, depending on the level of education; and (ii) changes to pension contributions. Employee contributions to the Pension and Disability Insurance Fund were reduced from 15% to 10%, and employer contributions (5.5%) were abolished. The resulting fiscal impact is mitigated by introducing a third VAT rate (including for tourism, accommodation services and catering).

**Policy guidance set out in the conclusions of the Economic and Financial Dialogue with the EU of May 2024 was partially implemented.** Progress was made in improving financial supervision and meeting the revised budget target, but the fiscal strategy does not anticipate compliance with the numerical rules for the general government deficit (3% of GDP) and debt (60% of GDP) in 2025-2027. The Fiscal Council has not been set up yet, and structural reforms aiming to improve SOE governance have only been partially implemented.

There were some political setbacks that affected adherence to the principles of central bank independence, including to the country's commitments under the economic fundamentals and Chapter 17 of the accession negotiations (economic and monetary policy). The appointments of two central bank vice-governors have been pending since September 2024, with Parliament rejecting the candidates proposed by the governor in May 2025 without any explanation. The appointments of four members to the Central Bank Governing Board have also been significantly delayed. Montenegro needs to ensure a transparent selection of the Board's members, including vice-governors, based on candidates' skills and in compliance with the central bank law.

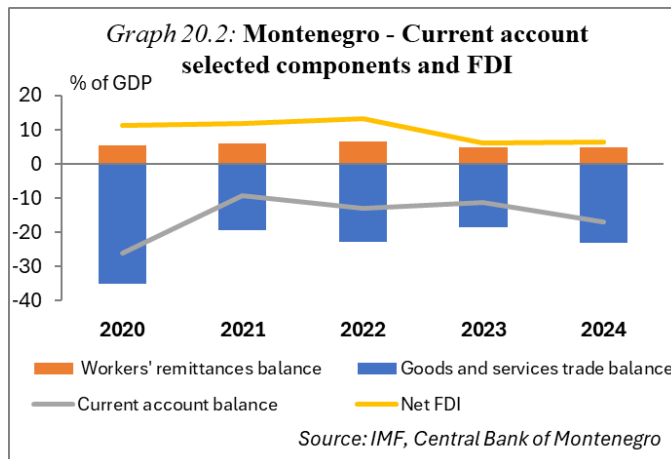
#### Macroeconomic stability



**Following a strong expansion in 2022-2023, economic growth decelerated due to a weak performance of exports.** GDP growth stood at 3.2% in 2024 and at 3.1% y-o-y in the first half of 2025, down from 6.5% in 2023. Economic expansion was mainly driven by recovering investment and private consumption, underpinned by growing disposable income and credit. Further support came from government consumption. The performance of exports was

disappointing due to a contraction in goods exports, while the growth in tourism-related services decelerated sharply after strong increases in previous years. Overall, the contribution of net exports to GDP growth was negative. Montenegro's per capita GDP in purchasing power standards stood at 54% of the EU-27 average in 2024 compared with 52% in 2023 and 44% in 2020.

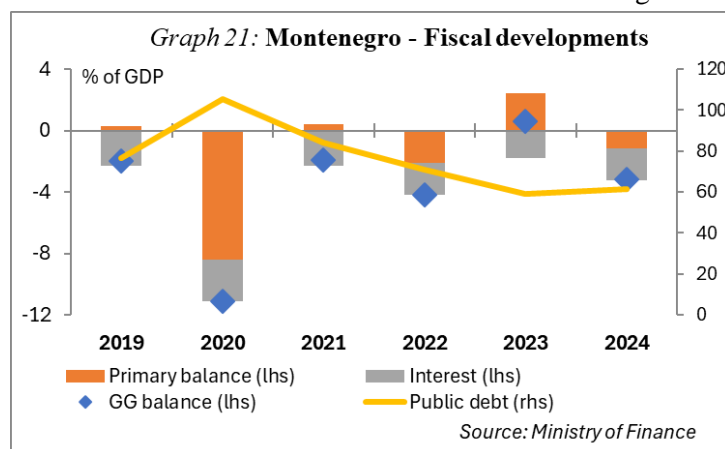
**External imbalances widened over the reporting period.** The current account deficit increased from 11.4% of GDP in 2023 to 17.1% in 2024 and further to 17.7% in the second quarter of 2025, owing to a contraction in exports. The decline in exports was broad-based, with services and merchandise exports contracting by 3% and 8% in 2024, respectively. The fall in merchandise exports was caused by unfavourable weather conditions and weak exports of electricity. The secondary income surplus declined to 5.6% of GDP in 2024 due to lower remittances. The primary



income balance turned negative, at 0.3% of GDP, due to higher dividend payments. Less than half of the current account deficit was financed by net foreign direct investment (FDI) inflows, with the remainder covered by new debt.<sup>5</sup> Net FDI inflows, with a substantial share going to real estate, increased slightly from 6.3% in 2023 to 6.4% of GDP in 2024, due to a combination of higher inflows of equity investment and inter-company debt and lower outflows. In Q2 2025 net FDI inflows declined slightly to 6.1% of GDP<sup>6</sup> while international reserves stood at EUR 1.5 billion in Q2 2025, equivalent to 3.5 months of imports of goods and services. In Q2 2025 net FDI inflows declined slightly to 6.1% of GDP<sup>7</sup> while international reserves stood at EUR 1.5 billion in in Q2 2025, equivalent to 3.5 months of imports of goods and services.

**Average inflation declined to 3.6% in 2024 on the back of lower import prices, while domestic price pressures persisted.** Year-on-year Inflation reached the lowest point of 1.4% in September 2024 but reaccelerated to 4.6% in August 2025. The reduction in headline inflation in 2024 took place on the back of lower prices for food and energy, while core inflation hovered around 5%.

**The 2024 budget recorded a deficit in line with the revised target, while the budget balance is set to deteriorate somewhat in 2025.** The 2024 budget deficit stood at 3.2% of GDP<sup>8</sup>, which is a



a substantial deterioration compared with the small surplus seen in 2023. The deterioration is mainly explained by a large increase in public spending (18%). This included: (i) a 23% rise in social transfers driven by a hike in the minimum pension<sup>9</sup>; (ii) a 26% surge in capital spending; and (iii) a 16% increase in transfers to institutions, including for health, as well as a 40% decrease in one-off revenues. Parliament adopted the 2025 budget law with a delay in February 2025. It projects the budget deficit to rise to

3.5% of GDP, driven by the full implementation of the Europe Now 2 Programme for the whole year. In January-July, the budget deficit stood at 1.2% of projected GDP compared to a surplus of 0.6% of GDP in the same period of 2024.

**Recent measures weakening the revenue base and raising current spending, coupled with large upcoming repayment needs, point to significant fiscal vulnerabilities.** At the end of 2024, the public debt ratio increased to 61.3% of GDP, up from 60.3% of GDP a year earlier. The increase was partially driven by borrowing to accumulate reserves for the Eurobond repayment due in 2025<sup>10</sup>. Debt rollover needs, including of Eurobonds, are particularly substantial in 2025 and 2027, amounting to 10.3% and 11.1% of GDP, respectively<sup>11</sup>. The Medium-Term Debt Management Strategy for 2025-2027, adopted at the end of 2024, aims (i) to secure sufficient financing for debt repayment and fiscal buffers for 2025 and 2026 by issuing bonds on foreign and domestic markets, (ii) extend the debt

<sup>5</sup> Errors and omissions stood at 1.3% of GDP in 2024.

<sup>6</sup> The four-quarter moving net FDI.

<sup>7</sup> The four-quarter moving net FDI.

<sup>8</sup> The general government budget deficit stood at 3.2% of GDP in 2024, which is slightly better than the target of 3.3% adopted in the revised budget in September.

<sup>9</sup> The government increased the minimum pension by 52% to EUR 450 from 2024 onwards.

<sup>10</sup> In autumn 2024, the authorities also secured an EUR 180 million loan facility provided by the World Bank, the French development agency (AFD) and the OPEC Development Fund.

<sup>11</sup>

The surge in 2025 (EUR 821 million) is driven by a maturing Eurobond (EUR 500 million), and the peak in 2027 (EUR 972 million) is due to the repayment of a Eurobond issued in 2020 (EUR 750 million).

maturity, (iii) smoothen its repayment profile and (iv) avoid peaks in every two years<sup>12</sup>. In March 2025, Montenegro made progress in meeting financing needs by selling a record-high EUR 850 million Eurobond (around 10.7% of projected GDP in 2025) with a seven-year maturity and an interest rate of 4.875%. The public debt to GDP ratio increased to 61% in Q2 2025. Montenegro also plans to issue a first retail bond of around EUR 50 million, tapping into the large deposit base held by banks and yielding low interest rates. To stabilise the debt ratio below 60% of GDP as prescribed by the fiscal rule, additional measures might be needed, which would offset adverse fiscal dynamics resulting from high mandatory spending and a narrow revenue base, which was further weakened by cuts in pension contributions.

**Fiscal policy is the main tool to manage aggregate demand and support disinflation in Montenegro's 'euroised' economy.** Newly adopted policy measures weakened the fiscal position, and they do not ensure compliance with the fiscal rules or the building of fiscal buffers that would strengthen the economy's resilience to adverse shocks.

#### Functioning of product markets

##### *Business environment*

**Work on improving the regulatory business environment continued.** In March 2024, the Competitiveness Council adopted an Action Plan aiming to eliminate 11 key barriers to business. Following this, a technical secretariat was tasked in December to revise the Action Plan and align it with the timelines in the Reform Agenda. The revised document focuses on four action areas: (i) suppressing the grey economy; (ii) improving the business environment; (iii) advancing legislative work; and (iv) making the public administration more efficient. However, progress so far is slow, with just 4 out of 37 of the plan's activities completed. In July 2025, Montenegro adopted the Law on companies and the Law on registration of business and other entities, which introduced fully electronic procedures for company registration, improved legal certainty and the overall business environment. A new e-government portal was launched in December 2024 and is expected to serve as a central access point for public administration services. However, consolidating digital services into a single e-government portal and improving interoperability and data exchange among institutions remains a challenge. The integration of all public registers into the Unified System of Electronic Data Exchange has yet to be completed.

**Progress in tackling the informal economy remains slow and harms Montenegro's competitiveness.** Undeclared work is particularly harmful to small and medium-sized enterprises (SMEs) and microenterprises in the services sector that operate legally. It is driven by shortcomings in the institutional and regulatory environment, weaknesses in the labour market, insufficient enforcement capacity of public authorities, corruption and tax non-compliance. In January 2025, the government adopted political guidance and support to help implement the Action Plan for eliminating the informal economy. This plan aims to strengthen institutional coordination and trust between public and private sectors and provide support to the monitoring committee.

##### *State influence on product markets*

**Although the government continued to apply measures to contain price increases, ensuring State aid is transparent and efficient remains a challenge.** The government extended a price cap programme in cooperation with the country's largest supermarket chains, which was launched in March 2024, to mid-May 2025. This effort aims to contain surging prices for staple food items (such as flour, sugar, oil and salt) and support domestic producers. In December 2024, the Agency for Protection of Competition (APC) issued a decision on unlawful State aid to Montenegro Airlines, which should be repaid. While Montenegro made progress in ensuring the transparency of State aid decisions, further work is needed to raise more awareness of State aid rules among aid grantors and increase the number of APC staff.

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<sup>12</sup> Montenegro has more large debt repayments in 2029 and 2031.



## *Privatisation and restructuring*

**The privatisation of state-owned enterprises (SOEs) has not made progress, but some steps were taken to improve SOE governance and profitability.** In February 2025, the Ministry of Finance set up an updated register of national and local SOEs, aiming to collect data, help monitor SOEs and report on the related fiscal risks. Based on the analysis of SOE legal and regulatory frameworks, the government prepared draft laws on the governance of state-owned enterprises, and state ownership policy. Improving SOE governance is a major feature of Montenegro's Reform Agenda. The ambition is to boost SOEs' financial performance by transforming their management structures and eliminating political patronage.

### Functioning of the financial market

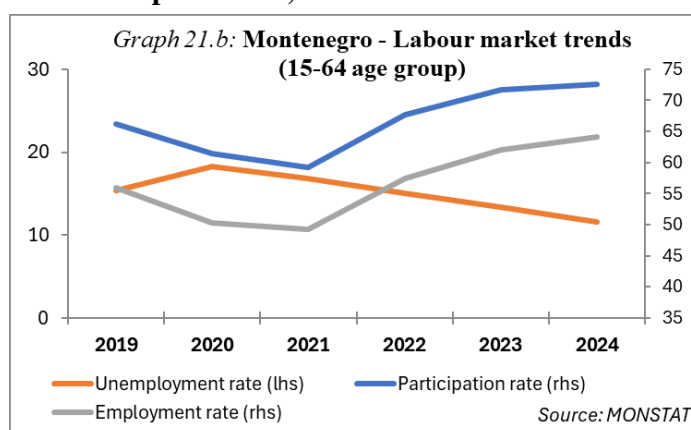
**The banking system remained well-capitalised, liquid and profitable in 2024 and the first half of 2025.** Banks continued to fund themselves mainly through domestic deposits, although deposit growth decelerated significantly to 3.4% in 2024, down from 15.1% in 2023. In the first half of 2025 deposit growth pick-ed up to some 6% y-o-y. The returns on assets and on equity declined from 2.8% and 19% in Q4-2024 to 2.2% and 15.2%, in Q2-2025, respectively. The non-performing loan ratio continued declining from 4.0% at the end of 2024 to 2.9% in Q2-2025, compared with 5% in 2023. The capital adequacy ratio of the banking sector (regulatory capital to risk-weighted assets) was stable around 19.5% from Q4-2024 to Q2-2025. As a precautionary measure to ensure financial stability, the Central Bank of Montenegro requires banks to keep capital buffers between 3.4% and 3.9% of the total risk exposure amount.

Following the adoption of the Law on the development bank in October 2024, the Investment Development Fund of Montenegro was officially transformed into the Development Bank of Montenegro in December. The law is not aligned with several EU legal acts in the field of banking, regulation of credit institutions and payments and raises strong concerns about the law's compliance with EU competition and State aid rules.

**Credit activity continued to grow despite higher lending rates.** Credit growth accelerated to 13.3% in 2024 and further to some 15% y-o-y in the first half of 2025, up from 10.8% in 2023. Compared with 6.1% in early 2024, borrowing costs, measured by nominal weighted average lending rate, increased to 6.5% by the end of 2024 and moderated to 6.3% in July 2025. The nominal weighted average rate on deposits stood at only 0.26% over this period. The large spread between lending and deposit rates supported the increased profitability of the banking sector in 2024.

### Functioning of the labour market

**Economic growth supported further labour market improvement, but structural labour market challenges persisted.** According to the labour force survey, the average unemployment rate fell from 13.4% in 2023 to 11.6% in 2024 and further to 10.7% in Q2 2025. The number of people in employment increased by 2.9%, bringing the employment rate to 64.2% in 2024. In Q2 2025 the employment rate climbed to 65.7%. The average net wage, supported by the cut in pension contributions, rose by 24.3% year-on-year to EUR 1 012 at the end of 2024. During 2025 the net average wage remained roughly stable, reaching EUR 1 014 in July. Regional disparities persisted in 2024, with the unemployment rate varying from 2% in the coastal region to 8.4% in the centre and 25.7% in the poorer northern region. The gender gap also persisted with the activity rate of women (68.4%) significantly below that of men (78.7%) in Q2 2025. Other major structural challenges to be tackled are youth unemployment (aged 15-24), which rose from 23.3% in 2023 to 26% in 2024 and 31.3% in Q2 2025, and long-term unemployment,



with 74.5% of all unemployed people having been looking for a job for more than 12 months in 2024, which declined to 64% in Q2 2025. Ongoing reform efforts aimed at improving administrative capacities and the digitalisation of the Employment Agency (EA) are expected to result in more targeted and effective employment activation measures. There was some progress in digitalising the EA's services, which led to the launch of the pilot phase of the Youth Guarantee in three municipalities.

### **2.3.2. The capacity to cope with competitive pressure and market forces within the EU**

#### Education and innovation

**The quality of education and skills mismatches in the vocational education and training system are still long-standing challenges.** In April 2025, the government adopted a comprehensive multiannual education sector strategy (2025-2035) aiming to improve the alignment of educational outcomes with the market's needs.

**A newly opened technology park is expected to strengthen the national innovation system.** The Science and Technology Park of Montenegro was opened in mid-2024, aiming to facilitate the commercialisation of research and boost cooperation between business and academia. The links between academia, research institutes and business are weak, with research staff mostly working for the government or in the higher education sector. The Innovation Fund continued to play a vital role in implementing the national innovation policy through managing seven innovation support programmes in 2024. These programmes aim to encourage cooperation between the private sector and research institutions in developing innovative projects and products.

#### Physical capital and quality of infrastructure

**Some progress was made in improving energy infrastructure.** While the use of renewable energy sources is high, there is a lack of diversification of renewable sources and insufficient focus on environmental standards in energy infrastructure projects. Electricity production mainly relies on hydropower, accounting for more than 40% of electricity production in 2024. To advance diversification, the national electric power company started to run two solar projects in June 2025 and started building a new wind-power plant in November 2024. Montenegro is planning for the thermal (lignite) power plant in Pljevlja to remain in service until 2041. This is vital for security of supply and the stability of the country's power system, but the plant remains the main polluter. The Pljevlja plant produced around 40% of Montenegro's electricity in 2024, but it was temporarily closed for renovation and ecological upgrades in spring 2025. The national energy and climate plan has yet to be adopted.

**Investment in digital infrastructure continued over the reporting period.** In December 2024, the government adopted a decision to establish the Cybersecurity Agency and started initial work. The 5G spectrum had been activated in all municipalities as of the end of 2024, covering more than 90% of the population with a 5G network signal. Despite the integration of various government systems and portals into the centralised e-government portal, there was no noticeable improvement in the quality and the number of e-services available as of the end of 2023.

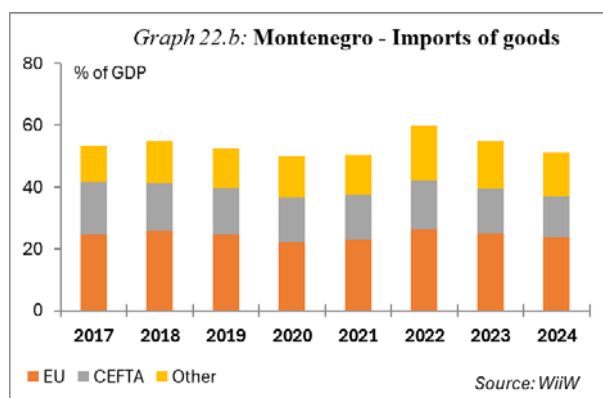
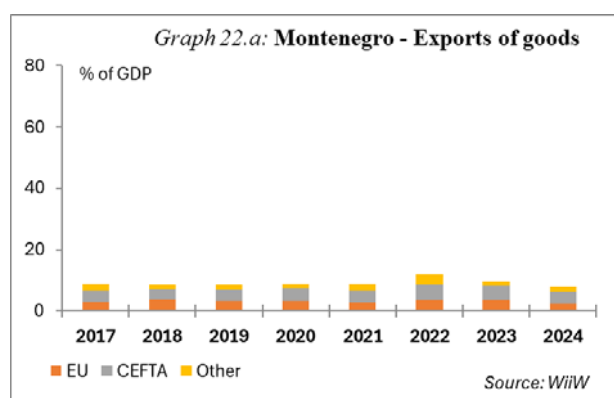
**Modernising the transport sector requires a strategic approach and close partnership with the EU.** In July Montenegro adopted the Law on railways, which establishes an independent Railway Agency and meets the EU standards for market opening and fair competition in the rail sector. After significant delays, the EU-funded update to the feasibility study of the Bar-Boljare highway was completed in November 2024. Improving road transport connections, in particular the corridor linking the major port of Bar to Boljare at the border with Serbia, is a national priority for Montenegro. Following the relaunch of a technically updated tender, which includes European Bank for Reconstruction and Development (EBRD) and EU financing (EUR 500 million), 5 consortia, from 10 bids submitted, were selected to progress to the second round of the tender for the design and construction of the Matesevo–Andrijevisa highway section. Work on upgrading the Bar-Vrbnica railway, the EU-funded core network corridor, continued despite significant delays during the reporting period, indicating a limited absorption and management capacity of the country's

administrative bodies. The procedure for the concession award for the country's two main airports (in Podgorica and Tivat) is not yet finalised, pending an appeal by one of the two bidders.

### Sectoral and enterprise structure

**The structure of the economy remains dominated by the services sector.** Micro, small and medium enterprises (MSMEs) accounted for nearly 53% of total employees in 2024. The share of microenterprises stood unchanged at 95% of all MSMEs. Across sectors, the distribution of employment remained broadly stable in 2024: the services sector accounted for 76.6% of total employment, while the shares for industry and construction (19%) and agriculture (4.3%) were much lower. The share of agriculture and industry in gross value added<sup>13</sup> continued to decline to 6.5% and 10.9% in 2024, down from 9.1% and 13.5% in 2020, respectively. The share of services rose to 78.8%, up from 70% in 2020.

### Economic integration with the EU and price competitiveness



**Import growth drove the increase in merchandise trade amid weak exports.** Montenegro's foreign trade in nominal terms expanded by 4.5% year-on-year, with exports of goods shrinking by 7% and imports increasing by 6.7% in 2024. The export base therefore remained very narrow. Despite a small decline of 1.7% in bilateral trade with the EU, the EU remained Montenegro's main trading partner, accounting for 30% and 46% of merchandise exports and imports, respectively. The share of Central European Free Trade Agreement (CEFTA) countries was also substantial, accounting for 48% and 26% of Montenegro's total exports and imports of goods, respectively. The EU is also the main source of FDI inflows, accounting for 28% of total FDI inflows in 2024, followed by Serbia, Russia and Türkiye.

## **2.4. PUBLIC PROCUREMENT, STATISTICS AND FINANCIAL CONTROL**

### **Chapter 5: Public procurement**

*EU rules ensure that public procurement of goods, services and works in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.*

#### Institutional set-up and legal alignment

The **legal framework** on public procurement is aligned with the EU *acquis*, the Law on public procurement including a specific chapter on defence and security procurements. The Law on public-private partnership and Law on concessions are aligned with Directive 2014/23/EU, while clear limitation of the two legislations should be maintained.

The Agreement on Cooperation in Tourism and Real Estate Development with the United Arab Emirates (UAE), concluded in March 2025, states that any contracts, programmes and agreements with investors from UAE are exempted from legislation of both countries on public procurement. Montenegro must ensure that the implementation of this and other, similar agreements does not

<sup>13</sup> Eurostat data.

contravene or circumvent the EU *acquis* on public procurement. The way the agreement will be interpreted, applied and implemented will need to be managed carefully, and will be closely monitored by the EU.

#### Implementation and enforcement capacity

The **public procurement market** represented 11.38% of GDP in 2024 from 9.87% in 2023.

The administrative capacity in the area of public procurement is adequate and remains stable. Trainings and courses for procurement officers are organised systematically.

In February 2025, the Ministry of Finance adopted the Code of Ethics in Public Procurement, based on national and EU legislation. The Code promotes the principles of good governance, professionalism, transparency and accountability in the management of public funds.

Regarding **prevention of corruption** in public procurement, progress has taken place on the framework on integrity and conflict of interest in public procurement. Further improvements to the electronic procurement system were implemented in 2024 and 2025 to reinforce monitoring mechanisms and prevent corruption. Montenegro needs to amend the Law on public procurement and the Law on prevention of corruption, reinforcing definitions of corruption and fraud in public procurement, strengthening corrective mechanisms, direct misdemeanour liability, budgetary inspection controls and linking the relevant provisions of the two laws.

#### Efficient remedy system

Appeal procedures are in line with EU standards and practice. There are no significant delays in treating and resolving complaints and the remedy system works efficiently.

### **Chapter 18: Statistics**

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, accessibility and statistical confidentiality. Common rules are in place for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU *acquis* on statistics.*

The legal framework for **statistical infrastructure** remains broadly in line with the European standards and integrates the principles of the European Statistics Code of Practice. In March 2025, Parliament amended the Law on official statistics and the official statistics system. The law provides for the transfer of responsibility for government finance statistics (GFS) from the Ministry of Finance to the Statistical Office of Montenegro (MONSTAT). On operational level, MONSTAT, the Ministry of Finance and the Central Bank need to finalise a trilateral memorandum to enable the production of GFS and start producing them immediately, in line with the requirements of the European System of Accounts (ESA) 2010.

The lack of proper premises for MONSTAT remains a serious issue, without any viable solution in sight. The number of employees remains at about 60% of the number of posts envisaged in the organisation chart. The number of staff dealing with important areas of statistics, such as GFS, is still not sufficient and significantly impacts on MONSTAT's ability to produce statistics required by the EU *acquis*.

In the area of **macroeconomic statistics**, and implementation of ESA 2010, Montenegro needs to achieve significant progress, both in terms of quality and completeness. Regular production of GFS data is still not in place and excessive deficit procedure (EDP) tables submitted to Eurostat are incomplete.

On **social statistics**, the final results of the census of population, households, and dwellings were published in October 2024. Demographic statistics became highly compliant with the EU *acquis*. In the field of **agriculture statistics**, the agricultural census was implemented in December 2024 and its

preliminary results were published in February 2025. On **price statistics**, the harmonised index of consumer prices is now highly compliant with the *acquis*.

There were no relevant developments on **classifications and registers**, **business and trade statistics**, as well as **transport and energy statistics**. In some areas, such as short-term business statistics, compliance with the EU *acquis* decreased.

## Chapter 32: Financial control

*The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.*

### Public internal financial control

Montenegro's strategic framework for **public internal financial control (PIFC)** is in place. The government has adopted an annual report in the public sector on PIFC and on public financial management in June and the new action plan on public finance management foreseeing corrective measures for a credible reform direction on PIFC.

The legislative and operational framework for internal control and internal audit is in place. However, in order to better enforce various aspects on **financial management and control system** in the public sector, a new draft Law on governance, internal control and internal audit in the public sector was adopted in June and further secondary legislation was developed, such as a new internal audit methodology and rulebook on governance and internal control in public sector. Those should improve relevant components of the implementation of the PIFC standards line with the new global internal audit standards in order to increase internal audit productivity, coverage and implementation of audit recommendations enabling improvements of internal control systems in risk areas. Despite the regulatory framework on **managerial accountability** and improvement through the most recent draft law, the overall delegation of decision-making authority to appropriate level of management is applied only in 56% of line ministries. Further improvement is expected through corrective measures based on an analysis conducted by the Central Harmonisation Unit (CHU) [*see for more public administration reform section*]. Further progress is noted on risk management, as 94% of budget users identified and assessed strategic and operational risks. There is need to clearly delineate roles and responsibility between the budget inspection and internal audit functions to safeguard overlaps and that budget inspection does not hinder improvement of PIFC in the public sector.

The **CHU** promoted strengthening of internal audit and financial management and control systems within SOEs, and its capacities have been improved.

**Internal audit** practices showed improvement, supported by consistent planning, reporting, and internal quality assurance processes including on state-owned enterprises (SOEs) aligning with the latest international internal audit standards. Additionally, CHU prepared an analysis on PIFC in SOEs and identification of recommendations for corrective measures. Nevertheless, the implementation rate of internal audit recommendations remains to be improved, and internal audit departments need to close the gap on administrative capacities. Capacity building within the CHU has improved.

### External audit

The legislative framework on **external audit** is in place and in line with international standards. However, its financial and operational independence needs to be better ensured in practice. Parliament has yet to adopt the President of the Senate of the State Audit Institution (SAI) (vacant since July 2022). When it comes to **parliamentary scrutiny**, more parliamentary engagement is needed in supporting the uptake of SAI recommendations from public administration. Some efforts were undertaken in this regard as Parliament adopted a conclusion requiring the government to implement SAI's recommendations. However their uptake across the public administration remains low and constrained only to 30% implementation rate. The **SAI staffing capacities** remain weak and should be strengthened.



### Protection of the EU's financial interests

Montenegro has harmonised the amendments to the Criminal Code with EU *acquis* on fight against fraud to the EU's financial interests by means of criminal law (PIF Directive), which have been adopted in October. Additionally, it has adopted a new national anti-fraud strategy 2025-2027 in July. The Anti-Fraud Coordination Service continues to strengthen its knowledge and skills through training activities. In 2024, Montenegro reported 14 irregularities through the Irregularities Management System. The Anti-Fraud Coordination Service continues to strengthen its knowledge and skills through EU-funded training activities.

### Protection of the Euro against counterfeiting

Montenegrin legislation on the protection of the euro against counterfeiting is fully aligned with EU regulations.

## **3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION**

Good neighbourly relations and regional cooperation form an essential part of Montenegro's European integration process. They contribute to stability, reconciliation and a climate conducive to addressing open bilateral issues and the legacies of the past.

Montenegro maintained its engagement in a number of **regional cooperation initiatives**, such as the Central European Free Trade Agreement (CEFTA), the Energy Community, the Transport Community, the South-East European Cooperation Process (SEECP) and the Regional Cooperation Council (RCC). Montenegro also actively participates in initiatives such as the Central European Initiative (CEI), the Regional Initiative for Migration, Asylum and Refugees (MARRI), and the Centre for Security Cooperation (RACVIAC). In April 2025, Montenegro joined the Three Seas Initiative as an associate member, with full membership to follow upon accession to the EU.

In October 2024, Montenegro hosted the Brdo-Brijuni Summit in Tivat, gathering heads of states of the Western Balkans six, Slovenia and Croatia. At the end of October, the EU-Western Balkans Justice and Home Affairs Ministerial Forum took place in Budva, convening Ministers of Justice and Interior of the region.

The fifth annual **EU-Western Balkans Summit** took place in Brussels in December 2024, reaffirming the EU membership perspective of the Western Balkans and pursuing the new momentum for deepening cooperation and further advancing gradual integration. Montenegro actively engaged in the regional dimension of the **Growth Plan for the Western Balkans**, participating in both ministerial and leaders' meetings, and attended the Growth Plan Summit in Skopje in June 2025.

On the **Common Regional Market (CRM)**, at the Berlin process summit in London in October 2025, the leaders of the region endorsed a revised and streamlined action plan to implement the Green Agenda for the Western Balkans, adopted a Western Balkans Climate Adaptation Roadmap and committed to make progress in the promotion of regional mobility and implementation of relevant regional agreements and CEFTA decisions. . Montenegro signed the fifth mobility agreement on access to higher education and admission to studies in the Western Balkans and adopted the CRM action plan for 2025-2028. Montenegro has ratified all of the five regional mobility agreements. The **roadmap for roaming** between the Western Balkans and the EU entered the first phase of implementation. Implementation of the twelve major decisions were agreed by the Central European Free Trade Agreement (CEFTA) Joint Committee in October 2024, following an agreement between CEFTA members that allowed decision making in the organisation to be unblocked.

The Commission on Missing Persons of Montenegro continued cooperating with neighbouring countries under bilateral cooperation protocols. There are 51 active cases of missing persons who are Montenegrin citizens or whose families reside in Montenegro.

Montenegro generally maintains good bilateral relations with other enlargement countries in the region and with neighbouring EU Member States.

Relations with **Albania** remained good. With occasional high-level visits, the countries continued work to improve and strengthen bilateral cooperation in fields of mutual interest.

Relations with **Bosnia and Herzegovina** remained good overall. Presidential-level discussions were held on strengthening economic ties and regional cooperation. The Zupci–Sitnica joint border crossing on the Trebinje–Herceg Novi route was officially opened. Occasional developments in *Republika Srpska* have sparked strong reactions from high-level Montenegrin officials.

Relations with **Kosovo**<sup>\*</sup> remained good, with several ministerial-level consultations, confirming the common European and Euro-Atlantic perspective. However, there are occasional inter-party tensions within Montenegro's parliamentary majority. Montenegro supports Kosovo's independence and sovereignty.

Relations with **North Macedonia** remained good with no pending bilateral issues. High-level meetings between representatives of both countries took place during the reporting period, including in the context of the Growth Plan. Montenegro observed a day of mourning following the tragic event in Kocani.

Relations with **Serbia** are generally stable, albeit with occasional mutual accusations. High-level visits took place, and cooperation agreements were signed between the two countries.

Bilateral relations with **Türkiye** remained stable and included high-level visits with stated intentions to further develop bilateral cooperation, specifically on economic development.

Montenegro continued providing unequivocal support to **Ukraine** in light of Russia's war of aggression, including humanitarian and military aid. Montenegro participated in regional initiatives including the 2024 Ukraine – South-East Europe Summit and the first Ukraine – Southeast Europe Foreign Ministerial Meeting. The presidents of the two countries met.

Relations with the **Republic of Moldova** are good. Montenegro and Moldova maintain relations through the SEECP. Following a meeting at presidential level, a memorandum of cooperation on European integration and the accession process was signed in May 2025.

Relations with **Croatia** intensified through the ongoing dialogue to find solutions to outstanding bilateral issues. In addition to dialogue at ministerial level, several high-level visits and meetings also took place, including between the Prime Ministers in the margins of the Bled strategic forum.

Relations with **Italy** remained good and included presidential-level meetings, highlighting key areas for further cooperation.

#### 4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

##### CLUSTER 2: INTERNAL MARKET

This cluster covers: free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9) and consumer and health protection (Chapter 28).

##### Chapter 1: Free movement of goods

*The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these rules from creating unjustified barriers*

##### General principles

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<sup>\*</sup> 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 February 2025, the government adopted the 2025 EU Accession Programme (covering the period 2025-2026), as well as the Report on the implementation of obligations from the 2024 EU Accession Programme.

#### Non-harmonised areas

Montenegro continued to implement its action plan for compliance with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU) on the **prohibition of quantitative restrictions**.

#### Harmonised area: quality infrastructure

On **standardisation**, the Institute for Standardisation of Montenegro (ISME) continued to address the recommendations of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC) to ensure its full membership of these bodies. From June 2024 until April 2025, ISME published 1 059 Montenegrin standards aligned with EU standards.

Regarding **metrology**, since January 2023, Montenegro's Bureau of Metrology is a full member of the International Organization of Legal Metrology. Laboratories for temperature and pressure and for testing precious metal articles improved their capacity, both in terms of human resources and material resources.

The **Accreditation** Body of Montenegro (ATCG) accredited 41 conformity assessment bodies and terminated four accredited conformity assessment bodies. No new accreditations were granted during the reporting period. In November 2024, European cooperation for Accreditation (EA) carried out a peer review. Work is ongoing to address the identified non-conformities.

Montenegro has yet to align to the latest EU *acquis* on **market surveillance**. From July 2024 to February 2025, a total of 1 018 market surveillance inspections were carried out, during which 645 types of dangerous and non-compliant products were identified (a total of 17 870 items).

#### Harmonised area: sectoral legislation

Regarding '**new and global approach product legislation**', in September 2024 Montenegro adopted implementing legislation on toy safety and in February 2025 implementing legislation was adopted on construction products, ensuring partial alignment with the old EU *acquis*.

On **procedural measures**, there were no new developments to report.

Under the '**old approach product legislation**,' legislative work intensified aiming to align with the EU *acquis* on medicinal products for human use, on medicinal products for veterinary use and on pricing and reimbursement of pharmaceutical products. This however remains to be completed.

On **anti-corruption measures** under this chapter, the integrity plan of the Administration for Inspection Affairs (covering market surveillance) is in place.

### **Chapter 2: Freedom of movement for workers**

*Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.*

Regarding **access to the labour market**, there were no legislative developments in the reporting period. The government launched early preparations for developing legislative amendments that would revoke work and other restrictions for EU citizens. In 2024, the Ministry of interior issued a total of 38 019 permits for temporary residence and work. The government set at 28 988 the annual number of permits for temporary residence and work of foreigners in 2025.

On **European network of employment services (EURES)**, the adoption of the amendments to the Law on employment mediation and rights during unemployment in March 2025 created legislative precondition to proceed with digitisation of the Employment Agency of Montenegro (EAM) to ensure its future participation in EURES and interoperability of databases between the EAM and other state institutions. Further strengthening of administrative and technical capacities is necessary, along with additional IT system upgrades. In March 2025, Montenegro adopted the Law on voluntary pension

funds to enhance worker mobility by improving the acquisition and preservation of supplementary pension rights.

On the **bilateral coordination of social security systems**, Montenegro has agreements on social security in place with 16 EU Member States. Social insurance agreements are in place with 25 countries.

The **European Health Insurance Card (EHIC)** is recognised under the Law on compulsory health insurance but will only be introduced after EU accession. Montenegro should prepare a feasibility study on the impact of EHIC on its public finances by end of 2025.

### Chapter 3: Right of establishment and freedom to provide services

*EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.*

On the **right of establishment and freedom to provide cross-border services**, in July 2025, Parliament adopted amendments to the horizontal Law on services ensuring compliance with directive 2006/123/EC on Services. The mapping exercise on the state of play of the alignment of sectoral legislation with the Services Directive was completed and a satisfactory planning regarding completion of such alignment was outlined. Work is also ongoing to expand the interactivity of the Point of Single Contact, established in 2024, to allow online submission of requests.

On **postal services**, the national legislation is aligned with the Postal Services Directive and largely with the Regulation on cross border parcel delivery services. Work is ongoing to amend the Law on postal services to achieve full alignment with the regulation. There is one universal service provider and 34 other postal operators. The government successfully implemented key measures of the 2024-2025 Action Plan in the context of the new strategy for the Development of the Postal Services 2024-2028, including in areas related to the sustainability of the universal service and the development of new e-services. Montenegro should continue to ensure sufficient institutional capacity for monitoring of the postal market and enforcement of postal rules.

On **mutual recognition of professional qualifications**, Montenegro continued aligning with the Directive 2005/36/EC on the recognition of professional qualifications as amended, with a special focus on the minimum training requirements *acquis* concerning seven professions and over 55 medical and dental specialties benefiting from the automatic recognition in line with directive 2005/36/EC. To that end, in July 2025, Montenegro adopted a number of sectorial Laws and related rulebooks namely, the Law on healthcare protection, amendments to the veterinary Law and amendments to the Law on spatial planning and construction of structures facilities. Subsequent legislative amendments on healthcare were also adopted in October. Work is ongoing to align the study training programmes for five professions (doctors with basic medical training, dental practitioners, architects, general care nurses and pharmacists) with the Minimum Training Requirements of Directive 2005/36/EC. In May 2025, the government revised and adopted a new list of regulated professions: 129 professions are now regulated in Montenegro. Progress was registered revoking nationality requirements, and in July 2025, several Laws were amended and adopted to that end.

Montenegro should step up efforts to strengthen institutional capacity. This includes establishing the organisational structure and training the competent authorities handling the recognition of professional qualifications. By accession, Montenegro should ensure that a verification system or training models are in place to ensure that the necessary verification is made when assessing applications for recognition of midwives and veterinary surgeons from EU countries (under the general system of Directive 2005/36/EC) and when assessing applications from non-EU countries under national procedures. Efforts to ensure harmonisation with the minimum training requirements of all professions benefitting from automatic recognition should continue.

Montenegro is currently working on amendments to the Law on the recognition of professional qualifications for regulated professions to align with the proportionality test Directive.

## Chapter 4: Free movement of capital

*In the EU, capital and investments must be able to move without restriction, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.*

In the area of **capital movements and payments**, in March 2025, Parliament adopted amendments to the Law on ownership rights. The amendments prescribe that EU nationals, upon Montenegro's accession to the EU, should have the same property ownership rights as Montenegrin nationals, notably when purchasing real estate properties. However, restrictions remain in place on the acquisition of agricultural land by EEA nationals. In addition, some geographical restrictions remain in force in the Law on Voluntary Pension Funds.

In the area of **payments**, after having undertaken the necessary alignment with the *acquis*, Montenegro joined the geographical scope of the Single Euro Payments Area (SEPA) schemes in November 2024. The legal framework was further aligned with the EU *acquis* in February 2025, with the amendments to the Law on payment system. In October, Montenegro officially and operationally became part of SEPA.

In October 2024, Parliament adopted the Law on the development bank of Montenegro. The bank is entitled to provide payment transactions, even though it is not subject to the same legal obligations as credit institutions and not subject to the Montenegrin law on payments services. This is not compliant with the EU *acquis* and needs to be urgently amended.

In the area of **fight against money laundering and terrorism financing**, in February 2025 Parliament adopted amendments to the Law on prevention of money laundering and financing of terrorism, aiming to align it with Financial Action Task Force recommendations. Some discrepancies remain between the national legislation in force and the *acquis* (definition of terrorism financing, data protection and record retention periods, sanctions) that need yet to be addressed.

In 2024 and 2025, the CBCG strengthened controls of compliance with regulations in this field and imposed fines on 6 out of 11 banks operating in the country upon detected irregularities. In parallel, the Capital Market Authority developed guidelines for a risk-based approach and the creation of a risk analysis for money laundering and terrorism financing for capital market participants. The number of Suspicion Transaction Reports to FIU increased in 2024 by 41% in comparison to 2023, to 736.

## Chapter 6: Company law

*The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.*

In the area of **company law**, Montenegro adopted in July 2025, a new company Law and a Law on the registration of business and other entities –and related secondary legislation. Subsequent legislative amendments were adopted in October 2025. With these two new laws, Montenegro has thus aligned its national legislation with the core EU company law *acquis*, namely with the directives on certain aspects of company law (Directive 2017/1132), on the use of digital tools and processes (Directive 2019/1151), on cross-border conversions, mergers and divisions (Directive 2019/2121), on gender balance among directors of listed companies (Directive 2022/2381), and on the encouragement of long-term shareholder engagement (Directive 2017/828). In September 2025, Montenegro finalised and adopted the revised Corporate Governance Code. Montenegro should ensure that the national business register is technically ready to interconnect with the Business Registers Interconnection System (BRIS).

In the area of **company reporting**, in June 2025 Montenegro adopted amendments to the Law on capital markets aligning with the EU *acquis* on transparency requirements for listed companies, namely Directive 2004/109 and its complementing Directive 2007/14. Concerning accounting and auditing, in July 2025 Montenegro adopted the Law on accounting aligning with the accounting directive concerning financial reporting regime for micro and small companies, and dividend distribution and the directive 2011/2101 on country by country reporting. In July 2025, Montenegro

adopted the Law on auditing to align with the Directive on statutory audits of annual accounts and consolidated accounts, and partly with the audit Regulation on specific requirements regarding statutory audit of public-interest entities.

The capacity of both the Department for Audit Oversight, with two quality assurance inspectors, and the Department for Accounting, with two employees may require further strengthening in the coming period.

## Chapter 7: Intellectual property law

*The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, biotechnological inventions and pharmaceuticals, including supplementary protection certificates (SPCs), trade marks, designs, geographical indications (GIs), including craft and industrial GIs, as well as copyright and related rights.*

Significant progress was registered in all areas in this chapter, which was provisionally closed in December 2024. In the area of **copyright and related rights**, on 10 October 2024, Montenegro adopted further amendments to the Law on copyright and related rights to align with the Directive on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes, (SatCab II); and the Directive on copyright and related rights in the Digital Single Market. Training was also held regarding the implementation of the collective management of copyright and related rights law and the above-mentioned legislation.

When it comes to **industrial property rights**, in March 2025, Parliament adopted the Law on the ratification of the agreement on the application of Article 65 of the European Patent Convention (EPC). This agreement aims at reducing the costs related to the translation of European patents. In March 2025, Parliament adopted amendments to the Law on patents. This law, prepared in cooperation with the European Patent Office (EPO), provides the legal basis for concluding working agreements on search cooperation in the field of patents. In December 2024, the Ministry of Economic Development re-established fully functional online registers of industrial property rights. In May 2025, the government adopted the Action plan for 2025 for the implementation of IPR strategy 2023-2026, including the report on realisation of the Action plan for 2024.

On **enforcement**, in October 2024, Montenegro adopted the rulebook on internal organisation and systematisation of the Ministry of Economic Development, integrating the market inspection department within the Directorate for Internal Market and Competition, while ensuring work continuity. Enforcement records for 2024 show a minimal downward trend in the number of controls executed and the amount of fines imposed through misdemeanour orders compared to 2023. In December 2024, Parliament adopted amendments to the Criminal Code of Montenegro, providing for a clear distinction between criminal offences and misdemeanours regarding IP infringements, thereby creating an adequate legal framework for improving criminal enforcement. Training sessions on intellectual property including for police officers increased. Montenegro secured additional storage facilities in Podgorica for temporarily seized goods. Efforts should continue in strengthening administrative capacities by hiring additional personnel.

## Chapter 8: Competition policy

*EU rules protecting free competition include abuses of dominant positions, rules prohibiting concentrations which would significantly impede effective competition and antitrust rules prohibiting restrictive agreements between companies. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.*

In February 2025, the government adopted the action plan for the fulfilment of closing benchmarks in Chapter 8 competition policy. However, the steps to fulfil the benchmarks need to be urgently implemented in line with the government's ambition for the closure of the chapter.

### Antitrust and mergers

Although the **legislative framework** is broadly aligned with the EU *acquis* and the Stabilisation and Association Agreement, the government should intensify the work on the draft Law on protection of competition to ensure substantial further alignment, including on financial independence and powers of Agency for Protection of Competition (APC) (including ability to impose fines). The law must be adopted by parliament in the course of 2025 to enable further work on the closing benchmarks.

As regards the **institutional framework**, some progress was achieved through personnel restructuring. The APC recruited two more staff members in 2024, but Montenegro should still fill a significant number of the systemised positions, thus ensuring proper administrative capacity for enforcement. The APC's operational and financial capacity also needs to be strengthened. Limited cooperation with regulators is hampering the performance of the APC. The judiciary needs further awareness raising on competition matters.

As regards **implementation**, in 2024 the APC adopted two decisions prohibiting cartel practices and 79 decisions approving notified concentrations, most with extraterritorial effect. The APC reduced the number of decisions on individual exemptions over 2023-2024 – only three in 2023 and four in 2024 or 50% reduction as compared to 2022 (eight). Individual exemptions are not in conformity with EU competition rules but still present in the Montenegrin competition law.

The APC continued 2 sectoral analyses (retail and wholesale markets for food, beverages, and household hygiene products).

#### State aid

Montenegro needs to fully align its **legislative framework** with the EU *acquis*. A crucial step in this direction is the adoption of the new Law on State aid control in July 2025, which needs to be followed with the adoption of implementing legislation and rules for further aligning with the State aid *acquis*.

The Law on the Development Bank of Montenegro, adopted on 9 October 2024, aims to support access to finance for companies and entrepreneurs. However, the State guarantee of the bank's obligations may provide more favourable conditions for attracting deposits compared to commercial banks, raising concerns in relation to State aid rules. In addition, the lack of clear separation between promotional and commercial activities could affect competition.

On **implementation**, in 2024, the APC adopted 39 decisions and opinions in *ex ante* and *ex post* procedures.

In the reporting period, the APC continued ongoing investigations on potential unlawful State aid, including the agreement between the National Tourist Organisation of Montenegro and Montenegro Airlines; the financial support for the Bar-Boljare highway and to the national carrier 'ToMontenegro'. In December 2024, the APC started a formal investigation procedure on compatibility of aid granted to the economic entity 'Monteput'. The APC continued investigating a question of economic continuity between 'Montenegro Airlines' and 'ToMontenegro'. Montenegro still needs to bring final outcomes of the ongoing benchmark State aid investigations, including full recovery of unlawful aid (or exhaustion of legal means for recovery).

On the enforcement side, the APC issued a decision on unlawful State aid against the Elektroprivreda Crne Gore (EPCG). The EPCG appealed to the Administrative Court and the administrative dispute is ongoing.

The cooperation between APC and State aid grantors from public administration at central and local level intensified with the purpose of increasing State aid awareness and the number of notifications. Frequent consultations in between APC and central level grantors are organised as well as several workshops and seminars for grantors. However, public administration guidelines on systematic consultation with the APC when formulating new policies with a potential impact on competition or State aid are still missing.

The APC regularly participates in legislative processes to ensure the compliance of new legislation with State aid rules.



## Liberalisation

There are no significant developments in this area.

### **Chapter 9: Financial services**

*EU rules aim at ensuring fair competition among financial institutions, and the stability and integrity of financial markets, namely in the field of banking, insurance, supplementary pensions, investment services and securities. They include rules on authorisation, operation and supervision of these institutions.*

In the area of **banks and financial conglomerates**, in November 2024 Parliament adopted amendments to the Law on bank bankruptcy and liquidation and the Law on resolution of the credit institutions. In February 2025, Parliament adopted amendments to the Laws on credit institutions and on financial conglomerates. In July 2025, Parliament adopted amendments to the Law on bankruptcy and winding up of banks and numerous secondary legislation acts. These legal changes are aimed to align rules on capital requirements, bank recovery and resolution, and the supervision of financial conglomerates with the currently applicable EU standards.

In October 2024, Parliament adopted the Law on the development bank of Montenegro. The bank is thoroughly excluded from the EU-aligned Montenegrin banking legislation and will follow a less robust regulatory framework, including on prudential supervision, despite being able to take deposits and offer loans. The Law is not compliant with the EU *acquis* on banking and needs to be urgently amended.

In the area of **insurances and occupational pensions**, in February and March 2025, Parliament adopted the Laws on voluntary pension funds and on insurance, aimed at aligning Montenegrin legislation with current EU *acquis* in this area. In June 2025, Parliament also adopted amendments to the Law on compulsory traffic insurance.

Regarding **financial market infrastructure**, there were no relevant developments in the reporting period. Montenegro remains partially aligned with the relevant EU *acquis*.

On **securities markets and investment services**, in February 2025, Parliament adopted the Law on alternative investment funds and the Law on open investment funds with public offering, aimed at aligning Montenegrin legislation with current EU *acquis* in these areas. In June 2025, Parliament adopted amendments to the Law on capital markets. In July 2025, Parliament also adopted the Law on the recovery and resolution of investment firms and the Law on the issuance and supervision of covered bonds.

On **sustainable and digital finance**, in March 2025 Montenegro adopted the ‘Roadmap for the financial sector towards sustainable finance’. The document provides a structured approach to integrating environmental, social, and governance criteria into financial decision-making for all financial services providers.

### **Chapter 28: Consumer and health protection**

*EU rules protect consumers’ economic interests and in relation to product safety, dangerous imitations and liability for defective products. The EU also ensures high common standards for tobacco control, blood, tissues, cells and organs. The EU also has rules for upholding patients’ rights in cross-border healthcare and in preparing for and responding to serious cross-border health threats, including communicable diseases.*

## Consumer protection

On **horizontal aspects**, Montenegro continued to implement the recommendations of the EU peer review on consumer protection. Low levels of local governments activity on consumer protection remains a challenge. In February 2025, a Law on consumer credit was adopted, designed to be aligned with the EU *acquis*. In March 2025, the role of the Consumer Protection Council was strengthened through a government decision, allowing the Council to organise special working groups and bodies to

address specific issues and giving it authority to request data and reports from other competent authorities.

Concerning **enforcement and redress**, the composition of the Committee for out-of-court settlement of consumer disputes was improved. A total of 587 complaints were registered in the central consumer information system in 2024. Out of these, 276 were found to be justified and fully accepted, while 40 were partially accepted. In 192 cases, consumers were advised to seek judicial protection. In 30 cases, jurisdiction could not be determined, and in 31 cases, the consumer withdrew the complaint.

On **product safety** and consumer protection, national legislation needs to be further aligned with the EU *acquis*. (See also Chapter 1 on market surveillance.)

### Public health

In the area of **public health**, in December 2024, the government adopted the Strategy for Improving the Quality of Healthcare and Patient Safety for the period 2025–2028, along with the Action Plan for 2025-2026. On **e-Health**, in December 2024 the government adopted the 2024-2028 National Digital Health Development Strategy and 2024–2025 Action Plan to improve health data systems.

There were no developments on **tobacco control**. On **communicable diseases**, in December 2024, the Clinic for Infectious Diseases and Dermato-venerology was opened. The national immunisation strategy needs to be finalised and adopted. Initiatives were launched to increase the immunisation rate of children against measles, mumps, and rubella (MMR). On antimicrobial resistance (AMR), three workshops were held aimed at rationalising antibiotic use in hospitals.

On **blood, tissues, cells and organs**, the first public stem cell bank, established at the Blood Transfusion Institute of Montenegro, became operational in January 2025. Implementing legislation was adopted to further align with the EU *acquis* on **patients' rights in cross-border healthcare**. On **mental health**, in September 2024, the Clinic for Psychiatry was opened as part of the Clinical Centre of Montenegro. In May 2025, the Government adopted the Programme for the protection and improvement of mental health in Montenegro for the period 2025-2026 with an action plan for the same period.

Montenegro is yet to align with the new EU Regulation on Health Technology Assessment.

Regarding cancer, new equipment was purchased which removed the previous three-month waiting period for testing for HPV positive women. Regarding **drug abuse prevention**, in December 2024, the government adopted the Strategy for Drugs 2024-2027 with an Action Plan for 2024-2025. On **nutrition**, work is ongoing to finalise the Programme of measures for the improvement of nutrition and nutritional status 2025-2027. In addition, a number of awareness-raising activities were organised regarding breastfeeding as well as proper nutrition and physical activity for children. There were no developments to report on harmful use of alcohol.

On **health inequalities**, the quality and non-discriminatory character of healthcare for LGBTIQ persons was improved by ensuring a systemic solution for access to hormone therapy for transgender women. In line with the new Law on health care, adopted by the Parliament on 31 July 2025, women are entitled to free health care services, including the right to choose their own gynaecologist, whose services are provided at no cost.

On **anti-corruption**, on consumer protection, the Ministry of Economic Development introduced additional activities to strengthen its Integrity Plan 2024-2026. Montenegro has identified healthcare as a high-risk sector for corruption and adopted a 2024-2028 Anti-Corruption Strategy and related action plans. The 2023-2025 Health Ministry Integrity Plan includes measures to prevent and address corruption risks within its departments, and to ensure that all public health institutions develop and publish their own integrity plans.

## CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH



This cluster covers: digital transformation and media (Chapter 10); taxation (Chapter 16); economic and monetary policy (Chapter 17); social policy and employment (Chapter 19); industrial policy (Chapter 20); science and research (Chapter 25); education and culture (Chapter 26); and customs union (Chapter 29).

## Chapter 10: Digital transformation and media

*The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.*

In the field of **electronic communications**, in October 2024, after Parliament had adopted national legislation aligning with the European Electronic Communications Code, the Ministry of Economic Development continued work on amending the Law on Electronic Communications. In December 2024, the government adopted the National Plan for the Development of Broadband Infrastructure. Montenegro should align with the Gigabit Infrastructure Act by the end of 2025 and put primary and secondary legislation in place to set up a secure information system.

Regarding **digital trust and cybersecurity**, in November 2024, Parliament adopted the Law on Information Security, aligned with the Network and Information Security Directive (NIS 2). Montenegro should work on achieving full alignment of national legislation with the NIS 2 and the Open Data Directive. The country should speed up the process of establishing a Cybersecurity Agency and work on meeting NIS 2 requirements for critical infrastructure, CIRT teams and cybersecurity frameworks. Montenegro is not yet aligned with the e-Privacy Directive and needs to start the implementation of the EU 5G Cybersecurity Toolbox including assessing the risk profile of suppliers and putting in place appropriate restrictions and/or exclusions for high-risk suppliers. Regarding electronic identification and trust services, Montenegro is encouraged to swiftly align its national legislation with the new EU Digital Identity and Trust Services framework.

Concerning **digital services**, alignment with the Digital Services Acts and Digital Markets Act needs to be stepped up. Montenegro presented the AI Landscape Assessment and should start working towards aligning with the Artificial Intelligence Act, ensuring necessary enforcement structures.

In the field of **media** policy, after several failed attempts to appoint the missing members of the Council of the Agency for Audiovisual Media Services (AMU) Montenegro must ensure the effective implementation of media laws adopted in 2024 and safeguard the independence of the media regulator. Montenegro should also step up its institutional response to disinformation and hate speech, as outlined in Montenegro's National Media Strategy 2023-2027 to ensuring media freedom, pluralism, and the integrity of the information space. Montenegro will need to align national media legislation with the European Media Freedom Act

## Chapter 16: Taxation

*EU rules on taxation cover value-added tax, excise duties and aspects of corporate taxation. They also cover cooperation between tax administrations, including the exchange of information to prevent tax evasion.*

In the area of **indirect taxation**, in September 2024, Parliament adopted amendments to the VAT law and amendments to the excises law thus further aligning Montenegrin legislation with the relevant EU *acquis* in this area. Parliament also adopted amendments to the Law on contributions for mandatory social insurance reducing previous rates. Montenegro needs to further remove indirect tax exemptions that are not aligned with the EU *acquis*, including those on fuel supplied to pleasure boats and introduce fuel markers to avoid misuse of reduced-rate fuel.

Regarding **direct taxation**, in September 2024, Parliament adopted amendments to the Law on personal income tax and amendments to the Law on corporate income tax aligned the legislation further with the EU *acquis*. Legislation in the area of direct taxation is mostly aligned with the EU *acquis* provisions of certain laws will come into force only from the date of Montenegro's accession to the EU.

On **administrative cooperation and mutual assistance**, Montenegro needs to continue increasing staffing of the Tax Administration to the level necessary for effective and efficient operations, including fighting corruption, and to provide further extensive training in the fields of tax inspection and risk assessment. The Tax Administration adopted the Human Resources Management Strategy for 2025-2028 and a pertinent Action Plan.

Montenegro needs to progress in complying with its exchange of information obligations in the field of taxation according to a recent OECD assessment, as regards automatic exchanges and exchanges upon request. Montenegro further developed the procedure (BEPS Action 13) that includes general information on planned processes, responsible persons, and the workflow related to the exchange of information, fulfilling one key condition for the removal of the OECD's negative assessment. Montenegro further developed guidelines on the appropriate use of data contained in Country-by-Country reporting.

As concerns **operational capacity and computerisation**, Montenegro needs to demonstrate sufficient progress in developing the IT systems and functionalities that are needed for the implementation and enforcement of the national tax legislation. Montenegro needs to adopt and implement a national multiannual IT strategy and implementation plan and ensure the necessary budgetary and human resources for the development and maintenance of the required national tax IT systems and functionalities, and the interconnection with the relevant EU IT systems on VAT and excise as well as tax cooperation and exchange of information.

On **anti-corruption measures**, Montenegro's tax administration adopted a code of ethics, tax inspectors need to undergo training in ethics and integrity. A department for internal control is surveying anti-corruption and ethics within in the tax administration.

## **Chapter 17: Economic and monetary policy**

*EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.*

Montenegro does not have standard **monetary policy** tools at its disposal, as it uses the euro as legal tender, leaving fiscal policy as the main macroeconomic policy instrument. Montenegro's use of the euro is based on a decision that the authorities made under exceptional circumstances and is fully distinct from membership of the euro area.

In November 2024, the Central Bank of Montenegro (CBCG) adopted its Strategic Plan for 2025-2028, outlining key priorities for upgrading its institutional and administrative capacities to ensure alignment with Eurosystem standards. In January 2025, the ECB granted an extension to the CBCG for the use of the temporary liquidity line until 31 January 2027.

The parliamentary appointments for two CBCG vice-governor posts are pending since September 2024. In a separate parliamentary procedure, the appointments of four members of the CBCG Governing Board are also delayed for several months. To comply with the central bank independence principle under Chapter 17 and economic criteria of the accession, Montenegro must ensure that all appointments to the CBCG Governing Board are timely, transparent, focused on candidates' technical competence, and not subject to partisan political activities.

In the area of **economic policy**, there was some progress in terms of alignment with Council Directive on requirements for budgetary frameworks of the Member States and the European System of Accounts (ESA 2010) standards, mainly on the division of responsibilities between the Ministry of Finance, the CBCG and the statistical office for the production of government finance statistics (GFS, see Chapter 18 - Statistics). All relevant actors need to enhance efforts in developing the appropriate capacity to produce GFS and fiscal notifications in line with the EU *acquis*.

In January 2025, the government adopted and submitted its 2025-2027 **Economic Reform Programme**, integrating macroeconomic and fiscal reform plans into a single strategic document. The document ensures that key structural reforms presented in the Reform Agenda are consistent with the

macro-fiscal framework. The implementation of the policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2024 has been partial.

## Chapter 19: Social policy and employment

*EU rules in the social field include minimum standards for labour law, equality and non-discrimination and health and safety at work. They also promote social inclusion and social protection, and social dialogue at EU level.*

Amendments to the **Labour law** are pending adoption. They ensure harmonisation with the Directive on work-life balance for parents and carers, on transparent and predictable working conditions as well as with the EU Framework Agreement on Telework. In September, the parliament adopted amendments to the Law on civil servants and state employees, ensuring permanent employment for inspectors and replacing the previous five-year mandate in line with the International Labour Organisation's principles on labour inspector stability. The Law on equality protection and prohibition of discrimination was adopted by the Government and is now in parliament procedure.

The **Law on occupational health and safety** is not fully harmonised with the *EU acquis* and lacks implementation and enforcement. There is no supervision for licensed occupational safety and health OSH coordinators in place. The capacities of the labour and OSH inspection services need be strengthened, as enforcement of legislation remained weak.

Regarding **social dialogue** a new branch collective agreement was signed, and the two existing ones were extended. Collective bargaining primarily occurs at the sector and national level, with agreements predominantly regulating employees' salaries and working hours. Some important sectors remain without collective agreements, such as the banking sector and the media. The tripartite Social Council met three times in plenary sessions and five times at the level of the presidency. Opinions of the Social Council are often not taken into account and remain without feedback from the government. Social partners are involved in relevant policymaking processes on labour, but their involvement in other areas is weak and needs to be strengthened.

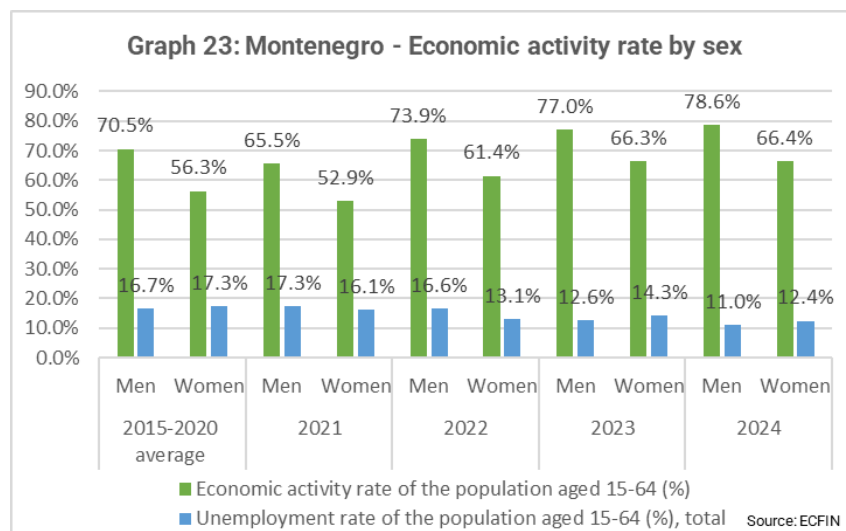
As concerns **employment policy**, the effectiveness and coverage of active labour market measures are insufficient, especially among young people and marginalised groups. The adoption of amendments to the Law on mediation in employment and rights during unemployment in March 2025 enabled the digitalisation of services of the Employment Agency. However, the amendments did not sufficiently address the flexibility needed for the implementation of active labour market measures. The latter also remains underfunded. The digitalisation of the Employment Agency and its various services is well advanced. The pilot phase of the Youth Guarantee started in three municipalities. A decline in the unemployment rate and the number of unemployed persons registered with the Employment Agency, increasing personal income tax and social security contributions indicate some level of formalisation of the labour market. Overall, undeclared work and informal economy remain a matter of concern.

Regarding **labour force participation and unemployment rate** *see the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria.*

Concerning **social protection and inclusion**, the risk of poverty rate in Montenegro is 20.1% with children being the most exposed. Income inequality persists, with the northern region at a higher risk of poverty. 40.4% of children under 18 years are 'at the risk of poverty or social exclusion' as per the at-risk of poverty or social exclusion (AROPE) indicator (40.4% in 2023 and 45.5% in 2022, EU average 24.3%). The social protection reform advanced with the adoption of a new social and child protection strategy in December 2024. A new law on social and child protection is in preparation addressing the lack of child, family and victim support services. The Law on a unified disability determination system was adopted by the Parliament. . The strategic framework for the transition from institutional to community and family-based services has progressed with the adoption of the Strategy for **deinstitutionalisation** in December 2024. Following the invitation by the European Commission, a national contact point for the European Child Guarantee has been nominated.

On **non-discrimination in employment and social policy**, women face significant barriers, including a gender pay gap, limited access to leadership positions, and the disproportionate burden of unpaid

care work. Women's labour force participation remains lower than men's, especially in rural areas. Traditional gender roles continue to shape occupational choices, with women underrepresented in high-paying industries and overrepresented in lower-paying, precarious jobs. Gender based stereotypical preconceptions about childcare and household work being a woman's responsibility persist. There are not enough and affordable kindergarten and early childhood education and care facilities throughout the country in order to enable parents to participate in the labour market. The provision of quality childcare throughout the country is a reform step under the growth plan to raise awareness on that matter. The new Law on social and child protection should implement tax benefit systems so that both parents have similar financial incentives to work. Montenegro should start initial steps to align with the EU Pay Transparency Directive.



With regard to **equality between women and men in employment and social policy**, Montenegro is broadly aligned with the EU *acquis* on gender equality in the area of employment and social policy. Measures for elimination of sexual harassment in the workplace and discriminatory gender wage are not well developed. The gender equality index has increased over the last years. However, the latest estimate

of the gender pay gap in Montenegro is around 20% (2021). The biggest share of women is in wholesale and retail, education and health, and social work. Although the majority of employees in these areas are women, only a fraction of them reach decision-making positions.

Preparations for the participation in the **European Social Fund** are progressing. (See also Chapter 22 - Regional policy and coordination of structural instruments).

## Chapter 20: Enterprise and industrial policy

*EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).*

In the area of **enterprise and industrial policy principles**, the implementation of the 2024-2028 industrial policy, aligned with the current EU industrial policy, is ongoing. The Action Plan for 2025-2026 was adopted in June 2025. Montenegro implements the Programme for the suppression of the informal economy 2024-2026, but without applying the specified monitoring provisions, notably on the publicly available annual report.

In the area of **enterprise policy and instruments**, in March 2025, the Competitiveness Council adopted an updated version of the action plan on barriers for doing business identifying 11 key barriers and 37 actions, further developed and classified into 4 areas: suppressing the grey economy; improving the business environment; improving the legislative framework and improving the efficiency of public administration. The SME definition does not correspond to the EU Recommendation.

Regarding **sectoral policies**, in February 2025, the Ministry of Finance updated the publicly available register of state-owned enterprises (SOEs) and included basic information on municipal enterprises.

In October 2024, Parliament adopted the Law on deadlines for settlement of financial obligations aligned with the EU Directive on combating late payment in commercial transactions.

## Chapter 25: Science and research

*The EU provides significant support for research and innovation. All EU Member States associated countries and third countries participate in the EU's research and innovation programmes, and can benefit from them, especially where there is a scientific excellence and solid investment in research and innovation.*

Concerning **research and innovation policy**, the implementation and completion of the Smart Specialisation Strategy for 2019-2024 was finalised in December 2024. The final implementation and evaluation report for 2024 for the first cycle of the Smart Specialisation Strategy for 2019-2024 is underway. Montenegro is in the process of adopting a new Smart Specialisation Strategy for 2026-2031, with an action plan for 2025 as bridge between the two cycles.

Montenegro is increasing its Concerning the 2025 funding allocated to research and development, Montenegro increased research. It is estimated at 0.4 % of the GDP for 2024, but further efforts are needed.

The Innovation Fund continues to provide grants and support to innovative start-ups and companies, and the Innovation and entrepreneurship center Tehnopolis keeps increasing its own technical capacities and opening new programmes for interested citizens and businesses. The Science and Technology Park of Montenegro has accepted 26 tenants, while Tehnopolis has now 42 tenants compared to 21 in 2024. 24 national scientific research projects are being implemented based on the co-financing call of the Ministry of Education, Science and Innovation in 2024, with a total funding of around EUR 2.2 million.

Collaboration with the European Innovation Council remains strong, with the Innovation Fund's collaborative grants programme being implemented based on the certification for integration into the European Innovation Council Accelerator's Plug-In scheme, received in 2023. In the 2025 European innovation scoreboard Montenegro is an Emerging Innovator with performance at 45.3 % of the EU average.

Montenegro's performance in the Horizon Europe programme has increased compared to previous Framework Programmes: Montenegrin applicants have signed 31 grants with a funding of 4,83 million Euro so far.

## Chapter 26: Education and culture

*The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policies through the 'open method of coordination'. The EU and the Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.*

### Education and training

In April 2025 the government adopted the Education Reform Strategy 2025-2035 and its Action Plan for 2025-26. The new strategy includes all levels of education and consists of four key pillars: quality and equity, support to teachers, governance and financing, and school infrastructure and equipment. It focuses on the development of 'future-proof' key skills and competencies, reforms of the initial and in-service training of teachers, on enhancing the overall governance and resilience of the education system and on ensuring sustained financing of reforms. It includes also large-scale investment in improving school infrastructure. On 31 July 2025, Montenegro adopted a series of amendments to the General Law on Education aiming, among others, at ensuring education institutions are a safe learning environment for all, enhancing career guidance, and improving quality of teaching.

Around 8.99% of the **state budget** for 2024 is dedicated to education (except tertiary education). The 2024 public budget for education increased by approximately 20% for non-salary items, including an almost 8 times higher allocation for teachers' professional development compared to 2023



The percentage of children enrolled in preschool education increased in 2024/2025 by 3.4% in comparison to 2023/2024, with a coverage rate of 3–6-year-old children standing at 79.6% (EU average in 2024 was 94.6%).

Regarding international assessments of secondary education, Montenegro took part to the Teaching and Learning International Survey (TALIS 2024). This test aims at providing evidence-based data on the working conditions of teachers and school leaders and learning environments in their schools. Montenegro is participating to PISA 2025. Moreover, Montenegro has enrolled to join future tests Progress in International Reading Literacy Study (PIRLS) 2026, TIMSS 2027 and International Computer Information and Literacy Study (ICILS) 2028.

Regarding vocational education and training (**VET**), the Ministry of Education continued to be committed to the Osnabruck Declaration and reforms to address skills mismatches. More focus is needed on work-based learning at both VET and higher education levels.

The strategy on **higher education** recognises the need for better alignment of study programmes with the needs of the labour market, adequate recognition of higher education qualifications and improvement of infrastructure. Furthermore, the strategy underlines the necessity to improve the higher education system in accordance with European Higher Education Area (Bologna process) and European Research Area standards and to strengthen the role of institutions of higher education on the international level. On higher education, according to the 2024 Bologna Process implementation report, Montenegro still needs to work on the full implementation of the key commitments, especially with regards to system level automatic recognition for academic purposes as well as quality assurance. The implementation of the Bologna tools and commitments are key to strengthen higher education in Europe and to foster transnational higher education cooperation. EU policies in higher education build upon, and work in synergy with the Bologna process. Its full implementation is therefore central to achieve the European Education Area in higher education. One Montenegrin university participates in European Universities alliances.

As for **inclusive education**, enrolment of Roma and Egyptian children remained a challenge. The number of Roma children enrolled in preschool education stayed low, and the number of Roma children in primary and secondary education dropped by 7% and 16%, respectively. On the other hand, the number of children with disabilities enrolled in regular education continued to rise in comparison to 2023, by 27%, 14%, and 1%, in preschool, primary, and secondary schools, respectively. To ensure better support to children from vulnerable groups, Montenegro updated relevant regulations and increased the number of school support staff and assistants in social inclusion of Roma and Egyptian children. Currently, children from other countries make 7% of the total number of students enrolled in preschool, primary, and secondary education in Montenegro. This number reaches almost 30% in primary schools in some municipalities

In terms of **gender balance**, participation in education is relatively even between boys and girls up to and throughout secondary school level. However, at higher education level in 2024, 37% of graduates were boys and 63% were girls.

The **digitalization** of education is progressing, in alignment with the EU Digital Education Action Plan 2021-2027. More than 50% of teachers and 20% of students are active among the 35 600 registered users of the national Digital School Platform. Over 100 schools established EdTech hubs.

There is still no specific strategy focusing on green skills development. However, the issues of climate change, green economy, environmental protection, sustainable cities and settlements, biodiversity, and health education are included in school subjects. [

Montenegro benefits from the international dimension of the 2021–2027 **Erasmus+ Programme**. As part of the enhanced partnership with the region, Montenegro can apply for the European Universities Initiative calls and one Montenegrin university was selected as partner in a funded alliance. In November 2024, Montenegro appointed members for the European Education Area working groups 2021-2025 and is now participating in all groups.

Youth centres and clubs established under the Law on youth should have a multifunctional space and develop activities from the Youth Strategy (2023-2027). However, only 11 centres are active and work on Youth Plans, despite not having stable funding. A working group was established to work on amendments to the Youth Law to introduce concrete measures for sustainable funding for youth centres. The Ministry of Sports and Youth needs to reinforce the existing youth centres and set up new ones in other more municipalities as they are fundamental for delivering activities under the Youth Strategy and should play a role in the outreach regarding the youth guarantee.

The National Youth Council established as an advisory body with representatives of Ministry of Sports and Youth, Ministry of Education, Science and Innovation and Ministry of Labour and Social welfare met for the first time on 13 September 2024. On 2 December 2024, the Youth Parliament convened in Montenegro and discussed key issues affecting young people, including the Law on youth, the Law on non-governmental organisations, and mechanisms to enhance youth representation in national and local parliaments, as well as their involvement in policymaking. Montenegro needs to ensure a proper follow-up to this important initiative to promote inclusion of youth in policy dialogue

In the field of sports, in September 2024, Parliament approved amendments to the Corporate Income Tax Law which became effective on 1 January 2025. These amendments recognised the role of sports for public health, national identity and youth engagement and introduced tax incentives for companies engaged in the development of sports. The Strategy for development of Sport 2024-28 is under implementation. Montenegro continued to participate in the European Week of Sport.

Regarding culture, in December 2024, Montenegro hosted the meeting of the South East Europe Ministers of Culture in Herceg Novi, culminating in the adoption of the 'Herceg Novi Declaration on Culture and Arts for Sustainable Development. In 2025, Montenegro hosted also the 2025 Western Balkans Ministerial Forum on the Creative Economy, held on 28 May in Kotor as part of the Berlin Process (co-organised by the British Council and the Ministry of Culture of Montenegro). Montenegro took part fully in the Creative Europe Programme. Montenegro has ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. The city of Nikšić was designated 2030 European Capital of Culture.

## Chapter 29: Customs union

*All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity, and access to and interoperability with the EU electronic customs environment.*

On **customs legislation**, in December 2024 the government adopted the Customs Tariff for 2025, aligned with the Combined Nomenclature of the EU for 2025. In June 2025 Parliament adopted amendments to TIR Convention. In July 2025 Parliament ratified the Convention on a Common Transit Procedure (CTC), the Convention on the Simplification of Formalities in Trade in Goods and amendments to the Regional Convention on Pan-Euro - Mediterranean preferential rules of origin. In September 2025 the EU-CTC Joint Committee decided on Montenegro's accession to the Convention on Common Transit from 1 November 2025.

Concerning **operational and administrative capacity**, in August 2024 the Customs Administration (CA) adopted the Business Strategy for 2024-2026, with its Action Plan for the same period. The IT Strategy 2024-2026 was adopted in May 2025. The new personnel plan for CA lists 598 job positions, while the current number of employees is 482. In February 2025, the CA adopted the Integrity Plan for 2025-2026, an internal anti-corruption plan that contains a set of measures of legal and practical nature aiming to prevent opportunities for corrupt behaviours.

17 operators are currently licensed in the Authorised Economic Operator Programme. The implementation phase of the New Computerised Transit System (NCTS) started in October 2024. The monitoring mission confirmed in May 2025 that Montenegro fulfils the conditions for accession to the Common Transit Convention, which is planned for Q4 2025.



In December 2024, the government revoked the consent for the establishment and operation of the free zone ‘Novi Duvanski Kombinat’ (‘New tobacco factory’) in Podgorica, which formally ceased its operations.

In November 2024, officers of the Customs and Police Administrations, with the support and supervision of the United Kingdom’s Revenue and Customs Administration (HMRC), completed the recount of seized cigarettes at the Port of Bar. In June 2025, the government adopted the decision on destruction of these illicit tobacco products. The destruction was completed in September 2025.

In August 2024, the CA started full implementation of the World Customs Organization’s Cargo Targeting System in the Port of Bar. The system enables electronic declaration of manifests in maritime traffic, contributing to a more efficient control of goods arriving at the Port of Bar using the risk analysis system. In June 2025, the Port of Bar’s information system was integrated with the SEED+ system, which enables assessment of pre-arrival information and enhances risk analysis, while facilitating the movement of lorries in and out of the free zone.

In 2024, the total customs revenues amounted to EUR 1.29 billion, 9.78% more than in 2023. Excise revenues stood at EUR 368.6 million, growing by 14.1% in comparison to 2023. The upward trend continued in 2025, with the customs revenues totalling EUR 788.85 million in the first seven months of 2025, which is 9.1% more than in the corresponding period of 2024.

Montenegro should continue combating customs fraud, in particular smuggling of tobacco products, and further extend its cooperation with the European Anti-Fraud Office (OLAF).

On the implementation of the Framework Convention on Tobacco Control and its Protocol to Eliminate Illicit Trade in Tobacco Products, in Q1 2025 Montenegro developed a roadmap towards establishing a test version of a Track&Trace system.

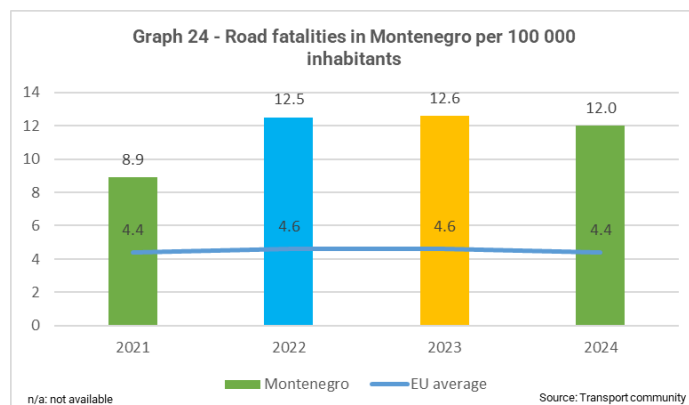
#### CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

##### Chapter 14: Transport policy

*The EU has common rules on technical and safety standards, security, social standards, State aid and market liberalisation in road transport, railways, inland waterways, multimodal transport, aviation and maritime transport.*

As regards **general transport**, there was no progress on the update of the national transport development strategy. Implementation of the Transport Community action plans remained slow to moderate. The inter-ministerial coordination of transport policies remains a challenge, especially on road safety and transport of dangerous goods. There was no progress regarding the development of sustainable urban mobility plans.



In the area of **road transport**, Montenegro advanced with the revision of key national legislation on road transport, including social rules and tachographs, while their adoption is pending. Montenegro also set targets for reducing its high number of road deaths and serious road traffic injuries, but a lead agency or national coordination body to implement the new road safety strategy is still not in place. In July 2025, the Law on transport of dangerous goods was amended,

ensuring further alignment with the EU *acquis*. A new mid-term road maintenance and rehabilitation

programme was adopted in June 2025 with the estimated total investments of EUR 2.14 billion in the period 2025 - 2028. Work on the delayed implementation of the Intelligent Transport Systems programme 2022 – 2026 for national roads continued with funding by the European Bank for Reconstruction and Development (EBRD).

On **rail transport**, in July 2025, Montenegro adopted a new law on railways in line with the EU *acquis*. Work on setting up the Railway Agency needs to start, ensuring proper administrative capacity and independence of the agency in enforcing the new law. The preparation of key national legislation on rail safety and interoperability advanced but remains to be adopted. The railway companies were listed with accumulated tax debt in 2024, and this situation poses a considerable risk to the sustainability of railway transport. Montecargo received state aid of EUR 225 000 within the reporting period. In April 2025, its only private sector competitor was prohibited from freight operations by the authorities on alleged safety concerns without giving an opportunity for the operator to take remedial actions. The strategic and policy frameworks for implementation of the European Rail Traffic Management System are not in place.

In the area of **maritime transport**, in December 2024, the second phase of the vessel traffic monitoring and information system became operational, ensuring full and effective maritime transport monitoring. Montenegro has a National Maritime Single Window in place, as well as adequate resources and related implementing regulations. There were no developments regarding further legislative alignment in the area of maritime safety and port services.

In the area of **inland waterway transport**, there were no relevant developments.

As regards **aviation**, Montenegro progressed well on aligning with the technical aspects of air traffic management (ATM) but still needs to address key concerns regarding alignment with the Single European Sky (SES 2+) Regulation related to the issue of the joint air navigation services provider with Serbia and must still implement the rules on the performance and charging schemes and ATM ground conformity assessment. In addition, in February 2025, Parliament ratified amendments to the European Common Aviation Area (ECAA) Agreement and its Annex I, on the rules applicable to civil aviation. Good level of implementation of EU safety *acquis* in the domain of air crew licensing was confirmed during the European Aviation Safety Agency (EASA) inspection conducted in February 2025. Montenegro is moving towards the second phase of the ECAA Agreement but still needs to address outstanding concerns on the competition and State aid requirements.

There were no relevant developments on **multimodal transport**. Montenegro has not yet aligned with the EU Combined Transport Directive.

On **passenger rights**, the Law on obligations and legal-property relations in air transport was amended in July 2025, aimed at strengthening the complaint filing procedure and the work of the inspection services. While the legislation on air transport, including concerning persons with disabilities and persons with reduced mobility, and waterborne sectors was adopted in full alignment with EU *acquis*, such alignment of provisions on bus and coach as well as rail passenger rights is yet to be completed. Montenegro should designate a national enforcement body to fulfil the tasks and responsibilities required by the EU Passenger Rights Regulation in rail, road and maritime transport.

With regard to **anti-corruption measures**, in April 2024, the former Ministry of Transport and Maritime Affairs adopted a two-year integrity plan.

## Chapter 15: Energy

*EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy and nuclear safety, radiation protection, and nuclear safeguards.*

In the area of **security of supply**, in December 2024, the Law on security of supply of petroleum products was adopted, complemented by implementing legislation on the obligation to maintain minimum state stocks of crude oil and/or derivatives. In December 2024, the government adopted the Action Plan for the establishment of emergency oil stocks in Montenegro. In the electricity sector,

alignment with the EU Risk-Preparedness Regulation by the adoption of the Law on cross-border exchanges in electricity and natural is yet to be completed.

Montenegro has no functional **gas market**. The country has aligned its gas legislation with the EU *acquis*, but there is no transmission or distribution infrastructure, nor gas consumption on a commercial scale.

With regard to the **internal energy market**, a wholesale market exists but coupling with the EU market and competitiveness need strengthening. Montenegro adopted the Law on energy in March 2025, while the Law on cross-border exchanges in electricity and natural gas is pending adoption, both in view of fully aligning with the Electricity Integration Package, which is a precondition for EU market integration. The day-ahead electricity market is functional, and the local integration project for its coupling with Italy is established. The methodology for coordinated capacity calculation for the day-ahead and intraday markets timeframes within the Montenegro-horizon Capacity Calculation Region was publicly consulted until 30 July 2025. The national energy regulatory authority's (REGAGEN) institutional independence should be enhanced by aligning its staff regulations with those applicable to other independent bodies. The procedure of appointment of the new REGAGEN Board by the Parliament lacked a set of objectives, transparent and published criteria, as required by the Energy Community *acquis*.

In the area of **hydrocarbons**, the Law on safety measures in offshore exploration and production of hydrocarbons was adopted in May 2025 and is designed to be in line with the EU *acquis*.

On **renewable energy**, Montenegro is to yet complete its legislative alignment with the EU *acquis*. The government, together with the Electrical Power Company of Montenegro (EPCG), implemented two programmes installing solar panels in households, leading to an increased level of installations compared to last year. In November 2024, Montenegro started the construction of the Gvozd wind park with completion expected by the end of 2025, with an installed capacity of 55 MW and an expected annual production of around 150 GWh. Montenegro is developing documentation for hydropower plants to increase the energy baseload while planning the gradual phasing out of the Thermal Power Plant in Pljevlja. Montenegro launched its first solar power auction in July 2025, targeting a capacity of up to 250MW over a 12-year period.

In the area of **energy efficiency**, Montenegro has achieved a high level of alignment with the EU legal framework. In December 2024, the Ministry of Energy completed the development of the registry of issued energy certificates. Montenegro increased the mandatory annual renovation target for state-owned official buildings from 1% to 3% and completed a study on improving energy efficiency in buildings. The country also intensified activities of energy efficiency programmes, including for the hotel industry and rural households, with funding from the 2023 EU Energy Support Package.

On **energy labelling and eco-design**, Montenegro's legal framework has a high level of alignment with the EU *acquis*. In February 2025, Montenegro adopted implementing legislation on the method of calculating primary energy savings from co-generation and energy efficiency labelling for air-conditioners, but continued efforts are necessary to fully implement and enforce these standards.

In the area of **governance**, the NECP, setting Montenegro's climate and energy targets until 2030, is yet to be finalised and adopted.

Regarding **nuclear energy, nuclear safety and radiation protection**, following the adoption of the Law on ionising radiation protection, radiation and nuclear safety and security in 2024, the adoption of the remaining related implementing legislation, as foreseen by the law, is pending. In November 2024, the government adopted the Strategy for disaster risk reduction for 2025-2030, while the Integrated nuclear security sustainability plan for 2026-2031 is yet to be adopted. Furthermore, Montenegro should accelerate its efforts to participate in the European Radiological Data Exchange Platform (EURDEP).

On **nuclear safeguards**, upon EU accession, the existing systems of accountancy and control of nuclear materials would need to be adapted to accommodate for the safeguard provisions (Chapter 7) of the Euratom Treaty.

## Chapter 21: Trans-European networks

*The EU promotes trans-European networks in transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.*

Overall compliance with key TEN-T indicators remains limited given the slow implementation pace of large projects. Further efforts are necessary to strengthen and mainstream anti-corruption measures. In the area of **transport networks**, the development of the TEN-T rail corridor Bar-Vrbnica continued with significant delay, due to limited absorption and management capacity of the responsible administrative bodies.

On **road networks**, in November 2024, the EU-financed update to the Bar-Boljare highway feasibility study was completed, confirming the feasibility of the project. In the meantime, Montenegro continued to fast-track the construction of the next priority section of the highway (Matesevo – Andrijevisa). In September 2024, the government announced a necessary re-alignment of about 50% of the route to mitigate social and environmental concerns raised by a local community, followed by a tender procedure. In July 2025, the Government signed a loan and project agreement with EBRD, ensuring financing from the state budget, with co-financing from the EBRD (EUR 200 million loan) and the EU (EUR 150 million grant).

A number of road development projects were included in the new spatial plan of Montenegro until 2040, such as two parallel routes for the new planned Adriatic-Ionian Road corridor, one inland and another coastal. Those are additional to the plans agreed under the TEN-T network and the country's Transport Community commitments. In December 2024, the government released a partial update of the Single Project Pipeline. Its transport sector investment volume is approximately EUR 4.4 billion, compared with the ambitious road development plan, which is worth approximately EUR 9 billion.

In the area of **energy networks**, the Law on cross-border energy infrastructure projects is yet to be finalised and adopted, in line with the Energy Community requirements. On electricity interconnection with neighbouring countries, the construction of the Montenegrin section of the Trans-Balkan electricity corridor progressed, notably on spatial planning for the construction of the 400 kV overhead line (OHL) connecting the thermal power plant in Pljevlja to the border with Serbia. The implementation of projects should accelerate, especially those listed in the Central and South-Eastern Europe Energy Connectivity (CESEC) Action Plan on Electricity and Renewable Energy and Projects of Energy Community Interest, involving Montenegro.

The country is yet to fully align its legislation with the EU *acquis* on TEN-T and TEN-E, including the recent revisions.

## Chapter 27: Environment and climate change

*The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.*

In June 2025, the government adopted the eighth semi-annual report on the implementation of the action plan for fulfilment of the closing benchmarks in Chapter 27. The report showed that out of overall 281 planned activities 109 were implemented (38%).

In the fields of environment and climate change, Montenegro needs to urgently strengthen its administrative capacities at central and local level by hiring additional personnel and address insufficient inspection services at both levels. Montenegro should ensure that there is an institutional structure in place to deliver coordinated, strategic planning for sustainable environmental and climate investments, including the quality of the preparation, adequate public consultations and implementation of investments.

In April 2025 Montenegro joined fully the EU LIFE Programme for Environment and Climate Action, an important milestone which gives Montenegro access to EU funding to support initiatives targeting critical areas such as pollution reduction, improved waste management, and climate actions.

## Environment

As regards **horizontal legislation**, in the reporting period, Montenegro completed 15 strategic environmental assessments (SEA) and 199 environmental impact assessments. Montenegro is encouraged to increase synergies, coordination between Strategic Environment Assessments and Environmental Impact Assessments to make better use of such documents in its planning and implementation.

On **air quality**, the adoption of the strategy on air quality management 2021-2029 and the related action plan are still pending.

To allow proper implementation of the Law on **waste management**, the government adopted 21 implementing acts over the reporting period, and the work is ongoing on additional acts, to ensure its implementation. The national waste management plan for the period (2025-2029) was adopted in October 2025, an important development laying the foundation to transition to a circular economy and gradually reduce the amount of waste ending up in landfills, while simultaneously increasing the recycling rate, protecting citizens' health, and preserving the environment. As from October 2024, Montenegro started to implement the ban on placing plastic bags with a thickness of 15-50 microns and the use of single use plastic products. This ban produced positive results with certain retail chains recording a reduction in the use of plastic bags overall by around 50% between October 2024 and January 2025 compared to the same period last year. Media awareness raising campaigns and proper enforcement rules, targeting citizens and local authorities, about prevention, separation of waste and recycling, are needed.

With regards to **water quality management**, in December 2024, the government adopted the 2025 programme for monitoring surface and ground water.

With regards to **nature protection**, the Law on nature protection and the National strategy for biodiversity and its action plan are still pending. The work on the Natura 2000 network continued. Montenegro still needs to address the recommendation of the Bern Convention related to Skadar lake. Montenegro needs to find adequate solution for the military training polygon at Sinjajevina. Work is ongoing on the management plan for Ulcinj Salina; however, the set-up of the company for sustainable management of the site is still pending and more active involvement from both central and local level is needed to address this issue.

Concerning **industrial pollution and risk management**, the ecological reconstruction for Pljevlja coal power plant is ongoing, without addressing the core issues. Montenegro needs to step up efforts to permanently close the plant to meet EU emission standards. Montenegro needs a strategic approach for a just transition by providing economic alternatives to the communities who will be most affected by the coal phase-out.

In May 2025, the report on the implementation of the action plan for 2024 for the implementation of the national **chemicals** management strategy 2024-2025 was adopted.

The Ministry of Ecology, Sustainable Development and Northern Region Development started drafting a new law on environmental noise protection to align with the *acquis* in the area of **noise**.

Montenegro is a member of the EU **Civil Protection** Mechanism since 2015 and since 2024, the country is connected to the common emergency communication and information system (CECIS). In November 2024, the government adopted the Strategy for Disaster Risk Reduction for 2025-2030 with an action plan for 2025-2026. The country is preparing measures for prevention against and preparedness for disasters.

## Climate change

Montenegro needs to significantly strengthen its administrative capacities in the climate change sector, as deficiencies in this area hamper progress.

The Law on protection from the negative effects of **climate change** aiming to align with the 2050 climate neutrality target and introducing legal basis for monitoring, reporting, verification and

accreditation (MRVA) of greenhouse gas emissions is pending adoption by Parliament. Montenegro is encouraged to fully align with the MRVA *acquis*, to cover the full EU Emissions Trading System (ETS) scope, thus include stationary installation, aviation, shipping and ETS2 (buildings, road transport and small industry) sectors and commence its full implementation as soon as possible. Decisive steps are needed to improve current and/or establishing new carbon pricing mechanisms, to facilitate joining the EU ETS upon accession.

In June 2025, the government adopted the national climate change adaptation plan covering the period until 2035, along with an accompanying action plan valid till 2027. Attention now will pass towards its implementation. Montenegro needs to finalise and adopt strategic documents in the area of climate change, in particular, the long-term low-carbon development strategy in line with 2050 climate neutrality objective, and the national energy and climate plan (NECP). Montenegro still needs to align with EU *acquis* on emissions from the Land Use, Land Use Change and Forestry (LULUCF) sector and emissions from vehicles, and more broadly increase its alignment with EU climate *acquis*.

In February 2025, Montenegro submitted its first biennial transparency report and a new nationally determined contribution (NDC) setting new economy wide greenhouse gas (GHG) emissions reduction targets, thus accounting for emissions and sinks from the land use, land use change and forestry (LULUCF) sector that were previously excluded. The new NDC sets a goal to reduce greenhouse gas emissions by 55% by 2030 and 60% by 2035.

## CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

This cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries and aquaculture (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

### Chapter 11: Agriculture and rural development

*The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.*

On **horizontal issues**, legislative alignment with EU *acquis* on agriculture and rural development needs to continue. Good progress was made with the adoption in July 2025 of an Implementation plan for the setting up of a Paying Agency and the establishment of an integrated administration and control system (IACS) as required by the closing benchmarks and the adoption of a law setting down the operational obligations and requirements of the paying agency. Procurement for new ortho-photo maps is underway, and the land parcel identification system (LPIS) update needs to proceed speedily ensuring adequate staff resources are available for the task. Detailed steps for developing the Area Monitoring System must be elaborated. The 2024 Agriculture Census will facilitate the continued development of the Farm Sustainability Data Network. The farm advisory services must be strengthened.

As regards agricultural markets - common market organisation (CMO), Montenegro needs to continue to advance with the implementation of activities under the action plan on EU *acquis* alignment. Legislation in the wine sector further aligning with the EU *acquis* was adopted. Work on the electronic vineyard register remains to be completed. Legislation on olive growing and olive oil aligning with the EU *acquis* was adopted in July 2025.

In the area of rural development, implementation of the IPARD II programme ended in December 2024 with around 90% absorption of the EU funds. Montenegro has received entrustment of four measures under the IPARD III programme and is strongly encouraged to ensure full absorption of all



related funds. Montenegro must ensure the recruitment of additional, qualified staff for the future paying agency.

As regards quality policy, a draft law further aligning with EU *acquis* is under preparation. Recommendations of the 2019 EU peer review mission continued, including activities to strengthen the control and enforcement system.

On organic farming, in December 2024, the Parliament adopted the Law on Organic Production, further aligned with the EU *acquis*. Activities to strengthen the control and enforcement system need to continue.

On the fight against corruption the IPARD bodies are obliged to prevent, detect and report irregularities.

## **Chapter 12: Food safety, veterinary and phytosanitary policy**

*The EU food acquis, including hygiene rules for foodstuff production, ensures a high level of food and feed safety and a high level of protection of consumers' interests. Animal health and welfare and the safety of food of animal origin are safeguarded, together with quality of seeds, plant protection material, protection against harmful organisms and animal nutrition.*

In the area of **general food safety**, Montenegro has not yet adopted a framework legislation harmonising the EU *acquis* on official controls. The Administration for Food Safety, Veterinary and Phytosanitary Affairs (AFSVPA) implemented the 2024 programme for food and feed safety quality measures, including the monitoring programme for residues in animals and products of animal origin and prepared the 2025 programme. Administrative capacities, including infrastructure of official laboratories and border control posts, are still not sufficient for the operation of the official control system

The number of official control staff is still insufficient, efforts to recruit being hampered by lack of available national veterinarian and lack of attractiveness of the salaries proposed.

Farm registration and animal identification still present major deficiencies that are required to be addressed.

As regards **veterinary policy**, the veterinary sector of AFSVPA hired four new employees. Implementing legislation on the internal organisation and systematisation of AFSVPA envisaging significant increase of staff number was prepared and submitted to the competent Montenegrin authorities. AFSVPA implemented the 2024 programme of mandatory animal health protection measures and prepared the 2025 programme with a strengthened monitoring programme for those bird diseases that are subject to reporting. Montenegro ensured EU cofinanced programmes for African swine fever and rabies for the period 2025-2027. The veterinary information system became operational.

There is a general lack of awareness concerning animal welfare rules and on their implementation. Official controls on animal welfare require improvements at all levels including the full development of systems (certification, approval, trainings etc) in the areas of slaughter, road transport and livestock vessels.

In the area of **placing on the market of food, feed and animal by-products**, on 16 January, the government adopted an innovated management plan for animal by-products not intended for human consumption with an action plan 2025-2030. Implementation has yet to be accelerated.

In the area of **food safety rules** and its **specific rules for feed**, AFSVPA implemented the 2024 programme of food and feed safety measures and adopted the 2025 programme.

In the area of **phytosanitary policy**, AFSVPA implemented the 2024 programme of phytosanitary measures, including the programme of control of production of seed and propagating material and plant genetic resources, and prepared the programme for 2025. AFSVPA implemented the programme for monitoring pesticide residues in food of plant and animal origin for 2024 and prepared the



programme for 2025. The authorities implemented the relevant aspects of the 2021-2026 national plan for sustainable use of pesticides and started the activities planned for 2025.

In the area of **genetically modified organisms**, AFSVPA prepared the programme for the control testing of seed and planting material for 2025.

### **Chapter 13: Fisheries and aquaculture**

*The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on control and inspection, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.*

In the areas of **structural actions, market policy, State aid and aquaculture**, on 26 June 2025, Parliament adopted the Law on marine fisheries, the Law on aquaculture and the Law on structural support and State aid to the fisheries and aquaculture sector, all relevant for fulfilling closing benchmark 1 of this chapter.

As regards **resource and fleet management**, during the reporting period the annual implementation of the data collection programme (DCF-DCRF) continued, covering both commercial catch data and biological data. The data collection programme for 2025 is in preparation and will include eel.

Out of a total of eight investments contracted for grant support for the modernisation of the fishing fleet within the MIDAS 2 project fishermen completed seven investments in new vessels (under 10 m length).

Regarding **inspections and control**, there was neither an increase in the number of fisheries inspectors, nor an increase of staff in the administration. Work is ongoing to further update and upgrade the fisheries information system, and to provide necessary equipment and trainings for the inspectors.

As regards **international agreements**, the process of ratification of the agreement for full membership of Montenegro in the International Commission for the Conservation of Atlantic Tunas (ICCAT) is ongoing. The implementation of the European Strategy for the Adriatic-Ionian Region and collaboration with the GFCM continued.

There were no developments with regard to **maritime spatial planning**.

### **Chapter 22: Regional policy and coordination of structural instruments**

*Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through 'shared management' between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU acquis elements such as environmental or public procurement legislation.*

Regarding the **legislative framework**, Montenegro has started preparations and conducted a public consultation for an amendment to the Law on Regional Development as part of the updated Action Plan for Chapter 22. This law will lay down the legal, institutional, and strategic framework for regional development.

Concerning the **institutional framework**, Montenegro completed preparations to receive the European Commission's entrustment for budget implementation under indirect management for the Instrument of Pre-accession (IPA) 2024 annual programme. The finalisation of the entrustment for two sector operational programmes which are to prepare the institutions for future use of structural funds still needs to be finalised. The Working Group for Chapter 22 met 5 times since September 2024 and engaged in a multi-stakeholder consultation in view of the government's adoption of the updated Chapter 22 Action Plan which focuses on closing benchmarks.

**Administrative capacity** remains a crucial area for reform. The government engaged in a functional review in selected policy areas relevant to regional policy. The government initiated a systematisation process to promote retention policy and additional merit-based recruitments. IPA funds were deployed to design and initiated a capacity development programme for IPA structures. The Administrative Capacity Building Roadmap is being developed based on the OECD pilot on frontloading capacity building, the EC toolkit, and best practices from Member States, to support effective EU funds management post-2020.

In the area of **programming, monitoring and evaluation**, the programming and contract preparations of operations under the IPA III operational programmes needs to be accelerated. Inter-ministerial coordination, regular dialogue with local municipalities and civil society need to be strengthened and further integrated into a structured process allowing tracking and regular monitoring. The evaluation of selected indirect management actions was positive, with recommendations to strengthen the coordination and implementation capacities of beneficiary institutions. Montenegro continued to participate in Interreg cooperation programmes, the EU Strategy for the Adriatic and Ionian Region and the EU Strategy for the Danube Region, with increased participation of Montenegrin institutions as lead partners in project implementation. Montenegro adopted an ambitious Reform Agenda, under the Reform and Growth Facility.

On **financial management, control and audit**, problems with management verifications persist. The government engaged in a process of strengthening its capacities and assurance mechanisms for the management of the IPA II and IPA III programmes. The National Authorising Officer approved improved reporting templates and an updated manual of procedures in December 2024.

On **fight against corruption**, as from September 2024 there were no cases registered on the Irregularity Management System operated under the Anti-Fraud Information System.

### **Chapter 33: Financial and budgetary provisions**

*This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) the non-recycled plastic resource; and (iv) a resource based on value-added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.*

There was some progress in the **underlying policy areas** indirectly affecting the own-resources system (for progress in these areas, see chapters 16: Taxation, 18: Statistics, 27: Environment and climate change; 29: Customs union, and 32: Financial control).

On **traditional own resources**, in February 2025, Parliament adopted the 2025 State Budget.

Some development was reported on implementing legislation on the collection of debts on movable and immovable property with the adoption of the Law on the Write-Off of Interest on Overdue Tax Liabilities by Parliament in September 2024. As regards **VAT-based resources**, Parliament adopted to the Law on Amendments to the Law on Value Added Tax in September 2025. The Statistical Office has calculated the average weighted VAT rate.

In the area of **gross national income-based resources**, Montenegro's GDP is calculated using the European system of national and regional accounts 2010 methodology, while the informal economy is calculated in accordance with the OECD and Eurostat manuals.

As regards **administrative infrastructure**, the Directorate for Coordination and Management of EU Own Resources in the Ministry of Finance continued to improve its capacity, focusing on planning, coordination, calculation and administrative conditions of own resources with special focus on employees in the IT sector.

## CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: external relations (Chapter 30) and foreign, security and defence policy (Chapter 31).

### Chapter 30: External relations

*The EU has a common commercial policy towards non-EU countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.*

As regards the **common commercial policy**, Montenegro continued to coordinate its positions with those of the EU, including in the World Trade Organization.

Montenegro continued to actively participate in Central European Free Trade Agreement (CEFTA) working groups, including in the Joint Committee. The Agreement on the recognition of professional qualification of the general care nurses, veterinarians, pharmacists and midwives under CEFTA entered into force in August 2024. Montenegro is yet to ratify Additional Protocol 7 and publish key decisions adopted within the CEFTA framework to enhance trade, create new jobs and strengthen consumer rights.

In November 2024, the government adopted a new trade facilitation programme for 2024-2026 and a framework action plan for the same period, aimed at improving the efficiency, effectiveness and ease of cross-border trade.

On **dual-use goods**, there were no developments with regards to Montenegro's applications for membership in the Australia Group and to join the Wassenaar Arrangement. In December 2024, the government adopted the Decision on Establishing National Control list of Dual-use goods. Montenegro has yet to align with the EU *acquis* on screening of foreign direct investments (Regulation 2019/452).

In accordance with the Law on the development bank, adopted in October 2024, this newly established entity should become the export credit insurer against non-market risks for Montenegrin companies. Implementing legislation should be adopted within a year from the entry into force of the development bank law, i.e. by the end of 2025.

Regarding **bilateral trade agreements**, negotiations with Ukraine to amend the Free Trade Agreement concerning rules of origin and methods of administrative cooperation continued. In December 2024, Parliament ratified the Agreement on Economic Cooperation with South Korea which entered into force in March 2025. In April 2025, Parliament ratified an Economic Cooperation Agreement and an Agreement on cooperation in tourism and real estate development with the United Arab Emirates. The country has 25 bilateral investment treaties in force, including with 15 Member States.

There were no significant developments in the area of **development policy and humanitarian aid**.

### Chapter 31: Foreign, security and defence policy

*Member States must be able to conduct political dialogue under the EU foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures.*

The **political dialogue** between the EU and Montenegro on foreign and security policy issues continued. In April 2025, Montenegro participated in the eleventh EU-Western Balkans meeting of Political Directors on the EU's common foreign and security policy (CFSP). In October 2025, Montenegro proposed the establishment of a Dialogue on Security and Defence with the EU.

The institutional framework enabling Montenegro's participation in the EU CFSP is in place and operational. Montenegro continued its full alignment with statements by the High Representative on behalf of the European Union and Council decisions on sanctions, including all EU restrictive measures against Russia and Belarus related to Russia's war of aggression against Ukraine.

Montenegro also continued to align with EU positions at the United Nations, and on initiatives in the UN Human Rights Council with regard to the human rights situation in China, Iran and Gaza. In February 2025, Montenegro co-sponsored the General Assembly Resolution ‘Advancing a comprehensive, just and lasting peace in Ukraine’<sup>14</sup> marking the third anniversary of the Russian invasion of Ukraine.

In December 2024, Parliament adopted the Law on **restrictive measures**, to improve the national legal framework in line with EU *acquis* and FATF recommendations.

Montenegro continued actively and constructively **cooperating with international organisations** (UN, OSCE and Council of Europe) and remained an active member of NATO. Implementation of the second **National Action Plan on Women, Peace and Security** is ongoing.

Since Montenegro has notified the United States of its wish to bring to an end the bilateral immunity agreement with the US, granting US citizens exemptions from the jurisdiction of the **International Criminal Court**, Montenegro is aligned with the EU common positions on the integrity of the Rome Statute or with the related EU guiding principles on bilateral immunity agreements.

Concerning **conflict prevention**, Montenegro continued supporting EU measures, including through the contribution to EU Missions as well as to UN and NATO missions. Additionally, during the reporting period Montenegro met all obligations in accordance with the OSCE Conflict Prevention Centre implementation calendar in the area of arms control. Montenegro also continues to provide personnel to UN peacekeeping operations.

Regarding **non-proliferation**, Montenegro remained actively engaged in the implementation of the Western Balkans **small arms and light weapons** (SALW) roadmap and implemented its 2019-2025 strategy and action plan for combating illegal possession, misuse, and trafficking of SALW. Montenegro continued to implement the 2023-2028 roadmap for the prevention, detection, suppression and protection against chemical, biological, radiological and nuclear threats and risks (CBRN), prevention and suppression of the proliferation of weapons of mass destruction and means of their delivery and preventing them from falling into the hands of non-state actors. In September 2024, in cooperation with the International Atomic Energy Agency, a draft of the new integrated nuclear security sustainability plan (INSSP) for the period 2025-2029 was developed.

In terms of **security measures**, Montenegro continued to implement its agreement on security of information with the EU on procedures regarding exchange of classified information.

As regards **common security and defence policy (CSDP)**, Montenegro continues to participate in **EU crisis management missions and operations under the CSDP**, currently in the EU NAVFOR ATALANTA. In June 2025, Parliament adopted the decision to contribute to the EU Military Assistance Mission in support of Ukraine (EUMAM Ukraine) in cooperation with the Armed Forces of Slovenia. In addition, Montenegro contributes to regional cooperation in military medicine through the Balkan Medical Task Force.

As regards **hybrid threats**, Montenegro aligned with EU declarations and restrictive measures in reaction to cyber-attacks in 2024 and continued hosting and supporting activities of the Western Balkans Cyber Capacity Centre (WB3C), opened in December 2024. Montenegro has aligned with the July 2025 Statement by the High Representative on behalf of the EU condemning Russia’s persistent hybrid campaigns against the EU, its Member States and partners. On cyber, in the context of international security, Montenegro has actively engaged in the negotiations of the final report of the 2021-2025 Open Ended Working Group on security and in the use of information and communications technologies, including through alignment with the EU Statements. Further efforts are needed to close the space for foreign interference and information manipulation, including disinformation, and to build societal resilience, against this and other forms of hybrid threats.

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<sup>14</sup> A/RES/ES-11/7, 24 February 25.

## ANNEX I – RELATIONS BETWEEN THE EU AND MONTENEGRO

Within the framework of the **accession negotiations**, by June 2025, all 33 screened chapters, including chapters 23 and 24 on the rule of law, had been opened, seven of which have been provisionally closed.

Montenegro is participating in the **Stabilisation and Association Process**. Montenegro continued to broadly implement its obligations under the **Stabilisation and Association Agreement (SAA)**. Regular political and economic dialogue between the EU and Montenegro has continued through the SAA structures. Regular subcommittee meetings were held throughout the period. The Stabilisation and Association Committee met in February 2025 and the SA Council in July 2022. The Stabilisation and Association Parliamentary Committee met regularly.

Montenegro participates in the ministerial dialogue between the economic and finance ministers of the EU and the candidate countries, which aims at helping the latter to gradually meet the economic accession criteria and be better prepared in terms of economic reforms, competitiveness and job creation. The most recent meeting was held on 13 May 2025

Montenegro has maintained its full **alignment with the EU common foreign and security policy** and has continued contributing to **EU crisis management missions and operations** under the common security and defence policy. In February 2025 a EUR 6 million assistance measure for Montenegro under the **European Peace Facility** was adopted to provide the Armed Forces with real life support equipment, equipment for chemical, biological, radiological and nuclear defence operations (CBRN), and equipment for the helicopter-borne search and rescue units.

**Visa liberalisation** for citizens of Montenegro travelling to the Schengen area has been in force since December 2009. As part of the visa liberalisation monitoring mechanism, the Commission has been regularly assessing the progress made by the country in implementing reforms introduced under the visa roadmap. The Commission's seventh report under the Visa Suspension Mechanism adopted in December 2024 concluded that Montenegro continues to take action to address the recommendations from the previous year's report. A **readmission agreement** between the European Union and Montenegro has been in force since 2008. In April 2025 the Commission proposed that countries that have been granted the status of candidate states, including Montenegro are designated as safe countries of origin at EU level.

The **Instrument for Pre-accession Assistance 2021-2027 (IPA III)**<sup>[1]</sup> continues financial support to the region and finances the Economic and Investment Plan for the Western Balkans. The **2025-27 multiannual programme** was adopted in July 2024 with an envelope of EUR 45 million, including actions to support further alignment with the *EU acquis* and institutional capacity building as well as support to structural reforms to accelerate Montenegro's socio-economic development. Following approvals by the WBIF operational board Montenegro has significant support for infrastructure investments upcoming, notably in the areas of rail transport and environment. Moreover, additional EUR 50 million from IPA III have been mobilised to increase the financing support for the construction of a next section of the Bar-Boljare Highway.

The bilateral annual programmes are complemented by a package of multi-country and regional programmes, supporting the environmental sector, dealing with migration, social housing, as well as TAIEX and competitiveness programmes together with IFIs and IOs. Montenegro is also benefiting from the rural development programme **IPARD III** (in continuation of the IPARD II support), providing a significant contribution to the implementation of the Economic and Investment Plan for the Western Balkans and the Green Agenda. Montenegro continues to participate actively in cross-border cooperation programmes with neighbouring countries and EU Member States (Adriatic and Danube – macro regional strategies), as well as transnational cooperation programmes and Union Programmes.

The EU provides support via IPA and the Foreign Policy Instrument to strengthen Western Balkans partners' resilience to face hybrid threats including cyber and foreign information manipulation and interference.

<sup>[1]</sup> Official Journal L 330, 20.9.2021



**Annex II – Statistical data**  
**STATISTICAL DATA (as of 11/09/2025)**

<b>Basic data</b>		Note	2012	2020	2021	2022	2023	2024
Population (thousand)			620 i	622 i	621 i	618 i	617 i	624 i
Total area of the country (km <sup>2</sup> )			13 882	13 882	13 882	13 882	13 882	13 882

<b>National accounts</b>		Note	2012	2020	2021	2022	2023	2024
Gross domestic product (GDP) (million national currency)			3 182	4 186	4 955	5 924	6 964	7 459 p
Gross domestic product (GDP) (million euro)			3 182	4 186	4 955	5 924	6 964	7 459 p
GDP per capita (euro)			5 130	6 740	8 000	9 600	11 000 p	;
GDP per capita (in purchasing power standards (PPS))			10 238	13 417	15 352	17 477	19 550 p	;
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)			39.4	44.1 b	46.3	48.6	51.3 p	;
Real GDP growth rate: change on previous year of GDP volume (%)			- 2.7	- 15.3	13.0	6.4	6.3	3.0 p
Employment growth (national accounts data), relative to the previous year (%)			;	;	;	;	;	;
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)			;	;	;	;	;	;
Unit labour cost growth, relative to the previous year (%)			;	;	;	;	;	;
*3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)			;	;	;	;	;	;
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)			;	;	;	;	;	;
Gross value added by main sectors								
Agriculture, forestry and fisheries (%)			8.9	9.1	8.0	7.5	6.8	6.5 p
Industry (%)			12.2	13.5	12.5	11.3	11.6	10.9 p
Construction (%)			5.5	7.3	5.8	4.8	4.0	3.9 p
Services (%)			73.5 i	70.0 i	73.8 i	76.3 i	77.6 i	78.8 pi
Final consumption expenditure, as a share of GDP (%)			103.8	103.8	92.7	92.5	91.0	94.1 p
Gross fixed capital formation, as a share of GDP (%)			19.8	27.9	22.1	21.5	19.6	20.2 p
Exports of goods and services, relative to GDP (%)			43.7	26.0	42.8	51.5	50.0	44.9 p
Imports of goods and services, relative to GDP (%)			68.1	61.0	62.2	74.4	68.6	67.5 p
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)			;	;	;	;	;	;

<b>Business</b>		Note	2012	2020	2021	2022	2023	2024
Industrial production volume index (2015 = 100)			94.6	105.8	110.3	107.2	114.1	;
Number of active enterprises (number)			;	;	;	43 313	51 266	;
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)			11.8 w	8.5 w	11.4 w	21.6 w	16.3 w	12.3 w
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)			4.6 w	4.7 w	4.9 w	5.6 w	4.9 w	4.8 w
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)			;	;	;	;	;	;

Value added by SMEs (in the non-financial business economy) (EUR million)		:	:	:	:	:	:	:
Total value added (in the non-financial business economy) (EUR million)		:	:	:	:	2 862 i	3 503 i	:

#### Inflation rate and house prices

Consumer price index (CPI), change relative to the previous year (%)	Note	2012	2020	2021	2022	2023	2024
		:	- 0.5 d	2.5 d	11.9 d	8.7 d	3.6 d

#### Balance of payments

Balance of payments: current account total (million euro)	Note	2012	2020	2021	2022	2023	2024
Balance of payments current account: trade balance (million euro)		:	- 1 091.0	- 457.0	- 766.0	- 791.0	- 1 308.0
Balance of payments current account: net services (million euro)		:	- 1 643.0	- 1 914.0	- 2 671.0	- 2 986.0	- 3 302.0
Balance of payments current account: net balance for primary income (million euro)		:	176.0	956.0	1 317.0	1 688.0	1 582.0
Balance of payments current account: net balance for secondary income (million euro)		:	66.0	103.0	119.0	67.0	- 21.0
Net balance for primary and secondary income: of which government transfers (million euro)		:	307.0	401.0	469.0	438.0	430.0
*3 year backward moving average of the current account balance relative to GDP (%)		:	51.0	66.0	41.0	60.0	34.0
*Five year change in share of world exports of goods and services (%)		:	- 19.1	- 16.5	- 16.1	- 11.2	- 13.9
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		:	- 31.2	5.3	17.3	29.4	14.5
Foreign direct investment (FDI) abroad (million euro)		461.6 w	468.0 i	582.0 i	783.0 i	434.0 i	489.9 w
of which FDI of the reporting economy in the EU-27 countries (million euro)		20.8 w	- 5.0	9.0	50.0	53.0	62.6 w
Foreign direct investment (FDI) in the reporting economy (million euro)		:	- 4.0	- 8.0	8.0	13.0	20.5 w
of which FDI of the EU-27 countries in the reporting economy (million euro)		482.4 w	463.0	591.0	833.0	487.0	552.6 w
*Net international investment position, relative to GDP (%)		:	92.0	175.0	226.0	108.0	98.7 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		:	- 194.4	- 157.6	- 124.2	- 106.0	- 107.1
		:	6.3 i	6.8 i	7.4 i	5.6 i	:

#### Public finance

General government deficit / surplus, relative to GDP (%)	Note	2012	2020	2021	2022	2023	2024
General government gross debt relative to GDP (%)		:	:	:	:	:	:
Total government revenues, as a percentage of GDP (%)		:	:	:	:	:	:
Total government expenditure, as a percentage of GDP (%)		:	:	:	:	:	:

#### Financial indicators

Gross external debt of the whole economy, relative to GDP (%)	Note	2012	2020	2021	2022	2023	2024
Gross external debt of the whole economy, relative to total exports (%)		156.9 iw	221.4 iw	192.3 iw	158.7 iw	130.1 iw	128.1 piw
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		373.0 w	851.5 w	448.8 w	307.9 w	260.4 w	285.4 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	:	:	:	:	:
*Annual change in financial sector liabilities (%)		:	:	:	:	:	:
*Private debt, consolidated, relative to GDP (%)		:	:	:	:	:	:
Interest rates: day-to-day money rate, per annum (%)		:	:	:	:	:	:
Euro exchange rates: average of period (1 euro = ... national currency)		1 w	1 w	1 w	1 w	1 w	1 w
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:

*3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:		:		:		:		:		:		:
Value of reserve assets (including gold) (million euro)		:				376.0		8.0		164.0		- 482.0		242.0
<b>External trade in goods</b>														
Value of imports: all goods, all partners (million euro)	Note	2012	2020	2021	2022	2023	2024							
Value of exports: all goods, all partners (million euro)		1 821	2 105	2 504	3 540	3 810	4 068							
Trade balance: all goods, all partners (million euro)		367	366	437	700	674	615							
Terms of trade (export price index / import price index * 100) (number)		- 1 454	- 1 739	- 2 067	- 2 840	- 3 136	- 3 453							
Share of exports to EU-27 countries in value of total exports (%)		97.2 iw	94.4 iw	99.8 iw	110.6 iw	102.2 iw	:							
Share of imports from EU-27 countries in value of total imports (%)		50.3 iw	37.7 iw	31.1 iw	30.3 iw	36.1 iw	30.1 iw							
		43.5 iw	44.2 iw	45.7 iw	44.3 iw	45.8 iw	46.4 iw							
<b>Demography</b>														
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)	Note	2012	2020	2021	2022	2023	2024							
Infant mortality rate deaths of children under one year of age (per thousand live births)		2.5	- 0.3	- 3.4	- 0.1	1.1	1.0							
Life expectancy at birth: male (years)		4.4	2.8	1.4	:	2.1	:							
Life expectancy at birth: female (years)		74.2	73.2	70.8	:	75.1	:							
		78.3	78.8	77.0	:	80.2	:							
<b>Labour market</b>														
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)	Note	2012	2020	2021	2022	2023	2024							
Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		64.7	67.2	:	:	:	:							
Male employment rate for persons aged 20–64 (%)		52.0	55.2	:	:	:	:							
Female employment rate for persons aged 20–64 (%)		57.9	61.7	:	:	:	:							
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		46.2	48.8	:	:	:	:							
Employment by main sectors		36.1	44.2	:	:	:	:							
Agriculture, forestry and fisheries (%)		5.3 i	7.5 i	:	:	:	:							
Industry (%)		12.0 i	10.1 i	:	:	:	:							
Construction (%)		5.9 i	8.3 i	:	:	:	:							
Services (%)		76.5 i	73.5 i	:	:	:	:							
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		:	:	:	:	:	:							
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		:	:	:	:	:	:							
Unemployment rate: proportion of the labour force that is unemployed (%)		20.0	17.9	:	:	:	:							
Male unemployment rate (%)		19.8	17.5	:	:	:	:							
Female unemployment rate (%)		20.3	18.4	:	:	:	:							
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		42.2	36.0	:	:	:	:							

Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		15.8	13.4	:	:	:	:
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		35.2	35.2	:	:	:	:
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		10.0	12.0	:	:	:	:
<b>Social cohesion</b>							
Average nominal monthly wages and salaries (national currency)	Note	2012	2020	2021	2022	2023	2024
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		484 w	524 w	532 w	712 w	792 w	876 w
Gini coefficient		100 w	100 w	99 w	117 w	120 w	129 w
Poverty gap		:	32.9	32.5	31.5	:	:
		:	28.2	29.5	29.5	:	:
<b>Standard of living</b>							
Number of passenger cars relative to population size (number per thousand population)	Note	2012	2020	2021	2022	2023	2024
Number of mobile phone subscriptions relative to population size (number per thousand population)		280.3 iw	338.0	358.0	369.0	389.0	417.0
Mobile broadband penetration (per 100 inhabitants)		1 595.0 w	1 736.8 w	1 804.4 w	2 062.6 w	2 129.0 w	:
Fixed broadband penetration (per 100 inhabitants)		10.2 w	7.7 w	7.7 w	8.5 w	8.0 w	:
		14 w	30 w	30 w	32 w	33 w	:
<b>Infrastructure</b>							
Density of railway network (lines in operation per thousand km²)	Note	2012	2020	2021	2022	2023	2024
Length of motorways (kilometres)		:	18.0 i	18.0 i	18.0 i	18.0 i	:
		:	0	0	0	0	:
<b>Education, Innovation and Research</b>							
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8)	Note	2012	2020	2021	2022	2023	2024
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), males		24.2	38.4	:	:	:	:
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), females		22.8	35.1	:	:	:	:
Participation in early childhood education (children aged 3 and over)		25.5	41.7	:	:	:	:
Participation in early childhood education (children aged 3 and over), males		:	:	:	:	78.3	:
Participation in early childhood education (children aged 3 and over), females		:	:	:	:	78.4	:
Low achieving 15-year-olds in reading		43.3	:	:	52.9	:	:
Low achieving 15-year-olds in mathematics		56.6	:	:	59.5	:	:
Low achieving 15-year-olds in science		50.7	:	:	54.9	:	:
Early leavers from education and training: proportion of persons aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		6.7	3.6	:	:	:	:

Early leavers from education and training: proportion of men aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training	6.6	:	:	:	:	:
Early leavers from education and training: proportion of women aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training	6.9	:	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks)	2.4	2.7	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), men	2.7	2.6	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), women	2.2	2.8	:	:	:	:
Exposure of vocational education and training (VET) graduates to work-based learning (% of population aged 20-34)	:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74)	:	:	47.2	:	52.0	:
Share of individuals having at least basic digital skills (% of population aged 16-74), males	:	:	48.5	:	53.5	:
Share of individuals having at least basic digital skills (% of population aged 16-74), females	:	:	45.7	:	50.0	:
Public expenditure on education relative to GDP (%)	:	:	:	:	:	:
Gross domestic expenditure on R&D relative to GDP (%)	:	:	:	:	:	:
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)	:	:	:	:	:	:
Percentage of households who have internet access at home (%)	55.0	80.3	80.8	81.0	81.3	84.5

#### Environment

Note	2012	2020	2021	2022	2023	2024
Index of greenhouse gas emissions, CO <sub>2</sub> equivalent (1990 = 100)	70.5 w	72.0 w	71.8 w	72.4 w	:	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)	319.0	280.3	265.0	241.9	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)	42.8	61.5	60.5	68.5	67.5	:
Road share of inland freight transport (based on tonne-km) (%)	1)	51.0 w	65.1 w	47.4 w	61.2 w	:

#### Energy

Note	2012	2020	2021	2022	2023	2024
Primary production of all energy products (thousand TOE)	703	726	749	743	829	:
Primary production of crude oil (thousand TOE)	0	0	0	0	0	:
Primary production of solid fuels (thousand TOE)	393	400	371	416	430	:
Primary production of gas (thousand TOE)	0	0	0	0	0	:
Net imports of all energy products (thousand TOE)	367 i	280 i	340 i	309 i	261 i	:
Gross inland energy consumption (thousand TOE)	1 070	1 023	1 093	1 062	1 099	:
Gross electricity generation (GWh)	2 844	3 381	3 777	3 322	4 187	:

#### Agriculture

Note	2012	2020	2021	2022	2023	2024
Agricultural output volume index (at producer prices) (2015 = 100)	:	:	:	:	:	:
Utilised agricultural area (thousand hectares)	222.9	258.0 p	255.6 p	253.7 p	263.5 p	:

Livestock numbers: live bovine animals (thousand heads, end of period)		85.0	77.9 p	71.2 p	70.8 p	68.8 p	67.5 p
Livestock numbers: live swine (thousand heads, end of period)		18.5	25.8 p	24.3 p	24.5 p	24.2 p	29.3 p
Livestock numbers: live sheep and live goats (thousand heads, end of period)		230.0 i	204.4 pi	195.0 pi	190.5 pi	184.1 pi	171.8 pi
Raw milk available on farms (thousand tonnes)		163.2	:	:	:	:	:
Harvested crop production: cereals (including rice) (thousand tonnes)		5.1	7.3 p	7.1 p	7.2 p	7.7 p	:
Harvested crop production: sugar beet (thousand tonnes)		0.0	0.0	0.0	0.0	0.0	0.0
Harvested crop production: vegetables (thousand tonnes)		27.4	39.4 p	40.9 p	40.9 p	42.1 p	:

**Source: Eurostat and/or the statistical authorities in Montenegro**

: = not available

b = break in series

d = definition differs

p = provisional

i = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

\* = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Total freight traffic (national territory and international transport).