



EDITION 2015 **INVEST**
IN MONTENEGRO
What Should You Know About Montenegro?



111
**Frequently
Asked Questions**

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111 Frequently Asked Questions



**This publication is product of
The Montenegrin Investment Promotion Agency (MIPA)**

Dear Reader

The aim of this publication is to provide you simple and straightforward answers to the most frequently asked questions about Montenegro.

We expect, of course, that you will have many more questions. Montenegrin Investment Promotion Agency (MIPA) is at your disposal for additional questions, arising from the reading of this publication.

We hope it will contribute to your better understanding of the overall situation in Montenegro, and help you in establishing your business.

We believe it is important to get your attention to several general facts about Montenegro:

- Geographically strategic position of Montenegro in Europe
- Montenegro is in process of negotiation for joining the European Union (EU)
- Montenegro is first on the list of candidates for the full membership into NATO;
- We treat foreigners and domestic ones equally with regard to investments;
- For majority of the countries visas are not required;
- The euro is official currency since 2001
- One of the most competitive corporate tax regimes in Europe

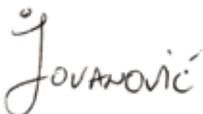
There are many more factors which can have a positive effect in the starting stage of your business. These positive factors are described, along with this publication, in our other two publications, named 'Country Report' and '11 Reasons to invest in Montenegro'. Please take them also in consideration for establishing the first impression about the country.

To paraphrase Lord Byron: "At the birth of our planet, the most beautiful encounter between the land and the sea must have happened at the coast of Montenegro."

The World Travel & Tourism Council forecasts Montenegro to undergo a 9.4 per cent year-on-year rise in tourism for the next 10 years – more than double the world average.

We don't want you to base your impressions just on the facts you read here. We expect that you will come to Montenegro and see it for yourself. Feel free to contact us and to use our knowledge and the willingness to help you discover Montenegro, so you can get deeper view of our beautiful country.

Yours Sincerely,



Milos Jovanovic, MSc
CEO

Montenegrin Investment Promotion Agency (MIPA)



What is MIPA?

The Montenegrin Investment Promotion Agency (MIPA) is a national investment agency set up by the Government of Montenegro in 2005 to promote foreign investments in Montenegro and to facilitate the economic development of Montenegro.

MIPA's mission

The mission of MIPA is to partner with foreign and domestic investors, the public and private sector, and international groups and individuals to increase investments in Montenegro and help bring accelerated economic development, dynamic growth and prosperity for all Montenegrin citizens. It promotes specific projects to foreign investors and has a publicity function in bringing such projects to the attention of the international public. MIPA advances Montenegro as a competitive investment destination by actively facilitating investment projects in the country.

What can MIPA do for you?

MIPA helps you find business opportunities in Montenegro by:

- Being a business partner and actively facilitating your business needs;
- Providing you with relevant information on the investment climate, institutional framework and related legal issues;
- Assisting you in obtaining permits and licenses on national and local levels of authority;
- Developing specific strategies for concrete sectors and countries;
- Helping you locate greenfield and brownfield site options according to your specific requirements;
- Giving initiatives and supporting cooperation with domestic supplier companies and other local partners;
- Maintaining an investment opportunities database;
- Identifying eventual "red tape" obstacles to doing business in Montenegro and providing recommendations to the Government for its systematic removal;
- Advertising your project, with an aim to create a relationship between Montenegrin companies and people and foreign investors.

How to Contact Us?

Montenegrin Investment Promotion Agency (MIPA)

Jovana Tomasevica 2A,
81000 Podgorica, Montenegro

Tel/fax: (+38220) 203-140, 203-141, 202-910, 202-911

Web: www.mipa.co.me

E-mail: info@mipa.co.me



01. Where is Montenegro?

Montenegro belongs to the middle Mediterranean region. It is located in Southeast Europe, on the central part of the Balkan Peninsula and southern coast of the Adriatic Sea.

Geographic coordinates of extreme points		
	North latitude	East latitude
North	43° 32'	18° 58'
South	42° 50'	19° 22'
East	42° 53'	20° 21'
West	42° 29'	18° 26'



Montenegro is bordered by Croatia and Bosnia and Herzegovina on the west, Serbia on the northeast, Kosovo and Albania on the east and Italy across the Adriatic Sea. The borders are 614 km in length with a coastline of 293,5 km, of which 73 km are sand beaches.

02. What is the total land area?

Total land area of Montenegro is 13,812 km². High and extensive mountain massifs intersected by river gorges and deep valleys cover most of the country. Larger lowland areas are to be found in the south, near the coastline.

General Data	
Area in km ²	13.812
Total population	620,029 (Census 2011)
Capital	Podgorica
Old Royal Capital	Cetinje
Currency	EURO
Climate	Continental and Mountain Mediterranean
Time zone	European (GMT + 01:00)

03. What is the capital of Montenegro and what are other major cities?

The capital of Montenegro is Podgorica. With a population of 185,937, it represents the political, economic, administrative and cultural heart of Montenegro. Major cities are: Niksic with a population of 72,824, which is located 54 km northwest of Podgorica, and Bijelo Polje with 46,676 inhabitants, located 120 km north of Podgorica.

04. What is the climate in Montenegro like?

The climate is temperate Mediterranean. Continental climate is present in the north (cold winters and hot, humid summers, with well distributed rainfall); Central region is characterized by continental and Mediterranean climate; in the south prevails Adriatic climate, with hot, dry summers and autumns and relatively cold winters. Average air temperature is 27.4°C in the summer and 13.4°C in the winter. Montenegro has around 250 sunny days a year.

05. What is the currency in Montenegro?

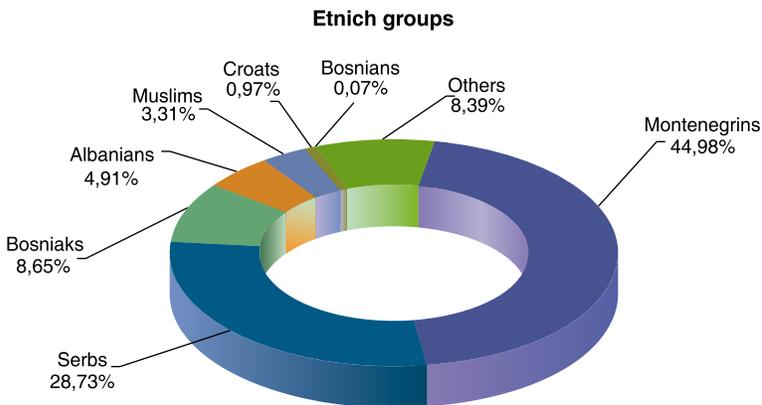
Montenegro started to use Euro as a currency in 2002, without any objections from the European Central Bank (ECB). From 1996 up to 2002 Deutsche Mark was the currency used in all transactions.

06. What is the total population in Montenegro?

Based on 2011 Census the population in the country is 620,029.

07. What is the ethnic structure?

Based on the 2011 census, the ethnic composition of Montenegro is as follows:



Source: MONSTAT (Census 2011)

08. What are the main religions?

Montenegro is a multi-religious state with Christian Orthodox, Islamic, Roman, Catholic, Jewish, Protestant and other denominations.

09. What is the Human Development Index for Montenegro and the literacy rate?

Human development Index is in constant increase since 2005 and reached 0.789 in 2013, while based on the last survey literacy rate is 98.5%.

10. What is the average life expectancy?

74.5 years. Man life expectancy is 72.4, while women life expectancy is 76.8 years.

11. What is the political and legal system in Montenegro?

Montenegro is a civic, democratic and ecological country, it is the state of social justice based on the rule of law. Montenegro became an independent country on May 21th 2006. Members of the National Assembly (81) are elected directly. The Prime Minister is appointed by the members of the National Assembly. The legal system in Montenegro is Continental-European.

The Parliament of Montenegro

According to the Constitution of Montenegro, its 81-member Parliament hold legislative power of the state. Representatives are elected through direct voting, by means of secret ballot, on the basis of a universal and equal right to vote. The Parliament has a President, one or more Vice Presidents, working bodies and commissions. The latest parliamentary elections were held in October 2012.

Current Political Structure of Montenegrin Parliament



- DPS Democratic Party of Socialists 30
- SDP Social-Democratic Party 8
- BS Bosniak Party 3
- AP Croatian Civic Initiative 1
- AP Liberal Party 1

- AP Forca 1
- AP Albanian Coalition 1
- DF Democratic Front 20
- SNP Socialist People's Party 9
- PCG Positive Montenegro 7

Source: The Parliament of Montenegro

12. Where does Montenegro stand regarding EU integration?

Montenegro was granted an official candidate for accession to the European Union status in 2010, while the accession negotiations initiated on June 29th 2012. According to the Progress Report 2014, the European Commission concluded that Montenegro continues to sufficiently meet the political criteria, made further progress in establishing a functioning market economy and has improved its ability to take on the obligations of EU membership. During the reporting period, ten negotiating chapters were opened, including the rule of law chapters, 23 – Judiciary and fundamental rights and 24 – Justice, freedom and security. These chapters were opened on the basis of Action Plans submitted by Montenegro. Implementation of the action plans has started. Two negotiation chapters were already provisionally closed: Science and Research and Education and Culture.

Montenegro continued making progress on its EU-path. Negotiations were opened and closing benchmarks set for Chapters 4 – Free movement of capital, 5 – Public Procurement, 6 – Company Law, 7 – Intellectual Property Law, 10 – Information Society and Media, 20 – Enterprise and Industrial Policy, 23 – Judiciary and Fundamental Rights and 24 – Justice, Freedom and Security, 31 – Foreign, Security and Defence Policy and 32 – Financial control.

Opening benchmarks have been set for Chapters 1 – Free movement of goods, 3 – Right of establishment and freedom to provide services, 8 – Competition policy (opening benchmarks related to the restructuring of KAP), 11 – Agriculture and rural development, 12 – Food safety, veterinary and phytosanitary policy, 13 – Fisheries, 15 – Energy, 17 – Economic and monetary policy, 19 – Social policy and employment, 22 – Regional policy and coordination of structural instruments, 27 – Environment.

13. When are next parliament elections scheduled?

Next parliamentary elections are scheduled for autumn 2016.

14. How to reach Montenegro by plane?

There are two international airports: in Podgorica and in Tivat (80 km southwest of Podgorica). The Podgorica airport offers connections to: Frankfurt, Vienna, Brussels, Rome, Moscow, Paris, Ljubljana, Istanbul, Belgrade and Zurich, while the Tivat airport is used mostly for charter flights and direct flights to Belgrade and Moscow. During the tourism season, additional connections are offered. The national air transportation company is Montenegro Airlines <http://www.montenegroairlines.com/>. Besides Montenegro Airlines, Austrian, Adria Airways, AirSerbia, Turkish Airlines, Moscow Aircompany and S7 Airlines are operating in Montenegro. Other, charter companies for air transportation are: SAS, Airberlin, GazpromAvia, Aeroflot, Malmö Aviation, Travel service, Belavia Belarusian Airlines, SkyEzpress, NordStar, Amaa, Khors Air, Holidays Czech Airlines, Tatarstan, Transaero, Windrose, Ural Airlines, ALK, Thomas Cook, Donbass Aero, Ukrain International Airlines, NIKI, KMV, Rossiya and Globus Airlines company. In 2013, Ryanair - Europe's only ultra-low cost carrier (ULCC) officially launched its first flights between Podgorica and Brussels. Starting from this April, Ryanair launched its route from London Stansted to Podgorica. Plans are to operate this route all year round, flying twice per week on Tuesdays and Saturdays.

15. What does the railroad network look like?

The Montenegrin railway network is 330 km long, single track, electrified and with normal track gauge (of which 250km are the open tracks and 80 km are station tracks). The Railroad links the Port of Bar, Podgorica and Bijelo Polje, as well as Niksic, Podgorica and Albania via Tuzi. Podgorica-Niksic track as well as the link from Bar to Podgorica, are used for freight and passenger transport.



16. What is the total road network in Montenegro?

The road network of Montenegro consists of approximately 920 km of main roads, 970 km of regional roads and a very extensive local network of 6,000 km. The road network was improved by important projects, such as the Sozina Tunnel, the Millennium Bridge and the Debeli Brijeg border. The Sozina tunnel has significantly shortened the distance between the Port of Bar and Podgorica, which means that the capital of Montenegro is now only 40 minutes away from the seacoast.

17. What are the biggest infrastructure projects in Montenegro?

The Ministry of Transport and Maritime Affairs of Montenegro announced a prequalification tender for prospective bidders for the execution and implementation of a Public-Private Partnership (PPP) contract involving the design, financing, construction, operation and maintenance of a new motorway running from Bar to Boljare. It will be 164 km long with an estimated cost of around 2 billion euros. The rugged mountainous terrain is an engineering challenge, with 50 tunnels and 95 bridges and viaducts planned along the section. Bar - Boljare motorway has a clear strategic role to play in the regional core network. It will link the capital of a country and a major tourist destination with other regional capitals and economic centers, providing the infrastructure for fast, safe and reliable travel. On 30. 10. 2014. Government of Montenegro and Chinese Exim bank signed the contract on financing construction of motorway, and the start of construction now depends on legislative procedure. Adriatic Ionian Motorway or the Blue Corridor is a future motorway that will stretch along the entire eastern shore of Adriatic and Ionian sea, connecting the western coast of the Balkan peninsula. The total length of the Adriatic Ionian Motorway will be about 95 km long. This motorway, as stated by the Ministry of Transport and Maritime Affairs, will be the

shortest route connecting Western Europe with the South, and will connect Montenegro with Albania, Bosnia and Herzegovina and Croatia.

18. What are the possibilities for sea transportation from and to Montenegro?

There are five ports for passengers and cargo transport in Montenegro. They are located in Bar, Herceg Novi, Tivat, Kotor and Zelenika. Located in the Bay of Kotor, a UNESCO World Heritage site and Europe's most southerly fjord, Porto Montenegro combines a spectacular destination with a world-class marina and services. Complemented by spacious waterside residences, signature restaurants, lively bars and a wide range of sports, leisure and cultural activities, the marina is an ideal superyacht homeport with berths ranging from 12m to 180m. The Port of Bar is used for 95% of the total passenger and freight transport, and has conditions for an annual turnover and transport of 5 million tons of cargo. It is situated in the southern part of the Adriatic Sea, and it is an exceptional site where sea and land traffic come together. This favorable geographical position (42° 0' north latitude and 19° 05' east longitude), together with the railwayline Belgrade – Bar and the road network, represents a compatible traffic system that enables convenient connection. Due to its favorable position, the Port of Bar is the right place for setting up a distribution centre for the whole region. Significant investments are expected in order to improve productivity and efficiency of the logistic services in the Port.

19. What does the telephone infrastructure look like?

The telecommunication sector is 100% private and liberalized. There are two fixed phone providers – T-Mobile, part of Deutsche-Telecom (98.35% market share in October 2014) and M:tel, (Consortium consisting of Telekom Serbia and Ogalar B.V. - 1.65% market share in September 2014). Montenegrin fixed connection, according the level of digitalization, is one of the most developed in comparison to other EU countries. This is because of the fact that fixed connections digitalization reached 100% starting from 2006. There are two international switches that have been working as transit switches. These are used for transition of traffic from the local switches that are placed in other Montenegrin municipalities. Complete communication between switching capacities is organized by using solely fiber-optic cable that guarantees high quality communication.

20. What is the number and coverage of GSM operators?

There are three mobile operators in Montenegro: Telenor (www.telenor.me), 100% owned by Telenor from Norway, T-Mobile Montenegro(www.telekom.me), majority-owned by Magyar and Deutsche –Telecom and M:tel (www.mtel.me) consortium of Telekom Serbia and Ogalar B.V. . In September 2014 Telenor had 425.733 users (38,19), T-mobile had 367.524 users (32,96%) and M:tel 321.704 (28,85%). The number of mobile phone users in same period equaled 1.114.961 which implies the penetration at the level of 179,82%.

Source: Agency for Electronic communications and postal services, Montenegro

21. What is the Internet availability and the percentage of Internet users?

There are numerous licensed Internet Service Providers in Montenegro but five of them cover the largest market share: T-Com Montenegro, Telenor, M-tel, M-kabl and Cabling. The percentage of households that own a computer increased from 47% in 2007 to 79% in 2014. Percentage of households that have access to internet is 59%. Increasing presence of IT companies characterize business sector in the recent period.

22. How many banks are currently present in the Montenegrin market?

There are twelve banks operating in Montenegro, and all of them are in private ownership: Montenegrin Commercial Bank, Podgoricka Bank Societe Generale, Erste Bank, Atlasmont Bank, NLB Montenegro Bank, Commercial Bank Budva, Invest Bank Montenegro, Prva Banka, Hypo-Alpe-Adria Bank, Opportunity Bank, Universal Capital Bank and Lovcen bank. It is expected that Turkish Ziraat bank start the operations in Montenegro in 2015.

Source: The Central Bank of Montenegro

23. How many stock exchanges operate on the capital market?

Until recently Montenegro had two stock exchanges. After successful merger, one stock exchange operates on the capital market (under the name of Montenegro Stock Exchange). At the end of 2013, Istanbul Stock Exchange purchased 24.38% of Montenegro Stock Exchange (www.montenegroberza.com).

24. Which securities are traded on the montenegrin capital market?

Three types of securities are traded: shares of companies, shares of investment funds and bonds (old currency savings bonds, Pension fund bonds and bonds from restitution).

25. Which are the most tradeable shares today in Montenegro?

The most tradeable shares in the period January 1st 2014–June30th 2014 are listed in the table below.

Company	Turnover (EUR)	Number of transactions
HG Budvanska Riviera (BUDR)	4.306.237	155
Crnogorski Telekom AD	2.156.440	362
Crnogorski Elektroprenosni Sistem (PREN)	1.150.374	281
Jugopetrol AD	740.924	155
TPC Raznatovic AD	568.998	6

Source: Montenegro Stock Exchange

26. How many broker and dealer houses exist in Montenegro?

There are three broker houses and seven broker-dealer houses. In addition, seven banks hold the license for custody operations. For detailed information about broker and dealer houses you can contact The Securities Commission of Montenegro (www.scmn.me).

27. How can someone get the information about the securities that someone owns?

The Central Depository Agency (CDA) executes the deposit of dematerialized securities, clearing and settling securities transactions, and other business associated with dematerialized securities (www.cda.me).

28. Who can be a foreign investor?

A foreign investor can be a legal entity or individual person. Both have equal rights. The term “foreign investor” applies to a company that has been founded by a foreign person in Montenegro and/or foreign legal entities whose share of investment capital is higher than 10% of the total capital amount. Domestic citizens can also obtain foreign investor status if they have been living abroad for more than a year. Foreign investors can acquire rights to real estate in Montenegro such as company facilities, places of business, apartments, living spaces, and land for construction. Additionally, foreign persons can claim property rights to real estate by inheritance in the same manner as domestic citizens.

29. What are the possible forms of foreign investment?

Foreign investment can take the form of money, securities, properties, services and assets rights. Foreign and domestic investment are treated in the same manner.



30. What amount of investment is required?

There is no bottom limit.

31. Who can join in a mutual investment?

Foreign investors can invest with one or more foreign investors, inland investors or a combination of foreign and domestic investors.

32. Can foreign investors acquire rights to real estate in Montenegro?

Foreign investors can acquire rights to real estate in Montenegro, such as company facilities, apartments, living spaces and land for construction. Additionally, foreign persons can claim property rights to real estate by inheritance in the same manner as a domestic citizen.

33. How does the law categorize land in Montenegro?

The law classifies all land into two categories:

Construction land

- Public construction land (in state municipality ownership);
- Other construction land (in all ownership forms).

Agricultural land (in all ownership forms)

- Cultivable land
- Uncultivable land.

34. Who is the owner of urban constructionland?

Most of the urban construction land is the property of Montenegro, but the percentage of privately owned land is increasing year by year. There are no restrictions to ownership of urban construction land. The municipalities/local authorities are also owners of construction land.

35. How can one obtain *right of use*?

The right of use of construction land can be obtained by signing of a Transfer Contract between the municipality, legal entity or other organization or individual, for a term of 30 days from the date of the decision to transfer or by renting urban construction land for a definite period of time.

36. What are the implications and characteristics of *right of use*?

Each municipality regulates the procedures, conditions, and ways of renouncing urban construction land. The *right of use* of the urban construction land has the following characteristics:

- It relates to ownership of the constructed building;
- It is granted for a definite period of time or can be PPP
- It is not transferable as such but is automatically transferred by the sale of a constructed building.

37. What fees does an investor pay for the right of use of land?

There are three fees that apply to the *right of use* of land:

- Fee for obtaining the building site (one time payment);
- Construction land development fee (one time payment);
- Monthly fee for using the land.

38. How can one obtain construction approval/building permit?

In order to obtain a building permit investor is required to fulfill requirements prescribed by law. The first requirement following an idea of construction is one of planning documents. There are state and local planning documents.

State planning documents are following: Spatial plan of Montenegro, Spatial plan of special purpose area (national parks, coastal zone, natural reserves, recreational and tourist areas, monumental sites, exploitation sites where superficial exploitation of mineral raw materials is carried out, etc.), Detailed spatial plan and State study of location.

Local planning documents are following: Spatial-urban plan, Detailed-urban plan, Urban project and Local study of location. Local administration body issues a building permit for an object constructed according to a local planning document.

State administration body, namely the Ministry, issues a building permit for objects constructed according to a state planning document, as well as for: state-owned structures of general interest; structures of basic chemical and chemical industry; ferrous and non-ferrous metallurgy; structures for production of cellulose and paper; structures for processing of leather and fur; structures where hazardous matters are produced and stored and similar structures and plants whose work might endanger the environment; plants using liquid and oil gas; high dams and reservoirs filled with water, tailing dump or ash which is subject to technical monitoring; structures of special significance for defence of Montenegro; hotels, religious structures, theatre, cinema, sports, exhibition and similar halls, with over 1,000m²; silos with the capacity over 3,000 m³; halls with a bay over 30m, of shell structure, of pre-stressed and composite structure and beehive structure; bridges with a span over 30m; sanitary landfills and plants for treatment of solid and hazardous waste; systems and structures built at the territory of two or more local self-government units; concessions causing spatial alterations; stations and plants for storing and decanting of fuel; stadiums with the capacity for over 3,000 visitors; tunnels over 200m in length.

Building permit is issued by conclusion (the procedure is same for domestic and foreign companies). After receipt of preliminary or building design with positive report on expert supervision and a proof on ownership or other right on the construction land by the investor, respective authority issues a building permit. For a constructed object, the same body that issued a building permit issues occupancy permit as well, after receipt of the positive report on technical inspection of all construction works. Detailed information can be found on the website of the Ministry of Sustainable Development and Tourism of Montenegro (www.mrt.gov.me).

39. Can a foreign investor perform free transfer of goods from Montenegro and under what conditions?

Foreign investors can freely transfer their funds after fulfilling all liabilities and obligations such as: income tax, return of funds invested in initial capital, share in net assets, obligations in the case of contract ending, etc. Transfer of funds is also possible in the cases of foreign currency being sold off to a registered bank, the selling of goods and services, or transfer to an account of another foreign person.

40. Can foreign investors be taxed differently than domestic investors?

No. Foreign investors cannot be taxed differently than domestic investors.

41. Is the foreign investor obligated to ensure his/her investment?

The foreign investor is obligated to ensure the investment according to insurance regulations.

42. Who can insure your investment in Montenegro?

There are various foreign companies along with other bilateral and multilateral organizations providing risk insurance against civil war, expropriation, nationalization, confiscation, inconvertibility of profits and dividends, and non-transferable currency.

Investment insurance organizations		
Austria	OEKB	www.oekb.at
French	COFACE	www.coface.com
Italy	SACE	www.sace.it
Slovenia	SID	www.sid.si
USA	OPIC	www.opic.gov
World Bank	MIGA	www.miga.org

43. How many insurance companies operate in Montenegro?

Eleven insurance companies operate in Montenegro. Six of them are offering non-life insurance (*Lovcen insurance, SAVA Montenegro, Swiss insurance, Delta Generali insurance, Uniqa insurance*), while five companies are offering life insurance (*Atlas life, Wiener Städtische life insurance, Grawe, Uniqa life insurance, Lovcen life insurance and Merkur insurance*).

44. What is the ownership structure of insurance industry in Montenegro?

On December 31st 2013, share of foreign ownership in the insurance industry was 76.15%, while remaining 23.85% belong to domestic owners. However, private ownership dominate in Montenegro. The total share capital amounts to €49,812 million on December 31st 2013, an increase of 8.31 % over the same period of 2012 when the total equity capital amounted to €45.989 million.

45. What are the rights and obligations of the foreign investor?

By his/her investment, the foreign investor has made it his right to take part in the operation and/or management of a company, to retrieve all investments and all capital (in cases predicted by contract or founding act). He/she has the right to take part in profits, and to transfer and reinvest profits, including the trade of currency. The foreign investor may make use of all the rights guaranteed by the domestic legal framework. A foreign investor is obliged to make sure that financial reports, accounting and documents are in accordance with national legal system and international accounting principles and standards. Investor is obliged to act in accordance with the regulations on environmental protection.

46. Can the assets of a foreign investor be taken away?

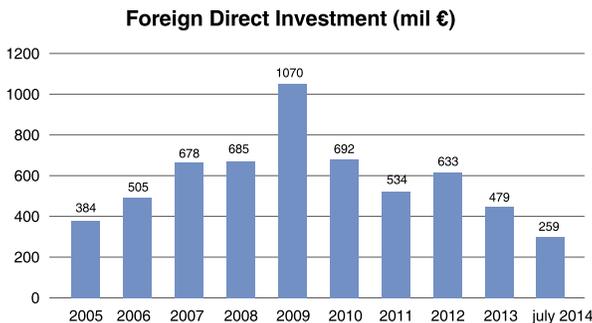
The assets of a foreign person cannot be taken away unless the law provides proof that this is in the public interest. In such a case, the investor is given a settlement fee or compensation, which cannot be less than the market value of the acquired asset.

47. Does a foreign investor have the right to claim damages?

Foreign investors do have the right to claim any damages that have been made by non-legal means or by incorrect performance of responsibilities by state representatives of governmental bodies, in accordance with the law.

48. What is the amount of FDI recorded in the past few years?

Until 2005, Montenegro has had modest success in attracting foreign direct investments (FDI). Most of the FDI depended on privatization process. In order to increase the size of overall investments, the Government of Montenegro in March 2005 established the Montenegrin Investment Promotion Agency (MIPA). It seeks to promote Montenegro as a competitive investment destination by actively facilitating investment projects in the country. In last six years FDI reached € 3,5 billion. FDI are increasing due to: unique investment opportunities; positive experience of existing investors; good financial sector as a base; the quality of service MIPA provides.



Source: MIPA

49. Where are foreign investors coming from?

Foreign investors are coming from more than 107 countries. There is no domination of any foreign investor while major investors (based on the value invested) are coming from Luxemburg, Azerbaijan, Russia, Austria, Norway, Slovenia, Hungary, Turkey etc.

50. What is total and GDP per capita?

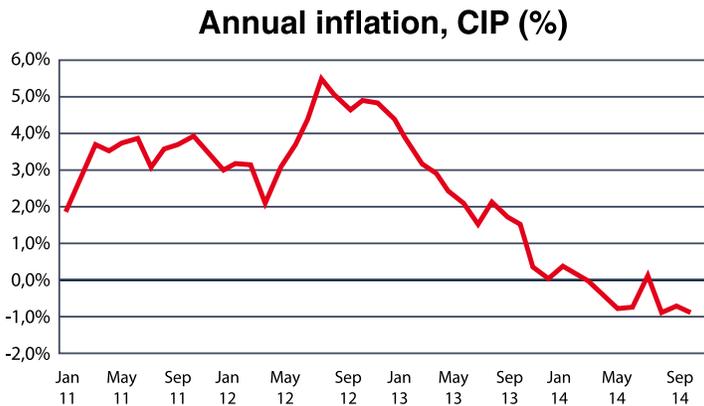
After several years of significant growth of the real gross domestic product (reaching 8.6% in 2006 and 10.7% in 2007 according to MONSTAT), Montenegro recorded a drop in 2009 of 5.7%. Such a drop was smaller than in many other countries in transition. After the economic recovery in 2010 and achieved real GDP growth of 3.2% in the 2011, in 2012 was recorded decrease of GDP from -2.5%. In 2013 Montenegro have GDP growth of 2.5%, while planned real GDP growth in 2014 is 3.5%.¹

	2008	2009	2010	2011	2012	2013	2014
GDP in current prices (mil€)	3,085,621	2,980,967	3,103,855	3,234,060	3,148,857	3,311,000	3,516,000
GDP per capita in current prices (EUR)	4,908	4,720	5,006	5,211	5,074	5,356	5671
Real GDP growth	6.9%	- 5.7%	2.5 %	3.2%	-2.5%	2,5%	3.5%

Source: MONSTAT

51. What is the annual inflation rate in Montenegro?

Inflation rate in Montenegro in 2013 was 2,2% while in September 2014 inflation was negative -0.4 %.



52. Is the government able to cover total public spending?

Yes. The Draft Budget Law for 2014 anticipates the growth of original revenues, as a consequence of the economic activity and further fiscal consolidation. The Budget deficit for 2014 is planned to be at the level of 2% of GDP, i.e. below €70 million. Thus, the budget deficit will be below the level defined by Maastricht criteria (the upper allowed limit of deficit is 3% of GDP).

53. What is the international credit rating of Montenegro?

According to the last rating, Standard & Poor Rating Services assigned Montenegro a credit rating of B+, with stable outlook confirming that Montenegro is a stable country with some challenges in economy, but with economic potential and strong motivation for further reforms in order to join the European Union.

¹ Source: Estimates Ministry of finance

54. Overview of the main macroeconomic indicators in Montenegro

	2009	2010	2011	2012	2013	2014 ¹
GDP in current prices - (mil.€) ²	2,980,967	3,103,855	3,273,000	3,324,000	3,311,000	3,516,000 ³
GDP per capita in current prices (€)	4,720	5,006	5,278	5,316	5,340	5,671
Real GDP growth (%)	-5.7	2.5	3.2	-2.5	2.5	3.5
Industrial production growth rate (%) ø2000	-32.2	17.5	-6.9	-9.1	10.6	-15.5
Manufacturing industry growth rate (%)	-38.6	-0.3	8.3	59.6	-5	-0.7
Production of electricity, gas, water growth rate (%)	-2.4	51.1	-27.50	35.2	38.7	-32.2
Stone and coal excavation growth rate (%)	-65.5	58.7	12.7	5.2	-1.4	22.4
Inflation-CPI (%)	3.60	0.70	3.0	4.2	2.2	-0.7
Number of tourists	1,207,700	1,263,000	1,357,085	1,423,719	1,492,006	1,427,887 (I-IX)
Total income from tourism (mil.€)	597	635	926	860	721	
Employed	174,152	161,742	167,955	166,531	171,474	181,408
Unemployed rate (%)	19.1	19.8	19.7	13.46	14.2	13.38
Unemployed	50,400	51,300	29,404	31,232	31,890	31,050
Average net wage (€)	463	479	485	487	478	473
Budget deficit/surplus (mil.€)	-132.1	-84.6	-81.55	-104,66	-128,3	107,2
Budget deficit/surplus as % GDP	-4.4	-2.8	-2.49	-4,9	-3.9	3
Total deposit (mil. €)	1.824,70	1.789,90	1.868,0	1.981	2.097,7	2.188,2
Household deposit (mil. €)	843,907	952,226.8	1,034,9	1,147,1	1,237,5	1,270,1
Deposits by corporate sector (mil. €)	603.246	501.930	499.2	588.1	615.7	918.1
Total loans (mil. €)	2.248,824	2.085,442	1.957,3	1.862,6	2.411	2.402,7
Loans disbursed to households (mil. €)	919,313	863,600	843,9	809,2	881,3	1.447,0
Loans disbursed to corporate sector (mil. €)	1.315,067	1.161,113	985,8	846,3	896,5	955,7
Annual lending interests rate	9.36%	9.53%	9.73%	9,17%	9,39%	9.55%
Export of good and service (mil. €)	980	1,163	418	367	375,5	206,1
Import of goods and service (mil. €)	1,940	1,830	1,659,2	1,820,5	1,773,2	1,178,4
Trade balance (mil. €)	-1,350	-1,163	-1,241	-1,454	-1 397,7	-972 397,1
Current account balance (mil. €)	-799	-499	-374.7	-326,7	-231,7	-441
FDI (mil. €)	1,070	692	534	633,3	479,2	259,2
Grey economy (in % of GDP)	9.6	2.6	n/a	20		n/a
Poverty rate (%)	6.8	6.6		11.3	n/a	
Number of active companies	19,278	19,410		52,247	42,483	44,754

55. Is it complicated to register your business?

No. The World Bank released Doing Business Report 2015. Among 189 countries, Montenegro is ranked 36th, which represent improvement for 6 places in comparison to the previous year. Progress was made due to the reforms in dealing with construction permits and registering property. In Starting Business Montenegro was ranked 56th.

56. How long does it take to register a business?

It takes up to 4 working days.

57. What is the minimum financial requirement for a Limited Liability Company (LLC)?

1 Euro.

58. Which institution is in charge of business registration?

The Central Register of the Commercial Court is in charge of business registration. It has an electronic database of registered business entities, contracts on financial leasing and pledges.

59. How many documents do you need to register an LLC?

Three documents: Founding decision, bylaws and a copy of the passport (if you are founding a company as an individual) or registration form for the specific type of company. Samples of all documents are available for download at the following web site: www.crps.me

60. What types of companies does the Montenegrin law permit?

Montenegrin law permits the establishment of six types of companies: Entrepreneur, Limited Liability Company (d.o.o.), Joint Stock Company (a.d.), General partnership (o.d.), Limited partnership (k.d), and Part of a foreign company.





If **Entrepreneur** wants to conduct business under a different name it is necessary to register company in Commercial Court, and he/she needs to present:

- Personal identification card;
- No minimum capital requirement;
- Completed registration form;
- Registration fee of €10
- Administrative fee of €12 for placing an advertisement in the Official Gazette of Montenegro

Limited Liability Company (d.o.o.)

- One to thirty persons
- Founding act; (The Foundation Agreement);
- Contract of decision of company's foundation (The Charter);
- Minimum capital requirement of €1;
- Completed registration form;
- Registration fee of €10
- Administrative fee of €12 for placing an advertisement in the Official Gazette of Montenegro

Joint Stock Company (a.d.)

- Founding act (The Foundation Agreement);
- Contract of decision of company's foundation (The Charter);
- List of names of all members of boards and managers;
- Decision of the Securities Commission approving the prospectus for the public offering of shares;
- Decision of the Securities Commission determining the successfulness of the issue;
- Minimum capital requirement of €25,000;
- Completed registration form;
- Registration fee of €50
- Administrative fee of €12 for placing an advertisement in the Official Gazette of Montenegro

General partnership (o.d.)

- Two or more persons;
- No minimum equity requirement;
- Completed registration form;
- Registration fee of €10;

Limited partnership (k.d)

- Two or more individuals;
- No minimum equity requirement;
- Completed registration form;
- Registration fee of €10

Part of a foreign company (Foreign Company Branch)

- An authenticated copy of the charter of the foreign company and a translation of the charter in the Montenegrin language duly certified as a true and correct translation;
- Registration certificate from the home country;
- Financial reports;
- Completed registration form;
- Registration fee of €10;
- No minimum equity requirement;

After fulfilling all these requirements, it is necessary to open a bank account. After that, the company reports to Tax Authority in order to receive a PIB (taxation identification number) and VAT number (Value Added Tax).

61. Is privatization of the state enterprises completed in Montenegro?

No. From the beginning of the privatization process in 2000 through the end of September 2014, more than 90 percent of Montenegrin companies have been privatized. The privatization process in Montenegro was described as one of the most successful of all the countries in transition.

62. Which methods of privatization are used?

The Law on Privatization covers privatization methods, and they are as follows:

- *Public auction*- open competitive bidding based on price;
- *Public tender*- public gathering of bids of potential buyers in accordance with determined rules and conditions of sale beforehand;
- *Privatization through bankruptcy*

63. Is Privatization Plan public document?

Yes. The most recent Privatization Plan is available on the web MIPA's web site (www.mipa.co.me) or at the Privatization and Capital Investment Council website (www.savjetzaprivatizaciju.me).



64. What are investment opportunities in the energy sector of Montenegro?

Energy Development Strategy of Montenegro by 2025 offers the following opportunities in the energy sector:

- Construction of the second unit of Thermo Power Plant “Pljevlja”(225 MW);
- Open pit mine “Maoce”;
- Construction of 4 hydro power plants on River Moraca with total power of 238,4 MW;
- Construction of hydro power plant “Komarnica” (168 MW);
- Construction of small hydro power plants;
- Renewable energy sources (wind, waste, biomass, solar energy);
- Projects aiming at improvement of energy efficiency.

65. How are imports customs regulated?

Import duties are set by the Customs Tariff as an integral part of the Customs Tariff Law, which is fully based on Harmonized Commodity Description and Coding System (HS System) and coordinated with the EU Combined Tariff. The value of goods, which serves as the customs assessment base is CIF (Cost + Insurance + Freight). More information on custom procedures can be found on the following website : <http://www.upravacarina.gov.me/uprava>

66. What is the average customs rate in Montenegro?

The average customs rate is 5,88%.²

67. Which countries are Montenegro’s major foreign trade partners?

According to the recent statistical figures major foreign trade partners are: Serbia, China, Italy, Greece, Slovenia, Bosnia and Herzegovina, Croatia, Germany, Austria, Switzerland and Hungary.

² (Source: Ministry of Finance)

68. Which goods dominate Montenegrin exports and imports?

According to Monstat³ the following products dominate in export and import:

Export	I – IX 2013	Index	
		I – IX2014	I – IX 2014
		I – IX2013	
Colored metals	62 419	84	52 279
Meat and edible meat offal	5 526	589	32 559
Electrical energy	79 575	35	27 646
Mineral ores and scrap metal	24 212	106	25 709
Timber and cork	11 995	129	15 515
Beverages, spirits and vinegar	10 089	114	11 475
Industrial machinery	7 303	114	8 314
Mineral fuels, mineral oils and products of their distillation	8 636	85	7 310
Vegetables and fruits	7 170	83	5 918
Various finished products	3 989	118	4 715

Import	I – IX 2013	Index	
		I – IX2014	I – IX 2014
		I – IX2013	
Mineral fuels, mineral oils and products of their distillation	142 391	98	139 266
Meat and edible meat offal	65 526	140	91 644
Vehicles other than railway or tramway rolling-stock, and parts and acc	68 093	100	68 416
Products of non metal minerals	55 494	101	55 884
Various finished products	44 926	109	48 818
Products made of metal	44 394	102	45 367
Medical and pharmaceutical products	42 036	101	42 425
Clothes	40 346	104	42 100
Grains and grain products	41 508	100	41 325
Beverages, spirits and vinegar	42 047	98	41 202

Source: MONSTAT

69. Does Montenegro have preferences for export to EU?

Yes. The EU has taken steps to stimulate exports of countries in the region through the establishment of autonomous trade preferences (ATP) that provide duty-free entry for over 95% of goods. Exemptions include wine, meat and steel. Products originating from Montenegro are generally admitted for import into the European Union without quantitative restrictions and are exempted from customs duties and charges. The

³ Statistical Office of Montenegro

products excluded from the free import regime are agricultural products, “baby beef” products and textile products.

70. Does Montenegro have any Free Trade Agreement?

Yes it does. Montenegro has signed the **Central European Free Trade Agreement (CEFTA)** on July 26, 2007. The agreement has been signed with seven countries (Albania, Macedonia, Moldova, Montenegro, UNMIK/Kosovo, Croatia, Serbia, and Bosnia and Herzegovina). Free-trade Agreement was signed with **Turkey**, on November 26, 2008. This agreement is in force from March 1, 2010. Montenegro had Free Trade Agreement with **Russia**, and the agreement is in the negotiation process now. Also as part of the negotiations with Russia there are negotiations on free trade agreements with **Kazakhstan** and **Belarus**, which formed a customs union together with Russia. Free-Trade Agreement between Montenegro and members of the **European Free Trade Association (EFTA)** was signed in November 2011. This agreement is in force from September 1, 2012. Although four EFTA countries are small, they are the World leaders in several sectors vital to the global economy. Liechtenstein and Switzerland are internationally renowned financial centers and hosts to major companies and multinationals, while Iceland and Norway stand out in fish production, the metal industry and maritime transport. Free Trade Agreement between Montenegro and Ukraine was signed on November 18, 2011.

71. Are there any Free zones in Montenegro ?

The Government of Montenegro, Port of Bar JSC and Municipality of Bar founded the Free Zone of the Port of Bar. Zone officially started to *work* in 2005. Users of the Free Zone enjoy **many benefits provided by the Law on Free zones** (adopted in 2004) and other regulations (Import free of paying custom duties, custom fees and VAT, storage of goods in the duty free regime for an unlimited period of time, a wide range of possible activities and potential users, low corporate tax, simplified procedures etc).

72. What is total size of Free Trade Zone within Port of Bar?

Total area of the territory on which it is possible to carry out business activities within the regime of free zone amounts to 134,4 ha. Main focus is on its development and expansion into the depth of “Barsko polje”, in accordance to requirements of potential users and through provision of formal legal conditions (putting into application, arranging appropriate space, obtaining approvals of customs bodies).



73. Why you should become user of the Free Zone Port of Bar?

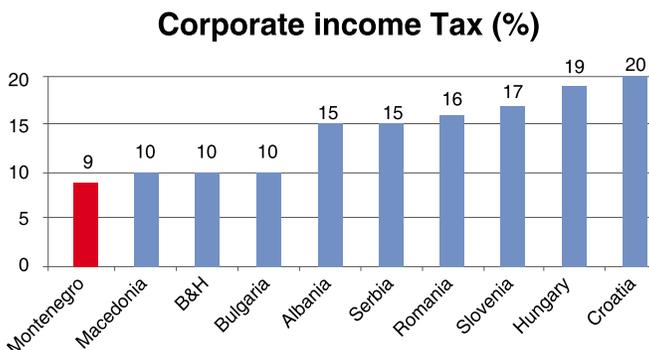
- Zone user is not liable to pay profit tax of legal entity;
- Goods entering the Zone are not liable to customs, custom duties and value added tax regardless of the type of imported goods and its purpose in the zone;
- All economic activities can be carried out inside the Free zone except those that pose threat to the environment, health of people, material goods and security of the country;
- It has been provided that investors from abroad have completely equal conditions in terms of right to investment, obtaining ownership rights on constructed facilities and organizing activities in them;
- It has been secured to have exploitation of land and facilities in the zone according to long term lease under fixed conditions;
- Goods entered into the Zone are allowed to stay there for unlimited time;
- Goods may be temporarily taken out from the Zone into the other part of the Republic or enter into the Zone from the other part of the Republic for the purpose of its improving, fitting, attesting, testing, repair, marketing presentation and so on;
- Goods directed from the Zone into the other part of the territory of the Republic for the sake of its putting in on the market is liable to customs, custom duties and value added tax at the moment of its parting the Zone and customs and customs duties are payable exclusively on foreign components included in the goods;
- Users freely carry out payment operations for business activities abroad as well as all mutual payments in a manner contracted, with contracted deadlines, in contracted currency through bank in the Zone or other bank.;
- Investment of the capital in the area of the Zone as well as profit and investment transfer are free;

74. What is the Personal Income Tax?

Personal income tax is 9% with introduction of temporary tax rate of 15% applicable only on the salaries above the average (average monthly gross salary is 720€) so only the part over 720€ monthly is taxed at 15%. This temporary taxation is envisaged to be into effect until the end of 2014 with possible prolonging till the end of 2015.

75. What is the corporate income tax rate?

The corporate profit tax in Montenegro is 9% flat.



Source: MIPA based on IPA of countries statistic

76. Who is exempted from payment of tax on profits?

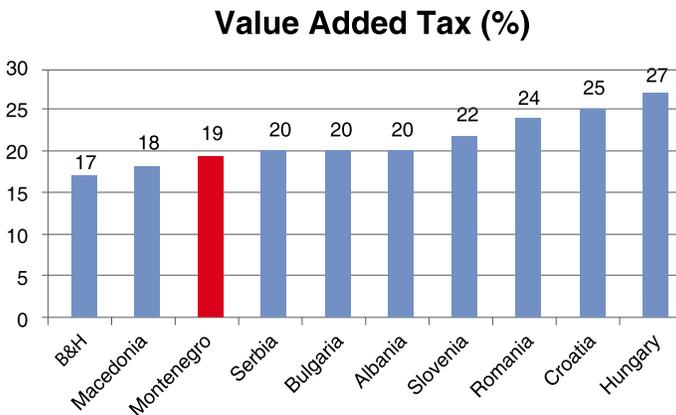
State authorities, state administration authorities, local self-government authorities, public funds, public institutions, tourism organisations, sports clubs, sports associations and federations, religious communities, arts associations, political parties, chambers, trade unions and non-governmental organisations, shall not pay the Profit Tax if they are established under a special law to carry out a non-profit activity.

77. Which countries have signed the Double Taxation Treaty with Montenegro?

Montenegro signed 42 treaties with various countries on income and property, which regulate double taxing. At this moment, 41 treaties are in force, while 1 (with India) is pending. In force are treaties concluded with Albania, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Korea, Kuwait, Latvia, Macedonia, Malaysia, Moldova, Malta, Holland, Norway, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Sri Lanka, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, and United Arab Emirates.

78. What are the Value Added Tax rates?

The standard VAT rate in Montenegro is 19%, but there are reduced rates of 7% for tourism, IT equipment and 0% for some basic products. The VAT turnover period averages 30 days.



Source: www.worldwide-tax.com

79. Does VAT exemption exist?

The Law allows VAT exemptions related to:

- Services of public interest such as: public postal services, health services, social security services, education services, services from the area of culture, sports, public radio diffuse service, religion services and services of nongovernmental organizations.

- Import of certain goods such as: imported products exempted from customs duties, official needs of diplomatic, consular missions and international organizations and members of such organizations; products in transit; services related to import of products, if their value is included in the tax base; products intended for presentation to the customs authority and when their temporary storage is allowed, in accordance with the customs regulations or being brought into duty free zone, or free customs warehouse; initiation of the procedure for customs warehousing or import procedure for the purpose of import under differed payment regime.
- Other exemptions from VAT are related to: insurance and reinsurance services; turnover of immovable property (with the exception of newly constructed); financial services; services of renting dwelling premises for the period exceeding 60 days; gold and other precious metals, banknotes and coins imported by the Central Bank of Montenegro; games related to games of chance and entertainment games.

80. What are tax incentives in Montenegro?

- Corporate Income Tax: Newly established legal entity in an economically underdeveloped municipality conducting a production activity shall have the profit tax holiday for the period of the first eight years as of the day of the commencement of the activity. This does not refer to primary agriculture production, transport and shipyards, fishery nor steel production.
- Personal Income Tax: The taxpayer that generates profit in a newly established business unit conducting the production activity in the underdeveloped municipality shall be entitled to a personal income tax deduction for the duration of eight years, except in the area of primary agriculture production, shipyards, fishery and steel production.
- Additional incentives are introduced for hiring people in certain categories (i.e. long-term unemployed, disabled, etc) in terms of social security taxes and contributions.

81. What is the withholding tax regulation?

A taxpayer of the Profit Tax shall be obliged to calculate, withhold and pay withholding tax on payments made on the following bases:

- Dividends and interests in profits paid to resident and non-resident legal entities and natural persons;
- Interest, royalties and other intellectual property rights compensations, capital gain, movable and immovable assets lease fees, revenues from provision of consulting services, market research services and audit services paid to a non-resident legal entity.

The withholding tax shall be paid at the rate of 9% to a base made of gross revenue. In a case of calculation of the withholding tax for revenues paid to a non-resident legal entity, a payer of revenues shall apply provisions of an agreement for avoiding double taxation, provided that the non-resident proves the resident status in the country with which Montenegro has concluded the agreement for avoiding double taxation and that the non-resident is the real owner of revenues.

82. What are property tax rates?

- A transfer tax of 3 % is levied on the transfer of immovable property.
- The property tax rate can total from 0.1% to 1% of the immovable property's market value;
- The local governance unit may set the property tax rates according to the categories of immovable property;
- The tax rate on the sale of non-cultivated land is up to 50% higher compared to cultivated land.

83. What are the conditions for establishment of employment relations?

Employment relations may be established with a person who possesses general health, who is over 15 years of age and who meets the criteria for the position established, as defined by the employer. The legal basis for employment relations is the labor contract, which can also be signed by disabled persons who are capable of performing the work in question.

84. How can foreigners obtain work permits?

According to the Law on employment of foreigners (*Official Gazette of Montenegro* #22/08) and Law on work (*Official Gazette* #49/08, #59/11, #66/2012), work permit is issued by Employment Agency of Montenegro. After that, foreigner can obtain residence permit at the Ministry for Interior Affairs. According to the Law of foreigners (which will come into force on 1st January 2015), foreigners who own real estate in Montenegro can obtain a residence permit for a period of one year.

85. What are the steps for obtaining a work permit?

- Obtaining of work permit from the Employment Bureau of Montenegro;
- Obtaining resident permit from Ministry for Interior Affairs;
- Signing labor contract and insurance;
- Final approval from Employment Agency of Montenegro.

86. What types of work permits exist in Montenegro?

Three types of working permits exist in Montenegro:

- Personal work permit - issued for foreigners who have permanent residence permit in Montenegro. It is issued for indefinite period of time.
- Permit for employment - foreigner who established a contract with an employer in Montenegro is obliged to have work-contract and paid contributions for insurance. It is issued for the period of one year, but it may be prolonged up to 2 years.
- Work permit - issued for foreigners who work in their residence country and who have work contract in Montenegro.

87. Which employment category does the law stipulate?

A labor contract may be drawn for an indefinite or definite period of time. A labor contract for a definite period of time may be established for specific engagements such as seasonal jobs, specific projects etc.

88. What are the possibilities for temporary and periodical work?

An employer may establish a contract with a particular person for performance of temporary and periodical work, relating to his line of business. Temporary work may last one year, and can be prolonged up to two years. A person with whom a contract has been concluded is entitled to pension, disability and health insurance.

89. Is it possible to conclude a part time work contract?

Yes, the labor contract may be concluded for part time work, for a definite or indefinite period of time. The employee who signs this kind of contract has the same rights as employees who work full time, in proportion to the time spent at work.

90. Can an employer hire trainees?

Yes, the employer may establish employment relations with a person who is entering employment for the first time, as a trainee. Trainee status can last nine month or one year. While having trainee status, the employee is entitled to earning.

91. Is it possible to conclude a special service contract?

Yes, an employee may conclude a special service contract to perform jobs outside the line of the employer's business, and with the intention of independent execution of particular physical labor or intellectual work.

92. What is the amount of minimum wage and average net salary?

The employee is entitled to a minimum wage for standard performance and full working hours. Average salary in Montenegro is 472€ and the minimum wage is set to be 30% of it or 160€. Mutual consent of the government, the representative trade union and the representative association of employers established the minimum wage.

93. What types of collective contracts are there in Montenegro?

The collective contract regulates the rights, obligations and responsibilities arising from employment, mutual relationship among the parties to the collective contract and other matters of importance to the employee and the employer.

- **General** – concluded between the representative employer association and the representative trade union for the territory of Montenegro.
- **Branch** - valid for certain industries, and concluded by the representative employer association and the representative trade union.
- **Individual** – concluded between the representative trade union of the employer and the manager.

94. Is the employer obliged to conclude a collective contract?

The employer may choose not to conclude a collective contract, but if he does so, general collective contract regulations will apply. The employer can conclude an individual collective contract, a special contract, or a general collective contract.

95. What are full time working hours?

The working week consists of 40 working hours. According to the Labor Law, it is possible under certain circumstances to sign a contract specifying a minimum 10 hour workweek.

96. How many public holidays are there in Montenegro?

There are six public holidays in Montenegro:

- New Year: 1st and 2nd of January.
- Christmas: 6th, 7th and 8th of January.
- Labor day: 1st and 2nd of May.
- Independency Day: 21st May
- The National Day: 13th and 14th of July.

Easter holidays: Starting with Good Friday and concluding with Monday.

97. Are overtime working hours limited?

Yes, they are limited to 10 hours per week. Overtime is authorized for employees in the case of a sudden increase in the scope of work, and in other cases when the completion of unplanned work is necessary, within a specific time limit. Overtime working days may be repeated as often as necessary, until the causes that have influenced the issuing of overtime cease to exist.

98. What is the minimum annual leave?

For each calendar year, an employee has the right to no less than 18 working days of annual leave in a period to be determined by a general act or the contract of employment.

99. How long can a maternity leave last in Montenegro?

A female employee shall be entitled to a 365-day maternity leave and leave for nursing a child. During maternity leave, the employee is entitled to the same salary that she would have earned if she had worked. The salary is paid by the employer, but is refunded by the government in the amount up to two average salaries.

100. In which cases are employees entitled to increased earnings?

The employee is entitled to increased earnings in accordance with the General Collective Agreement for: overtime work, work during public holidays, night work and work in shifts, with a minimum of:

- For work during public holidays: 50% over base wage, per hour;
- For night work and work in shifts (between 22h and 6h): 40% over basewage, per hour;
- For overtime work: 40% over base wage, per hour.

101. How are employees compensated during absences?

For absences during public holidays, annual and paid leave the employee is entitled to a salary in the amount that he/she would have earned if had worked. The employee is also entitled to compensation of earnings for absence from work due to temporary inability to work, lasting up to 30 days. The amount equals 100% of the salary if the inability is work related.

102. What are the current mandatory social insurance contribution rates?

- Pension and disability insurance: 20.5% - (5.5% is paid by the employer and 15.0% by the employee);
- Health insurance: 12.3% (3.8% is paid by the employer and 8.5% by the employee);
- Unemployment insurance: 1% (0.5% is paid by the employer and 0.5% by the employee).

Presented percentages are based on gross salary.

103. What is the correlation between net and gross salaries?

Average gross wage in August 2014 was 718€ while average net wage (without taxes and contributions) was 473€. The minimum food basket in August 2014 was 795€, representing growth of 0.5% over the same period last year.⁴

	Net Wages August 2014 in €	Gross Wages August 2014 in €
Agriculture, forestry and fishing	473	718
Mining and quarrying	614	942
Manufacturing	417	636
Electricity, gas, steam and air conditioning supply	845	1,313
Water supply, sewerage, waste management and remediation activities	446	671
Construction	423	642
Wholesale and retail trade, repair of motor vehicles and motor cycles	329	496
Transportation and storage	529	808
Accommodation and food service activities	387	578
Information and communication	657	1,017
Financial and insurance activities	861	1,340
Real estate activities	651	1,000
Professional, scientific and technical activities	414	634
Administrative and support service activities	333	500
Public administration and defence, compulsory social security	500	758
Education	461	693
Human health and social work activities	485	730
Arts, entertainment and recreation	375	569
Other service activities	380	577

104. In which cases the employer has right to terminate an employment contract?

An employer may dismiss an employee for causes related to the employee's work-ability and behavior as well as the employer's needs in following cases:

- Due to the failure to achieve the results of which are set out in the collective agreement, employment act or contract, for a period not shorter than 30 days;
- Due to non-compliance with the obligations foreseen by the law, collective agreement or contract of employment, which must comply with the law and the collective agreement;
- If employees conduct is such that he/she cannot continue to work for the employer as required by law and the collective agreement or the employment act, which must comply with the law and the collective agreement;
- If he/she misuses the right to leave for temporary disability;
- Due to economic problems in business;
- In the case of technological and structural changes due to which the need for his/her employment ceased.

105. How are lay-off costs regulated in Montenegro?

An employee whose employment contract has been terminated due to unsatisfactory performance at work or due to a lack of required qualifications and ability, is entitled to severance pay. According to the Labor Law minimum amount severance pay is equal to six average wages.

106. What is the educational structure of employed population?

Educational structure of employed population	Percentage
Less than primary education	1.006%
Primary education	8.54%
Vocational education after primary school	14.7%
Secondary general education	6.9%
Secondary vocational education	40,9%
First stage of tertiary school	5.1%
Second stage of tertiary education, bachelors', masters', or doctors' degree	19.7%

Source: Labour Force Survey(2nd quarter 2014), MONSTAT

107. What is the number of newly employed people over last three years?

Since the end of 2011 the number of employed persons in Montenegro is increasing and it rose from 166,531 in 2012 to 171,474 in 2013. In September 2014, there were 173,942 employed people in Montenegro.

108. What is the total number of schools, universities and students in Montenegro?

There are 432 elementary schools (out of which 163 are parent schools, while remaining 269 are district classes), 49 high schools including Quality School International and three universities (State University of Montenegro with 22 faculties and one higher school, University of Donja Gorica with 13 and University Mediteran with 6 faculties). In addition there are 5 faculties that enroll students and do not belong to any of mentioned universities. Total number of pupils in Montenegro is 99,391 in both high and elementary schools (2013/2014). Total number of students is 23,442 (2013/2014).

109. Is FIDIC present in Montenegro?

FIDIC defines standardized model contracts for different types of investment projects where project risks are reduced and the interests of participants in the project are protected. FIDIC provides a proven mechanism of legal protection, security and reduced opportunities for corruption. In this way ensures the transparency of the process and investor confidence, project management is easier, but risks can be detected in early stages and easier to overcome, to the satisfaction of all parties. Members accept the FIDIC Code of Ethics that requires professional competence, impartiality, open and fair competition. In Montenegro, ACEM (the association of engineers and consultants) is a full member of FIDIC. Contact and address of ACEM: acem@t-com.me; **Location:** Donja Gorica bb Podgorica 81000 Montenegro.

110. What is the current Montenegrin visa regime for foreigners?

The citizens of EU member countries, countries of Schengen agreement, USA, Australia, Canada do not need a visa in order to enter in Montenegro, as well as to can stay up to 90 days with the valid traveling document. All mentioned can be applied for the following countries as well: Switzerland, Russia, Albania, Ukraine, Bosnia and Herzegovina, Macedonia and Turkey. Based on bilateral agreements, visa is canceled on diplomatic passports for the following countries: Argentina, Azerbaijan, Bolivia, Belarus, Chile, Japan, Costa Rica, Cuba, Mexico, Seychelles and Tunis. Hong Kong' and Macao' citizens can obtain visa at the border crossing of Montenegro, while citizens of Taiwan can obtain a tourist pass at the border crossing.

Montenegro started issuing new biometric passports in June 2008. Country currently has 13 diplomatic/consular missions. Serbia's diplomatic and consular representations continue to provide visas for Montenegro on the basis of a mutual agreement. Similar agreement has been signed with Bulgaria. Visas are issued at the border only in exceptional cases of humanitarian or national interest.

111. Does Montenegro have representative offices abroad?

Yes. Below is the list of Montenegrin Embassies, General Consulates and Missions through out the world.

EMBASSIES & CONSULATE GENERALS OF MONTENEGRO

EMBASSY OF MONTENEGRO IN THE REPUBLIC OF ALBANIA

Ruga „Abdi Toptani“, pallati „Tore Din“, kati 8, apart. 81-82

Tirana, Albanija

Tel: (+355 422) 613 09

Tel/Fax: (+355 422) 574 06

Fax: albania@mfa.gov.me

Ambassador Ferhat Dinosa

EMBASSY OF MONTENEGRO IN THE REPUBLIC OF AUSTRIA

(ACCREDITED TO THE CZECH REPUBLIC AND REPUBLIC OF SLOVAKIA)

Nibelungengasse

13/II 1010 Wien, Austria

Tel: (+43 1) 715 3102

Fax: (+43 1) 715 3102 20

Email: austria@mfa.gov.me

Ambassador Slavica Milacic

EMBASSY OF MONTENEGRO IN ARGENTINA

Libertad 1173, 1^o-A

Buenos Aires, Argentina

Tel: (+54) 11 4816-6701

Email: argentina@mfa.gov.me

Ambassador Gordan Stojovic

EMBASSY OF MONTENEGRO TO THE BULGARIA

1 Alexander Jendov str., Ap. 29 and 32, Sofia

Tel: (+3592) 8581378

Fax: (+3592) 8581378

Email: milomir.mihaljevic@mfa.gov.me

Ambassador Milomir Mihaljevic

EMBASSY OF MONTENEGRO IN ROMANIA

Emanoil Porumbaru St, 17 District 1

Bucharest, Romania

Tel: (+40) 31 101 1900

Fax: (+31) 101 1901

Email: romania@mfa.gov.me

Ambassador Milan Begovic

EMBASSY OF MONTENEGRO IN REPUBLIC OF SLOVENIA

Njegoseva cesta 14

1000 Ljubljana, Slovenia

Tel: (+386 1) 439 53 64, 439 53 65

Fax: (+386 1) 439 53 60

Email: slovenia@mfa.gov.me

Ambassador Ivan Milic

**EMBASSY OF MONTENEGRO IN THE UNITED STATES OF AMERICA
(ACCREDITED FOR CANADA)**

1610 New Hampshire Avenue
N.W. Washington DC 20009, USA
Tel: (+1 202) 234 61 08
Fax: (+1 202) 234 61 09
Email: usa@mfa.gov.me
Ambassador Srdjan Darmanovic

**CONSULATE GENERALE OF MONTENEGRO IN THE UNITED STATES OF
AMERICA (ACCREDITED FOR COSTARICA AND CUBA)**

801 Second Avenue, 7th Floor
New York, NY 10017, USA
Tel: (+1 212) 661 5400
Fax: (+1 212) 661 5466
Email: consulate.newyork@mfa.gov.me
Ambassador Zoran Jankovic
Ambassador for Cuba and Costarica Milorad Scepanovic

EMBASSY OF MONTENEGRO IN BOSNIA AND HERZEGOVINA

Talirovica 4
71000 Sarajevo, Bosna i Hercegovina
Tel: (+387 33) 239 925, 239 927
Fax: (+378 33) 239 928
Email: BosniaAndHerzegovina@mfa.gov.me
Ambassador Dragan Djurovic

**EMBASSY OF MONTENEGRO TO FRANCE REPUBLIC
(ACCREDITED TO THE PRINCIPALITY OF MONACO)**

Boulevard St Germain
75007 Paris 7 ème, France
Tel: (+33 1) 53 63 80 30
Fax: (+33 1) 42 22 83 90
Email: france@mfa.gov.me
Ambassador Irena Radovic

EMBASSY OF MONTENEGRO IN THE REPUBLIC OF MACEDONIA

Vasil Stefanovski 7
1000 Skoplje, Makedonia
Tel: (+389 2) 3227 277
Fax: (+389 2) 3227 254
Email: macedonia@mfa.gov.me
I Secretary in Embassy Danilo Brajovic

EMBASSY OF MONTENEGRO TO THE REPUBLIC OF CROATIA

Trg Nikole Subica Zrinjskog 1, IV sprat
41000 Zagreb, Hrvatska
Tel: (+385 1) 457 33 62
Fax: (+385 1) 457 34 23
Email: croatia@mfa.gov.me
Ambassador Igor Gradjevic

EMBASSY OF MONTENEGRO TO THE REPUBLIC OF ITALY (ACCREDITED TO THE REPUBLIC OF MALTA AND TO THE REPUBLIC OF SAN MARINO)

Via Antonio Gramsci 9
00197 Roma, Italia
Tel: (+39 06) 888 577 45
Fax: (+39 06) 888 577 43
Email: italy@mfa.gov.me
Ambassador Vojin Vlahovic

EMBASSY OF MONTENEGRO IN THE REPUBLIC OF SERBIA

Uzicka 1
11000 Beograd, Srbija
Tel: (+381 11) 266 89 75
Fax: (+381 11) 369 95 46
Email: emb.belgrade@mfa.gov.me
Ambassador Branislav Micunovic

EMBASSY OF MONTENEGRO IN THE UNITED KINGDOM OF GREAT BRITAIN (ACCREDITED TO THE ISLAND)

18 Callcott Street
London W8 7 SU, Great Britain
Tel: (+44 20) 7727 60 07
Fax: (+44 20) 7243 93 58
Email: UnitedKingdom@mfa.gov.me
Ambassador Ljubisa Stankovic

EMBASSY OF MONTENEGRO IN THE PEOPLE'S REPUBLIC OF CHINA

3-1-12 San Li Tun Diplomatic Compound
Beijing 100600, People's Republic of China
Tel: (+8 610) 6532 7610
Fax: (+8 8610) 6532 7662; 6532 7690
Email: china@mfa.gov.me
Ambassador Branko Perovic

EMBASSY OF THE HOLY SEE AND THE SOVEREIGN ORDER OF MALTESE KNIGHTS

Via Crescenzo 97, 00193 Rome, Italy
Tel: +39 06 68 13 48 97
Fax: +39 06 68 13 05 69
Email: holysee@mfa.gov.me
Ambassador Veselin Sukovic

EMBASSY OF MONTENEGRO TO THE FEDERAL REPUBLIC OF GERMANY

Charlottenstrasse 35/36, 10117 Berlin
Tel: (+49 30) 5165 1070;
Fax: (+49 30) 516 5107 19; 5165 10 712
Email: germany@mfa.gov.me
Ambassador Vera Kulis

CONSULATE GENERAL OF MONTENEGRO TO THE FEDERAL REPUBLIC OF GERMANY

Zeil 5, D-60313
Frankfurt/Main, Deutschland
Tel: (+49 69) 2972 38 60
Fax: (+49 69) 2972 38 620
Email: info@gk-montenegro.de
Consul General Zeljko Stamatovic

**EMBASSY OF MONTENEGRO IN THE RUSSIAN FEDERATION
(ACCREDITED TO THE BELARUS)**

Ul. Mytnaya 3, ofis 23-25
119049 Moscow Russian Federation
Tel: (+7 499) 230 18 65; 230 18 76
Fax: (+7 499) 230 18 86
Email: russianfederation@mfa.gov.me
Ambassador Zoran Jocovic

**EMBASSY OF MONTENEGRO IN THE SWISS CONFEDERATION
(ACCREDITED TO LICHTENSTEIN)**

Rue de Lausanne 147
1202 Geneva, Switzerland
Tel: (+41 22) 732 6680; 732 6681
Fax: (+41 22) 732 6682
Email: switzerland@mfa.gov.me
Ambassador Ljubisa Perovic

**EMBASSY OF MONTENEGRO TO THE KINGDOM OF BELGIUM
(ACCREDITED TO THE NETHERLANDS AND LUXEMBOURG)**

Ambassade du Monténégro, rue du Trône 117, 1050
Bruxelles, Belgique
Tel: (+32 2) 705 28 51
Fax: (+32 2) 726 01 55
Email: belgium@mfa.gov.me
Ambassador Vesko Garcevic

EMBASSY OF MONTENEGRO TO THE REPUBLIC OF HUNGARY

Arany Janos 15/1
1051 Budapest, Hungary
Tel: (+36 1) 373 03 00; 373 03 01
Fax: (+36 1) 269 44 75
Email: hungary@mfa.gov.me
Ambassador Mirsad Bibovic

**EMBASSY OF MONTENEGRO TO THE REPUBLIC OF TURKEY
(ACCREDITED TO THE IRAN AND AZERBEIJAN)**

Büyükesat, Gökçek sokak No.11,
06700 Gaziosmanpaşa, Ankara
Tel: (+90 312) 436 46 98
Fax: (+90 312) 436 15 46
Email: turkey@mfa.gov.me
Ambassador Branko Milic

EMBASSY OF MONTENEGRO TO THE REPUBLIC OF GREECE

Loukianou 5. 10675 Kolonaki
Athens, Greece
Tel: (+30 210) 724 12 12
Fax: (+30 210) 724 10 76
Email: greece@mfa.gov.me
Ambassador Petar Popovic

**EMBASSY OF MONTENEGRO TO THE REPUBLIC OF POLAND
(ACCREDITED TO REPUBLIC OF LATVIA AND REPUBLIC OF LITHUANIA)**

Aleje Ujazdowskie 41
Warsaw, Poland
Tel: (+48 22) 319 56 70
Fax: (+48 22) 319 56 74
Email: poland@mfa.gov.me
Ambassador Ramiz Basic

**EMBASSY OF MONTENEGRO TO THE UNITED ARAB EMIRATES
(ACCREDITED TO THE BAHREIN AND QATAR)**

P.O.Box 95083 Abu Dhabi
Al Mushrif, W:31, Plot 69, Vila No 3, UNITED ARAB EMIRATES
Tel: (+ 971) 2441 89 01
Fax: (+ 971) 2441 89 00
Email: montenegrouae@mfa.gov.me
Ambassador Darko Uskokovic

**EMBASSY OF MONTENEGRO TO THE REPUBLIC OF ARMENIA
(ACCREDITED TO REPUBLIC OF UKRAIN)**

Stanka Dragojevicica 2, Podgorica, Crna Gora
Tel: (+382) 20 201 550
Fax: (+382) 20 225 702
Email: ljubomir.misurovic@mfa.gov.me
Ambassador Ljubomir Misurovic

PERMANENT MISSIONS OF MONTENEGRO

PERMANENT MISSION TO NATO

M. Worner Building,
NATO HQ, 1110 Brisel, Belgium
Tel: (+ 32 2) 707 1069
Fax: (+ 32 2) 707 1070
Email: nato@mfa.gov.me
Ambassador/head of mission Vesko Garcevic

PERMANENT MISSION OF MONTENEGRO TO THE UNITED NATIONS

801 Second Avenue, 7th Floor
New York, 10017, USA
Tel: (+1 212) 661 3700
Fax: (+1 212) 661 3755
Email: un.newyork@mfa.gov.me
Ambassador/head of mission Milorad Scepanovic

PERMANENT MISSION OF MONTENEGRO TO THE EUROPEAN UNION

Rue du Trône 117, 1050 Bruxelles
1210 Brussels, Belgium
Tel: (+32 2) 223 55 61
Fax: (+32 2) 223 60 28
Email: eu@mfa.gov.me
Ambassador/head of mission Ivan Lekovic

PERMANENT MISSION OF MONTENEGRO TO THE OSCE

Nibelungenstrasse 13/II
1010 Wien, Austria
Tel: (+43 17) 153 102
Fax: (+43 17) 153 102 20
Email: osce@mfa.gov.me
Ambassador/head of mission Slavica Milacic

PERMANENT MISSION OF MONTENEGRO TO THE UNITED NATIONS OFFICE, NEW YORK

801 Second Avenue, 7th Floor, New York, NY 10017
Tel: +1 212 661 3700
Fax: +1 212 661 3755
Email: un.newyork@mfa.gov.me
Ambassador Milorad Scepanovic

PERMANENT MISSION OF MONTENEGRO TO THE UNITED NATIONS OFFICE AND OTHER INT. ORGANIZATION IN GENEVA

Rue de Lausanne 147
1202 Geneva, Switzerland
Tel: (+41 22) 732 66 80;
Fax: (+41 22) 732 66 81;
Email: Un.Geneva@mfa.gov.me
Ambassador Zorica Maric Djordjevic

PERMANENT MISSION TO THE COUNCIL OF EUROPE

18 ALLÉE SPACH

67000, Strasbourg, France

Tel: (+33 3) 88 36 85 65

Fax: (+33 3) 88 35 07 24

Email: coe@mfa.gov.me

Ambassador/head of mission Ana Vukadinovic

PERMANENT MISSION TO THE UNESCO

216, Boulevard Saint Germain

75007 Paris, France

Tel: (+33 1) 5363 80 30

Tel: (+33 1) 4222 83 90

Email: unesco@mfa.gov.me

Ambassador Irena Radovic

(Footnotes)

1 The central Bank of Montenegro, www.cbcg.me, jan.- aug. 2014

2 Ministry of Finance www.mf.gov.me, Statistical Bureau (MONSTAT), www.monstat.org, The Central Bank of Montenegro (CBCG) www.cbcg.me, Institute for Strategic Studies and Prognoses (ISSP) www.isspm.org, International Monetary Fund www.imf.org

3 Source: Estimates Ministry of finance



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111 Frequently Asked Questions

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Authors:

Miloš Jovanović, MSc
Dražen Vlaović, MSc
Maja Vukasević, Msc
Aleksandra Bučevac Goranović
Evdosija Mijović
Dušan Velimirović

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Jovana Tomasevica 2A
81000 Podgorica
Montenegro

Phone/Fax:
(+382 20) 203 140
203 141
202 910
202 911

www.mipa.co.me
info@mipa.co.me