

MONTENEGRO

Montenegro's economy has been broadly stable although fiscal and current account deficits remain unsustainably high. Real growth of output was sluggish over the past couple of years and probably well below the potential and below the regional average. In the meantime, there were some important privatizations (KAP and Podgoricka Banka), as well as significant inflow of foreign investments which are expected to enhance private sector led growth. This especially relates to service sectors (tourism, trade and transport) which have great potential.

Since 2007 Montenegro has received EU financial aid under the instrument for pre-accession assistance (IPA). The allocation for 2009 totals €33.3 million. Over 2007-2008, the EC supported 6 infrastructure projects, in the Social and Environment sectors, for a total amount of € 15 million.

Montenegro is a potential candidate for membership to the EU. Its European perspective was reaffirmed by the Council in June 2006 after the recognition of the country's independence by EU member states. Montenegro has profited from EU autonomous trade measures since 2000. As from 1 January 2008 access of Montenegrin products to the EU was expanded and EU exports to Montenegro have been granted trade preferences following the entry into force of the Interim Agreement. The EU is the main trading partner of the country, and also with reference to foreign direct investments, which in 2007 represent 44.2% of GDP, EU27 accounted for half of total inflows.

In the area of trans-European transport network Montenegro continues to participate actively in implementation of the memorandum of understanding, signed in 2004, for the development of the core regional transport network and in the South-East Europe Transport Observatory (SEETO). The mid-term priorities specified in the updated multi annual plan for 2008–2012 are being implemented. In addition, the transport development strategy for the period 2008–2018, harmonised with the existing land use plan, was adopted in July 2008.

The restructuring process and the division of the railway company Željeznica Crne Gore (ŽCG) is progressing in accordance with the railway

restructuring strategy adopted in September 2007. The legislative progress on rail safety culminated in the adoption of the Law on rail transport safety in December 2007, but the related by-laws have yet to be adopted.

The reconstruction of the Belgrade-Bar Railway, the main line in Montenegro, is estimated to cost EUR 340m and the call for tenders could be sent out by the end of this year. The feasibility study was composed by Italferr and financially supported by the Italian Government with EUR 1m.

Background figures in railways (2009):

249 km length of lines

168 km electrified lines

1.1 x 1 000 000 passengers carried

101 x 1 000 000 passenger-km

3 x 1 000 000 tonnes carried

290 x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	4.51	4.08
GDP growth (annual %)	7	-7
Exports of goods and services (% of GDP)	44	34
Imports of goods and services (% of GDP)	81	59
Industry, value added (% of GDP)	20	18

Ease of Doing Business Rank 2010

World	rank 71
Eastern Europe & Central Asia	rank 15

