



## Key findings of the 2016 Report on Montenegro

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The past year saw the continuation of accession negotiations with the EU. The parliamentary elections of October 2016 were conducted under a substantially revised legal framework and, overall, in a more participatory and transparent manner. In December 2015, Montenegro received an invitation to join NATO, which is an important achievement. Montenegro's EU agenda is concentrate on reforms concerning the rule of law. The legal framework in this area law is now largely complete and the institutional set-up is in place. The entire rule of law system now needs to deliver more results, in particular to strengthen the track-record in the fight against corruption and organised crime. Progress on the rule of law chapters, demonstrated by tangible results notably on fighting corruption and organised crime, will continue to determine the pace of accession negotiations overall. Concerning the economy, Montenegro's fiscal position deteriorated and increasing public debt levels challenge fiscal sustainability. As a matter of priority, Montenegro needs to take measures to restrain current spending and improve revenue collection.

### Political criteria

A political agreement on the organisation of free and fair elections led to the establishment of a "government of electoral trust" in May. Despite persisting polarisation of the political environment, this has demonstrated the capacity to reach compromises between the government and parts of the opposition. The **parliamentary elections** of October 2016 were conducted under a substantially revised legal framework. Despite the technical delays and difficult relationships between responsible institutions, overall the election preparations were conducted in a more participatory and transparent manner. The elections were held in a competitive environment and characterised by general respect for fundamental freedoms. The relevant national authorities are expected to swiftly and transparently investigate alleged procedural irregularities, the arrests made and the temporary closure of two mobile communication platforms. There has been no political follow-up to the alleged abuse of public funds for party political purposes ("audio recordings affair").

Montenegro is moderately prepared with the reform of its **public administration**. Some progress has been made, notably with the adoption of the public administration reform strategy 2016-2020, the public financial management reform programme, the entry into force of the new law on salaries and the simplification of administrative procedures. However, strong political will is needed to effectively address the de-politicisation of public service and right-sizing of the state administration.

The **judicial system** is moderately prepared. During the reporting period, Montenegro made some progress in this field. The capacity of the Judicial and Prosecutorial Council has improved. However, the new legislative framework for increasing the independence, accountability and professionalism of the judiciary, as well as the code of ethics, have not yet been fully implemented. Measures to reduce the number of pending cases and the total length of proceedings need to continue.

Montenegro has achieved some level of preparation in the **fight against corruption**. Corruption remains prevalent in many areas and continues to be a serious problem. The Anti-Corruption Agency started its work in 2016. The process of institution building is largely complete. All institutions should demonstrate a more proactive attitude to fulfilling their mandate. Despite some further steps taken, the track record both on successful investigations and convictions, in particular in high-level corruption cases, and on prevention of corruption remains limited. Montenegro needs to increase the capacity to carry out financial investigations and establish track records of seizure and confiscation of criminal assets.

Montenegro has achieved some level of preparation in the **fight against organised crime**. Some progress was made, notably on strengthening the legal, regulatory and institutional framework. Efforts should continue to develop the track record in organised crime cases, especially as regards trafficking in human beings and money laundering where results are limited. The number of suspicious bank transactions detected remains low.

Montenegro completed several legislative reforms to further align with the EU and international **human rights** standards and ensure that adequate mechanisms are in place to protect vulnerable groups from

discrimination. Implementation of the legislation remains weak. Amendments to the overall legislative framework, to ensure a coherent sanctioning policy for human rights violations, have not been adopted yet. Institutional capacity needs to increase further. The Roma minority remains the most vulnerable and most discriminated against community in various areas of life.

Montenegro has achieved some level of preparation in the area of **freedom of expression**, but no further progress was made in the past year. The number of defamation cases remains high, which points to weak self-regulation mechanisms, as well as to challenges in understanding the role of the media. Montenegro still needs to achieve overall alignment with the case-law of the European Court of Human Rights. The premises of one commercial media company were damaged and several journalists were physically and verbally assaulted and threatened during anti-government protests in October 2015. There has been no progress in the resolution of cases of attacks on journalists. Transparency and non-discrimination in state advertising in the media should be ensured. The revised Code of Ethics for Journalists must be effectively and uniformly applied across the media community.

Montenegro continued to play a constructive role in **regional cooperation**. It ratified its border agreements with Bosnia and Herzegovina and with Kosovo.

### **Economic criteria**

Montenegro is moderately prepared in developing a **functioning market economy**. Some progress was made to strengthen the functioning of the financial and labour markets, as well as on improving the business environment. Investments in infrastructure and tourism support economic activity. However, rapidly rising public debt and high fiscal deficits, together with high external imbalances and high unemployment are of concern. The combined effects of large-scale public infrastructure investments and several new expensive social expenditure programmes challenge fiscal sustainability. Immediate corrective measures are required, as called for by the Economic Reform Programme (ERP) policy guidance. Other problems to be tackled include high external imbalances and low labour market participation and still low credit growth amid high impaired bank loans.

Montenegro is moderately prepared in its capacity to **cope with competitive pressure and market forces within the Union**. Some progress was achieved in improving the quality of infrastructure, the energy market and the digitalisation of the economy. SMEs support is modest but developing gradually. However, substantial efforts are still required to develop human capital and a competitive export-oriented industry.

### **EU legislation**

Concerning its **ability to assume the obligations of membership**, important work on alignment and preparation for the implementation of the *acquis* has taken place and Montenegro is moderately prepared in many chapters, such as the free movement of goods, public procurement, statistics as well as justice, freedom and security. Montenegro has continued to align with all EU common foreign and security policy positions and declarations. Montenegro is at an early stage of preparation regarding fisheries and budgetary and financial provisions and at some level of preparation in the area of environment and climate change. Good progress has been made in the areas of free movement of goods, agriculture and rural development, food safety, veterinary and phytosanitary policy, energy, customs union, external relations and financial control. Looking ahead, Montenegro should focus in particular on competition policy and economic and monetary policy. Strengthening the administrative capacity for ensuring the application of the *acquis* remains a substantial challenge for Montenegro.

### **Key dates**

1999: The EU proposes the new Stabilisation and Association Process for countries of Southeast Europe

June 2000: The European Council states that all the Stabilisation and Association countries are potential candidates for EU membership

June 2003: Thessaloniki Summit: EU perspective for the Western Balkans is confirmed

June 2006: the EU decides to establish relations with Montenegro as a sovereign and independent state

October 2007: The Stabilisation and Association Agreement (SAA) with the EU is signed

December 2008: Montenegro presents its application for membership to the EU

December 2009: Visa-free travel to Schengen area for citizens of Montenegro

May 2010: The SAA enters into force

November 2010: The European Commission issues its Opinion on Montenegro's application for EU membership

December 2010: The European Council grants candidate status to Montenegro

June 2012: The accession negotiations are formally opened at the first Intergovernmental Conference

June 2013: The screening meetings are completed.

December 2013: 'Rule of Law' chapters 23 and 24 are opened, along with three other chapters

by November 2016: 24 out of 35 chapters have been opened (of which two are provisionally closed).

**More information:**

Montenegro Report:

[http://ec.europa.eu/enlargement/pdf/key\\_documents/2016/20161109\\_report\\_montenegro.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2016/20161109_report_montenegro.pdf)

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