

U.S. Country Commercial Guides



MONTENEGRO 2020

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Doing Business in Montenegro

Market Overview

Since regaining independence in 2006, Montenegro has adopted an investment framework to encourage growth, employment, and exports. Although the continuing transition has not eliminated all structural barriers, the government recognizes the need to remove impediments, ensure business-friendly policies and improve transparency, and open the economy to foreign investors.

Montenegro makes no distinction between domestic and foreign companies. Foreign companies can own 100 percent of a domestic company, while profits and dividends can be repatriated without limitations or restrictions. Exceptions to this policy are the small number of cases dealing with defense-related industries.

Montenegro has been committed to membership in Euro-Atlantic alliances. The country joined NATO in June 2017. As a candidate country on the path to joining the European Union (EU), Montenegro opened its final negotiating chapter on June 30, while three chapters have already been provisionally closed.

Montenegro offers foreign investors low, fixed tax rates, a business-oriented economy, significant economic freedom, a stable currency (Euro), and openness to incentivize investors. Montenegro is a beneficiary of the Generalized System of Preferences program, which provides duty-free access to the U.S. market in various eligible categories. The Euro is the official currency in Montenegro, which stabilizes financial flows and results in lower transaction costs. This is an informal arrangement with the European Central Bank, and Montenegro is not part of the Euro Zone. Private ownership is protected by the Constitution and includes equal treatment of foreigners. The IMF has cautioned Montenegro that its economic system is vulnerable to external shocks due to its high public debt-to-GDP ratio. Montenegro's public financial situation is relatively weak, with a debt-to-GDP ratio of 76.9 percent, with forecasts, absent fiscal consolidation, to increase over 80 percent once the repayment to China's Ex/Im Bank of USD 1 billion highway loan begins.

Montenegro has a favorable tax regime with the lowest corporate tax rate in the region (9 percent). In 2019, Montenegro's economy grew by 3.5 percent while the unemployment rate was 15.3 percent.

The Montenegrin economy will probably be the hardest hit of all Western Balkans countries as a result of the COVID-19 pandemic, given its heavy reliance on tourism. Key international organizations project contraction of the Montenegrin economy by at least 5 percent in 2020. In its Spring 2020 Economic Report, the European Commission projected Montenegro's economy to contract by 5.9 percent in 2020 due to the negative effects of the coronavirus outbreak. S&P forecasted a 7.8 percent contraction, while the World Bank and IMF predicted economic downturns of 8.9 percent and 9 percent, respectively.

Montenegro attracts considerable interest from foreign investors. According to data released by the Montenegrin Investment Promotion Agency (MIPA), EUR 9.6 billion have been invested in Montenegro since 2006 with a total FDI inflow in 2019 of EUR 778 million.

No one country dominates foreign direct investments in Montenegro. Significant investments have come from Italy, Hungary, Russia, and Serbia, with new interest coming from the United Arab Emirates, Azerbaijan, China, Turkey, and the United States. On January 1, 2019, Montenegro launched its economic citizenship program, designed to attract a maximum of 2,000 investors from 2019 to 2021. Preliminary estimates suggest the program could bring as much as \$1 billion in infrastructure investments to the country if it attracts 2,000 applicants. As of July 1, 2020, approximately 50 people had applied for economic citizenship.

Market Challenges

Private Sector Development

Since the beginning of the privatization process in 1999, nearly 90 percent of formerly state-owned enterprises (SOEs) have been privatized. The most prominent SOEs still in operation include the Port of Bar, Montenegro Railways,

Montenegro Airlines, Airports of Montenegro, Plantaze Vineyards, and several companies in the tourism industry, including Ulcinjska and Budvanska Rivijera. More information and details about these tenders can be found on the Privatization and Capital Investment Council's webpage: www.savjetzaprivatizaciju.me.

Regulatory Framework

Montenegro is working to amend legislation in line with the international standards (primarily with the EU) and create the necessary institutions to attract investment. As Montenegro moves towards EU accession, it will be required to improve implementation and enforcement of existing legislation.

Corruption

Prevalent in many of the countries of the region, corruption is a concern, and routinely ranks high on the list of business impediments. Montenegro ranked 66th in Transparency International's (TI) 2019 Corruption Perception Index. The government's goal of integrating within European and Euro-Atlantic institutions has spurred efforts to counter corruption. An improved legal framework to help combat corruption and organized crime has been in force since the adoption of the Law on Prevention of Corruption in 2014 and the Law on the Special State Prosecution in 2015. At that time, the government also took substantial steps to strengthen the Rule of Law, including the establishment of a special police unit focused on corruption and organized crime, the creation of a new Agency for the Prevention of Corruption, the creation of a new independent Office of the Special State Prosecutor that handles major cases including organized crime and corruption, and the appointment of the Special State Prosecutor. The government also updated its legislation on public procurement, the treasury and budget system, and the courts in an effort to reduce corruption. However, in recent years, Rule of Law reforms and the fight against corruption have stagnated.

Market Overview

Tourism

Montenegro's 300 kilometers-long coastline and the spectacular mountainous north are the engine of the tourism sector which accounts for close to 25 percent of GDP. The sale of formerly state-owned land has triggered a wave of foreign investment in large-scale tourism and hospitality centers.

Infrastructure

Montenegro is planning major upgrades to its airports, road and rail networks. In 2014, the Government of Montenegro selected the Chinese company China Road and Bridge Corporation (CRBC) to construct a 41-kilometer section of the national highway; this section will connect Podgorica with the north of the country and ultimately with the Serbian border. Its construction will cost around USD 1.1 billion. This section of the Bar-Boljare highway is one of five projects the government is planning to tender in the next few years. In addition, the Government of Montenegro (GoM) plans to develop the Adriatic-Ionian Highway (the so-called "East-West" Corridor), which will include approximately 105 kilometers of highway connecting Croatia, Montenegro, and Albania.

Energy

The GoM began operation of the undersea electric transmission cable from Lastva, Montenegro, to Italy in December 2019. Additionally, there are several ongoing renewable and fossil fuel energy projects around the country, including an ecological reconstruction of the existing block of the coal-fired thermal plant in Pljevlja; development of a 170 MW hydropower plant on the Komarnica River, and construction of a 200 MW solar power plant in Ulcinj. In late 2013, Montenegro invited international oil and gas companies to bid on licenses to explore and develop offshore oil and gas blocks, based on seismic data that showed favorable conditions for hydrocarbon deposits off Montenegro's deep-water coast. The GoM has signed concession agreements with two consortia: the Italian-Russian consortium Eni/Novatek for four blocks and the Greek-British consortium Energean oil/Mediterranean oil & gas for one block. It is expected that drilling will start this year.

Market Entry Strategy

Montenegro enacted legislation that outlines guarantees and safeguards for foreign investors. The legislation does not distinguish between foreign and domestic investors, affording them the same rights, with an exception for companies pursuing ownership in certain defense-related industries.

Montenegro's Foreign Investment Law establishes the framework for investment. The law eliminates nearly all previous investment restrictions; extends national treatment to foreign investors; allows for the transfer/repatriation of profits and dividends; provides guarantees against expropriation; and allows for customs duty waivers for equipment imported as capital-in-kind.

Agents and distributors are commonly used by foreign firms to enter the Montenegrin market.

Leading Sectors for U.S. Exports and Investment

Energy

Overview

The energy system of Montenegro is small, with only 396,000 customers and a demand of around 3,470 gigawatt hours (GWh) annually. Electricity production in Montenegro for 2019 was approximately 3,267GWh. The majority of electricity in Montenegro is produced at the Pljevlja coal-fired Thermal Power Plant, and the Perucica and Piva Hydropower Plants.

The majority state-owned Electrical Power Company's (EPCG) core activity is electricity generation, transmission, distribution, and supply. In July 2017, a former strategic partner with the GoM, Italian company A2A initiated a withdrawal procedure by exercising the put option after its contract expired on July 1, 2017. Under the agreement, the Government agreed to purchase A2A's 41.7 percent of shares in EPCG for 250 million euros over a period of seven years. The government instead decided to purchase A2A shares rapidly, increasing its majority stake in EPCG. Accordingly, the government and increased its ownership stake to 88.6% of shares in total.

Montenegro signed the Agreement of the Electro-Energetic Community for South Eastern Europe on January 1, 2015, which resulted in opening its energy market to competitors.

Montenegro has the potential to develop additional hydro and thermal power plants, given its abundance of rivers and streams, as well as solar and wind energy plants. Montenegro only uses approximately 20 percent of its hydro potential. To fully develop this sector, Montenegro will need to upgrade its transmission and distribution network.

The most important development project in the transmission system was the construction of a one-way underwater electricity cable to export power to Italy. The total investment was EUR 800 million, which included the development of a 433 kilometer-long tunnel approximately 1200 meters below the Adriatic Sea surface. The GoM began operation of the underwater electric transmission cable in December 2019.

Oppirtunities

HPP Komarnica – An investment of approximately EUR 250 million is required to develop the Komarnica hydropower plant, which will use two 170 MW power generators with a combined annual production of 210 GWh. Extensive geotechnical and hydrological research has already been performed on the site, and the government has adopted a spatial plan for the development of a multipurpose water reservoir on the Komarnica River.

Solar power plants - Due to its sound geographical position, Montenegro is “rich” in solar radiation. Areas which enjoy the highest solar radiation are located in southern Montenegro (particularly the area around the cities of Bar and Ulcinj) and in the area around the capital city of Podgorica. There is also a growing interest in renting state-owned land for construction of on-ground installed solar power plants. In these instances, when an investor is interested in the construction of a PV power plant in a certain area, a public tender for a 30-year lease of state-owned land may be executed. The Ministry of Economy has, to date, issued over 20 energy permits for the installation of rooftop PV plants with installed power of up to 1 MW. Their combined installed power is around 10,5 MW, while planned annual production is around 13,8 GWh.

The capital city of Podgorica issued plans for the construction of a ground mounted solar power plant at for construction of a ground mounted solar power plant at Velje Brdo, with an installed power capacity of at least 50 MW.

In October 2018, a consortium including Fortum, the Montenegrin energy company EPCG, and Sterling & Wilson International Solar FZCO won a public tender to build a solar power plant in Ulcinj. The consortium has proposed to build 250 MW of solar power in Ulcinj.

Two wind farms in Montenegro - Krnovo, with a capacity of 72MWh; and Mozura, with a capacity of 46MWh - are currently in operation.

Investment in Oil and Gas – In late 2013, Montenegro invited international oil and gas companies to bid on exploration licenses for offshore blocks based on seismic data which showed favorable conditions for hydrocarbon deposits off of Montenegro's deep-water coast. The GoM has signed concession agreements with two consortia: the Italian-Russian consortium Eni/Novatek for four blocks and the Greek-British consortium Energean oil/Mediterranean oil & gas for one block. It is expected that the exploration will begin during 2020, and several more licensing rounds are foreseen in 2021 for additional exploration blocks.

The 2014 Montenegrin Energy Development Strategy estimates that, by 2030, up to 7 billion barrels of oil and 425 billion cubic meters of natural gas could be discovered along the coast. Further research regarding these resources is necessary to confirm the capacity levels. The search for oil and gas, along with the production cycle, consists of several phases: exploration, appraisal, development, production, and abandonment. Montenegro does not possess the necessary technology, nor does it have the experience, to produce oil or gas. Furthermore, successful energy exploration must also factor in the environmental impact of operations, as coastal tourism comprises a significant percentage of national revenues.

Montenegro does not currently possess the gas distribution network or the necessary technology to produce oil or gas, which may represent an investment opportunity. In March 2020, the Minister of Economy announced the government's intention to begin importing U.S. liquefied natural gas (LNG) via the Port of Bar.

Web Resources

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Ministry of Sustainable Development and Tourism
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Energy Regulatory Agency
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Tourism

Overview

Montenegro's 300 kilometers-long coastline and the spectacular mountainous north drive the tourism sector, which accounts for almost 25 percent of GDP. Government sales of formerly state-owned land have spurred a wave of foreign investment in large-scale tourism and hospitality centers.

The market is focused on hotels and resorts along Montenegro's coast. Montenegro is working to develop a broader tourist industry based on its abundance of scenic beauty (rural tourism, cultural tourism, and ecotourism) and geographic diversity, including mountains, sea coast, and lakes. Price points tend to be higher here than in more developed holiday markets along the Mediterranean.

Montenegrin tourism representatives hope to shift a greater percentage of the tourist trade away from low-revenue package tours into more luxurious and upscale projects. Montenegro also plans to become a center for business and convention meetings. U.S. companies that specialize in hotel management, theme park development, amusement games and attractions, golf course development, fast food establishments, sports and leisure facilities, casino management and environmental control have excellent opportunities to develop stand-alone tourist facilities or to enhance existing properties.

The best market prospects are for tourism-related equipment, hotel furnishings, and IT equipment. Water sports, bird watching, horse-back riding and fishing are ripe for development, as well as ports for yachts, beaches and marinas. There are also business opportunities for U.S. construction companies, engineering firms, and architects, as modernization projects and/or the construction of new hotels begin.

Web Resources

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Medical Equipment

Overview

Montenegro's health care sector relies on imports due to limited domestic production. Exports to Montenegro mainly come from Germany, Italy, Austria, Switzerland, and the United States. The market has seen considerable growth over the last ten years, and there are prospects for increased potential in the next few years. The vast majority of equipment in public hospitals is outdated and expensive to maintain.

The Ministry of Health is the main actor in the Montenegrin medical equipment market. The Ministry develops health policy, proposes the health care budget and the investment program for the sector, and monitors the work of state-owned health institutions. Currently, all procurements are tendered through the Ministry of Health.

U.S.-manufactured medical equipment enjoys an excellent reputation in Montenegro for its state-of-the-art technology, quality, and reliability. The best sales prospects for U.S. medical equipment are cardiovascular diagnostic equipment, non-invasive surgical devices, anesthesia and intensive care equipment, diagnostic imaging (CTs, MRIs), radiation therapy equipment, as well as ultrasound equipment, urology equipment, laboratory and testing equipment, tissue and blood bank equipment, hospital care equipment, and hospital information systems.

Opportunities

There are opportunities in the Montenegrin market for the U.S. manufacturers of sophisticated diagnostic equipment such as electrocardiographs, endoscopes, and scanners. Several private clinics have opened in Montenegro as well, which will lead to more numerous opportunities for U.S. companies.

Web Resources

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Web site: www.ijzcg.me

Construction

Overview

Relatively stable economic conditions and new investments in construction have contributed to the expansion of the building materials market in Montenegro. In particular, Montenegro's housing market is experiencing rapid growth. Building materials is one of the fastest growing sectors of the country's economy.

Traditionally, Montenegrin buildings were constructed with un-reinforced brick covered with concrete stucco or, more recently, with steel-reinforced concrete with brick infill. Montenegrin buildings are energy inefficient, heavy, and take a long time to build. Wood and steel frame buildings are rare, though Montenegrin builders are starting to look at American-style platform-frame wood construction and pre-fabricated housing. Most building materials, such as glass, cement, paint and varnishes, are imported. Montenegro has no applicable standards or testing in the building sector.

Materials from well-known manufacturers that have certificates from the country of origin are accepted in the market based on technical merit.

The current housing and urban market situation in Montenegro offers opportunities to promote high-tech American building materials based on advanced U.S. technology. Potential U.S. exports to this sector may include: wood and vinyl windows, doors, flooring, kitchen cabinets, suspended ceilings, insulation, adhesives, cements, roof shingles, heating and ventilation equipment, air conditioning, refrigeration and cooling systems, steel buildings and fabrications. Other potential products from the United States could include framing lumber, plywood, molding, solar panels and fiberboard. In addition, the Montenegro remodeling market may grow significantly over the long term, offering U.S. companies opportunities in this subsector.

Opportunities

Construction is one of Montenegro's key economic growth sectors. It offers opportunities for U.S. companies in luxury properties, holiday real estate, administrative buildings, and trade outlets. The tourism sector also fuels growth in construction.

Web Resources

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Customs, Regulations and Standards

Trade Barriers

In support of its successful efforts to gain accession to the World Trade Organization (WTO), Montenegro implemented significant trade policy reforms, bringing the country's practices in compliance with WTO and EU requirements. Reforms have included the reduction of import quotas, licensing requirements and prohibitions, streamlining customs procedures, and a reduction of tariff and non-tariff barriers. Montenegro became the 156th member of the World Trade Organization (WTO) in 2011.

The 2003 Customs Law simplifies import-export procedures and is in line with WTO and EU requirements. The customs territory of Montenegro comprises the territory of Montenegro, including its territorial waters, inland maritime waters, and its airspace. Goods enter and/or leave the customs territory through border crossings. There is a customs inspection point at Porto Montenegro, a coastal tourism and boating facility in Tivat to facilitate visa and goods checks for the new tourism complexes built there.

Customs "goods" mean: (i) any good introduced into the customs territory that has not been released for free circulation and (ii) any good declared for export from the customs territory. Duties on goods imported into the customs territory are based on the Law on Custom Tariffs and on rules laid down in the law. All goods that are brought into or taken out of the customs territory must be declared to the customs office at the border, or to other competent custom offices. Any person importing or exporting goods may request information concerning the application of custom rules from the custom authorities without being charged. For more information, please see the Customs Law: www.upravacarina.gov.me.

Montenegro's Foreign Trade Law decreases the barriers for doing business and executing foreign trade transactions in accordance with WTO Agreements. However, the law still provides for some restrictive measures, such as quotas, and discretionary government intervention in a small number of areas.

These laws also provide the government with the authority to implement temporary measures to regulate trade. In almost all cases the government has phased-out quantitative restrictions although certain goods require a license from the government. New laws are being promulgated to improve the custom and trade regimes.

Import Tariffs

Montenegro has a small but open economy that is generally based on free trade. Trade policy is characterized by a low level of custom duties and the absence of non-tariff trade barriers. The tariff system is prescribed by the Law on Customs Tariffs. Tariffs average 5.1 percent, but range from zero to 30 percent. Customs tariffs are not calculated on exported goods. Montenegro is a member of the Central European Free Trade Agreement (CEFTA).

Import duties are set by the customs tariff, as an integral part of the Customs Tariff Law, which is fully based on terms harmonized with EU legislation. The value of goods, which serves as the customs assessment base, is the contract price. Customs Law, however, discusses general procedures applicable to the trading of goods. For further information please see www.upravacarina.gov.me.

Raw materials, especially aluminum, are the dominant Montenegrin export while imports, which far outstrip exports, have no single dominant item. Major categories of imports include: cosmetics, personal hygiene products, food stuffs, and clothing.

According to 2019 data from the Montenegrin Statistical Office (Monstat), foreign trade exchange was EUR 3,016 billion. The value of overall exported and imported goods in 2019 was EUR 415.5 million and EUR 2.6 billion, respectively. Montenegro's most important export partners were Serbia (EUR 107.9 million), Hungary (EUR 45 million) and Bosnia and Herzegovina (EUR 29.8 million), with imports mainly coming from Serbia (EUR 500.4 million), Germany (EUR 244.2 million) and China (EUR 221.9 million).

Foreign trade exchange was the highest with Central European Free Trade Agreement (CEFTA) states and the EU.

Import Requirements and Documentation

Montenegro uses a fairly standard import/export documentation process (generally requiring bill-of-landing and related sales documents). With the liberalization of the trade regime and reform of the trade/custom-related institutions, Montenegro is moving toward harmonizing its import documentation with the EU.

For the most part, import-licensing regimes were dismantled beginning in 1999. However, import licenses are required for arms/ammunition, military and police equipment, antiquities, works of art, precious metals, waste, and substances harmful to the ozone layer. According to government officials, it is not difficult to obtain a license and, in all successful cases, licenses are issued in less than 30 days and may be used for multiple shipments during the period of validity.

Labeling and Marking Requirements

Labels must contain the following: title of the product, full address of the producer or full address of the importer, net quantity/weight/volume, ingredients, manner of storage (transport, use of maintenance) and pertinent consumer warnings. Technically complicated products must be accompanied by instructions on usage, the manufacturer's specifications, and a list of authorized maintenance offices, warranty information, warranty period and other applicable data.

U.S. Export Controls

Foreign trade activities in Montenegro may be performed by all persons registered for such activities in accordance with the customs regulations. The government may impose quantitative restrictions on exports: (i) in case of critical shortages of products essential to Montenegro, or for the relief of consequences of such shortages; or (ii) in order to protect exhaustible natural resources, if export restrictions are applied simultaneously with restrictions on domestic production or consumption. The government may impose quantitative restrictions on imports as a safeguard measure pursuant to Articles 44-50 of this law.

Montenegro adopted the classification of Goods for Exports in the following regimes: free exports (LB) and licensed exports (D). Export licenses are required for the following commodities: drugs, medicines, blood and pharmaceutical products, precious metals, explosives, arms, military equipment, and national art treasures.

The law states that the period for processing applications for import, transit, or export licenses shall not exceed 15 calendar days as of the day of application if applications are considered as and when received, i.e. on a first-come first-served basis. Processing usually does not exceed 30 days if all applications are considered simultaneously, and consideration starts on the day following the closing date of the announced application period.

The United States imposes export controls to protect national security interests and promote foreign policy objectives. BIS's Export Enforcement (EE) is responsible for the enforcement of Export Administration Regulations (EAR). BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bonafides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, intended to discover possible violations of the EAR.

Also, BIS has "[Know Your Customer](#)" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting as well as more advanced topics. Check a [list of upcoming seminars and webinars](#). BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR. The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations).

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions.

Temporary Entry

Products may be brought into Montenegro on a temporary basis and are exempt from custom duties in certain situations:

Equipment temporarily sent by a foreign company to a Montenegrin company to produce goods or provide services for the foreign company;

Equipment temporarily imported by a foreign contractor to perform construction, assembling, maintenance, and similar works in Montenegro, and then re-exported; and

Raw materials temporarily imported for processing in Montenegro and re-exported.

The law states that goods intended for re-export may be exempt from duties for up to 24 months.

Prohibited and Restricted Imports

There is a limited list of prohibited items which are not allowed to be imported because of technical conditions related to environmental protection.

More information can be obtained from Montenegro's Ministry of Economy and Customs Offices.

Customs Regulations

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www.uprvacarina.gov.me

Standards for Trade

Overview

The Institution for Standardization in Montenegro was established in 2007. The Law on Standardization, adopted in 2007, establishes the regulatory framework.

Standards

The Institute is responsible for drafting standards – 20,522 have been adopted thus far and are in line with EU principles. According to the Institute's plan, an additional 2,200 standards should be adopted by the end of 2019. The Institute for Standardization has signed twelve bilateral agreements on cooperation (with Serbia, Bosnia and Herzegovina, North Macedonia, Albania, Slovenia, Croatia, Bulgaria, Great Britain, Turkey, Germany, France and China) in order to transfer materials and expertise in this field. Also, in 2015, the Institute signed a MoU with American Society for Testing and Materials (ASTM International). The Institute is also member of the European Committee for Standardization.

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Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify the WTO regarding proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest, and users can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

Ministry of Economy
Directorate for Multilateral and regional Trade Cooperation and Economic Foreign Relations
81000 Podgorica, Rimski trg 46
Phone: (+382 20) 482 163
www.mek.gov.me

Trade Agreements

Montenegro signed the Central European Free Trade Agreement (CEFTA) in July 2007. The agreement has been signed by seven countries (Albania, North Macedonia, Moldova, Montenegro, UNMIK/Kosovo, Croatia, Serbia, and

Bosnia and Herzegovina). A free trade agreement was signed with Turkey in 2008 and has been in force since March 2010. Montenegro had a free trade agreement with Russia, but the agreement is not currently in force. Free trade agreements with Kazakhstan and Belarus, which formed a customs union together with Russia, are also currently not in force. A free trade agreement between Montenegro and Ukraine was signed in November 2011.

A Free Trade Agreement (FTA) with the European Free Trade Association (EFTA) countries (Switzerland, Norway, Iceland, and Liechtenstein) was signed in November 2011. Although the 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 have highly developed fish production, metal production, and maritime transport sectors.

Montenegro has not signed a Bilateral Investment Treaty (BIT) with the United States.

The United States restored Normal Trade Relations (Most-Favored Nation status) to Montenegro in December 2003. This status provides improved access to the U.S. market for goods exported from Montenegro. Montenegro has also been designated as a beneficiary developing country under the U.S. Generalized System of Preferences (GSP) program, which provides duty-free access to the U.S. market in various eligible categories, including jewelry, ores, stones, and various agricultural products. The GSP program expired on December 31, 2017, however, on March 23, 2018, President Trump signed the legislation reauthorizing the GSP program through December 31, 2020. GSP-eligible products may enter the United States duty-free on and after April 22, 2018. Because the GSP program's reauthorization is retroactive, importers may seek refunds of duties paid during the lapse of GSP authorization.

http://www.mek.gov.me/en/WTO/LIBRARY/free_trade?alphabet=lat

Bilateral Taxation Treaties

Montenegro does not have a double taxation treaty with the United States.

The country has signed 46 taxation treaties with various countries on income and property, which regulate double taxation. Presently, 44 of those treaties are in force, specifically with Albania, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Italy, Ireland, India, Korea, Kuwait, Latvia, Macedonia, Malaysia, Moldova, Malta, Holland, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Sri Lanka, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, and the United Arab Emirates. Treaties with Spain and Qatar are pending.

On March 1, 2018, Montenegro's Parliament approved the Foreign Account Tax Compliance Act (FATCA) agreement between the governments of Montenegro and the United States. Implementation of FATCA will help countries better track and report tax evasion.

Licensing Requirements for Professional Services

Many professional services in Montenegro do not require a license. Financial consulting does not require a license, while legal and accountancy professions require a license.

Associations, boards, and ministries in different areas determine the procedures and general criteria for licensing of foreign professional services. For example, to become a licensed accountant, a foreign professional must apply for registration with the Institute of Accountants and auditors of Montenegro, documenting their professional standing from their respective home country.

Selling US Products and Services

Montenegro has a complex market environment with specific requirements for doing business. Government officials have significant influence on the development of business climate and the use of local representatives is highly recommended. The use of agents and distributors is common for foreign firms. It is recommended that a company engage a local lawyer, not only to resolve potential disputes, but also to interpret existing laws, amendments, and changes to policies and guidelines.

Montenegro enacted legislation outlining guarantees and safeguards for foreign investors. Good communication with government officials and early presentation of proposed plans are advisable before bringing new investments to the market.

Distribution & Sales Channels

The Foreign Trade Law adopted in 2004 decreases barriers for doing business and executing foreign trade transactions in accordance with WTO agreements. However, the law includes some restrictive measures, such as quotas, and discretionary government intervention. Customs and tax enforcement has helped reduce illegal imports and unlicensed business activities. The retail sector was restructured as sales chains were privatized and acquired by larger groups, leading to the emergence of new private retailers in the market. Retail grocery and trade is now dominated by private regional companies such as Idea, Voli and Lakovic. The trade sector in Montenegro is now 100 percent privately owned. Customers are increasingly switching from local markets to modern shopping centers, newly established domestic supermarkets, and retail chains where goods are often cheaper and of better quality. The retail sector also includes kiosks, small shops and open-air markets.

Capital goods are normally sold directly to manufacturers and businesses. When selling capital goods or machinery to businesses, a good agent with regional and domestic knowledge is essential.

Using an Agent to Sell US Products and Services

The use of agents and distributors is an important mechanism for foreign firms to enter the Montenegrin market. Many firms find it is more efficient and cheaper to hire a good local agent or distributor than to conduct direct sales or marketing.

Liquidity is a significant problem in the Montenegrin economy. With some exceptions, advance payments and confirmed letters of credit by foreign banks are recommended. The U.S. Embassy's Economic Section can provide assistance, including local company profiles that encompass a thorough background check on potential clients and representatives. These profiles include up-to-date information on potential partners, such as bank and trade references, principals, key officers and managers, product lines, number of employees, financial data, sales volume, reputation and market outlook. International consulting firms present in Montenegro, such as Deloitte, KPMG, Ernst & Young, and PWC can be helpful in establishing the credibility of a potential local partner. The American Chamber of Commerce (AmCham) is also a reliable source of information. In addition, the Chamber of Economy, the Montenegro Business Alliance, and the Montenegrin Employers' Federation can be helpful.

[AmCham Montenegro](#)

[Chamber of Economy of Montenegro](#)

[Montenegro Business Alliance](#)

[Montenegrin Employers' Federation](#)

Establishing an Office

The Central Register of the Commercial Court (CRPS) is responsible for business registration procedures (www.crps.me). The court maintains an electronic database of registered business entities and financial leasing contracts and pledges. The process to register a business in Montenegro takes an average of 4-5 working days. The minimum financial requirement for a limited liability company (LLC) is just EUR 1, and three documents are required:

a founding decision, bylaws, and a copy of the passport (if an individual is founding a company) or a registration form for the specific type of company. Samples of all documents are available for download at the CRPS website.

Montenegrin law permits the establishment of six types of companies: entrepreneur, limited liability company, joint stock company, general partnership, limited partnership, and part of a foreign company. Details regarding the definitions and requirements for each type of company are as follows:

Entrepreneur: If an entrepreneur wants to conduct business under name different from his/her legal name, it is necessary to register a company in the CRPS and he/she needs to present:

- Personal identification card
- Completed registration form
- Registration fee of EUR 10
- Administrative fee of EUR 12) for announcement in the Official Gazette
- There is no minimum capital requirement

Limited Liability Company

- For companies of 1-30 members
- Founding Act (The Foundation Agreement)
- Contract of decision of the company's foundation (The Charter)
- Minimum capital requirement of EUR 1
- Registration fee of EUR10
- Administrative fee of EUR 12 for announcement in the Official Gazette

Joint Stock Company

- Founding Act (The Foundation Agreement)
- Contract of decision of the company's foundation (The Charter)
- List of names of all board members and managers
- Decision of the Securities Commission approving the prospectus for the public offering of shares
- Minimum capital requirement of EUR 25,000
- Completed registration form
- Registration fee of EUR 50
- Administrative fee of EUR 12 for announcement in the Official Gazette

General Partnership

- For companies with two or more members
- Completed registration form
- Registration fee of EUR 10
- There is no minimum equity requirement

Limited Partnership

- For companies with two or more members

- Completed registration form
- Registration fee of EUR 10

Note: There is no minimum equity requirement

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 and relevant financial reports
- Completed registration form
- Registration fee of EUR 10
- There is no minimum equity requirement

After fulfilling all these requirements, it is necessary to open a bank account. Once a bank account is established, the company reports to the tax authority in order to receive a PIB (taxation identification number) and VAT number (value added tax).

For classification of companies by size, based on number of employees, the government's definition is as follows: (i) small enterprises (from one to 49 employees), (ii) medium-sized enterprises (from 50 to 249) and (iii) large enterprises (more than 250 employees).

Franchising

The business climate is hospitable for the franchising business model in Montenegro. A few examples of successful U.S. and international franchises exist in Montenegro: Coca-Cola, Pepsi, Hard Rock, Century 21, Best Western, Aman Resorts, IberoStar, Hilton, Ramada, Starwood/Marriott, and Regent Hotels. Various reports assess Montenegro as a growing market in the field of European tourism and property investment. The number of foreigners living in Montenegro and the number of tourists visiting Montenegro is increasing every year, and this provides another target market for franchisers. There is a strong market potential for franchises in the following sectors: food and beverages, catering, cosmetics, and apparel.

There is no specific law addressing franchising in Montenegro.

Direct Marketing

Direct marketing is not well developed in Montenegro. Mail order catalogs and the sale of mailing lists remain rare. Personal presentation marketing has been employed by firms such as Avon, Oriflame, Rainbow, and Kirby with varying degrees of success. Some business directories are available in hard copy and in a few cases on CD-ROM. Contact information for some Montenegrin companies can be found on the Internet at the following web-addresses: [Crnogorski Telekom](#), [Montenegrin Investment Promotion Agency](#), [Montenegro Business Alliance](#), and [Montenegrin Employer's Federation](#).

Joint Ventures/Licensing

Joint ventures are regulated by the Foreign Investment Law of Montenegro (adopted in 2000). Montenegrin companies are typically interested in joint-venture contracts with foreign firms in which the foreign company provides capital, equipment, and merchandise, and the domestic firm provides work and warehouse space, personnel, local experience, and channels of distribution. U.S. firms considering such ventures should carefully review the viability of potential domestic partners. Past problems have included excess labor costs, overdue debts and structural inefficiencies.

Express Delivery

The Express Delivery segment is developed in Montenegro. Well-known companies such as DHL, UPS, and FedEx are present on the market.

Due Diligence

Due diligence - the legal audit of companies - is performed by a number of lawyers in Montenegro and is generally consistent with international standards. Information is gathered from public books: the register of fixed assets, the court register, the statistical register, as well as from the firm itself, chambers, and the business community. The price of the service depends on the volume of work necessary to provide the information, and, in general, is lower than in the United States.

E-Commerce

The legal framework for E-commerce in Montenegro includes the E-commerce Law (2004), Electronic Document Law (2008) and the Electronic Signature Law (2005). Since 2014, the most prominent online payment system in the world, PayPal is available in Montenegro, but only for payments from the country. The adopted legislation promotes the secure and efficient utilization of electronic communication by specifying requirements for certain electronic signatures and authorizing the issuance of certificates for electronic signatures.

Statistics regarding the use of computers, broadband penetration, and e-commerce are improving. According to Internet World Stats (IWS), 71.5 percent of Montenegrins are frequent users of the Internet. Due to the increased awareness of the consumer and the demand, B2C sites and has increased in the past few years. Today there are banking, bill payment, consumer products and grocery shopping through Montenegro.

The Government considers the further development of the digital economy one of its priorities. Montenegro has made mild progress on its digital agenda to date, including the successful investment of 250 million euros in the telecommunication sector.

Selling Factors & Techniques

Factors and techniques that are critical to success in Montenegro are the same as in most other countries: a product or service that has a good reputation, value for money, a seller who maintains close contact with buyers, a motivated and well-trained sales force, strong market promotion and, for technical products, having a professional and end-user oriented customer service network in place. The ability to provide product financing is of lesser importance than it was previously, as financing from local banks has become more readily available.

The size of the Montenegrin market is a limiting factor for highly specialized products. For such products, it can be more challenging to find a local representative as the potential sales volumes may not justify the costs of putting the product on the market. A regional distributor covering the local market may provide better economies of scale. Overall private sector growth argues well for western businesses that are accustomed to selling products based on pricing, volume, quality, and servicing ability.

Trade Promotion & Advertising

Most Montenegrin companies engage in some form of advertising. Available vehicles include: newspapers, magazines, television, radio, billboards, and signs. Television is the most important medium. In Montenegro there are three national public service channels (TVCG1, TVCG2, and TVCG Sat), five local public broadcasters and 14 private TV stations.

The major daily newspapers in Montenegro are:

[Pobjeda](#)

[Dan](#)

[Vijesti](#)

[Dnevne novine](#)

The major weekly in Montenegro is "[Monitor](#)"

Outdoor billboard advertising is also growing.

The most widely advertised products are mobile phone services, telecommunications, vehicles, financial institutions, beverages, newspapers, clothing, and hygiene products. Montenegrin regulations prohibit television advertising of tobacco, alcohol, and spirits.

Pricing

Liberalization of the market has put pressure on domestic producers to align pricing with costs. Prices in Montenegro are higher compared to prices of similar products/services in Western European countries and the United States, thus making imported products price-competitive.

With a few exceptions noted below, and in the few remaining publicly owned assets, subsidies have been removed from the market and, as mentioned above, price competition has intensified.

The state directly controls the prices of utilities, public transit, and petroleum. A significant black market still exists for some products, especially consumer goods, including cigarettes. Such goods can be sold more cheaply because the sellers have generally avoided customs and tax payments. In 2003, Montenegro introduced the Value Added Tax (VAT) with a two-tiered tax rate of 17 and 7 percent. Since January 2018, the standard rate was raised to 21 percent and the lower rate of 7 percent still applies to certain services (primarily computers, technology, books and tourism). The VAT turnover period averages 30 days.

Sales Service/Customer Support

Customer responsiveness is growing with the increasing presence of Western companies and growing competition for value-added services. As the market matures, the high level of service support offered by U.S. firms can help regain business from the gray market, which offers no customer support. Having customer support team members who speak English is also beneficial to business success.

Local Professional Services

American Chamber of Commerce in Montenegro (AmCham)

81000 Podgorica, Rimski Trg 4/V

Phone: +382 20 621 328

Website: <http://amcham.me>

Marko Mirocevic, Executive Director

Chamber of Economy of Montenegro

81000 Podgorica, Novaka Miloseva 29/III

Phone: +382 20 230 545

Website: www.privrednakomora.me

Slobodan Golubovic, President

Montenegrin Foreign Investors Council (MFIC)

81000 Podgorica, Novaka iloseva 29/II

Phone: +382 20 408 606

Website: www.mfic.me

Ivan Radulovic, Executive Director

Association of Montenegrin Managers
81000 Podgorica, Marka Miljanova 27
Phone: +382 69 237 599
Website: www.amm.co.me
Budimir Raickovic, President

Motenegrin Employers Federation
81000 Podgorica, Cetinjski put 36
Phone: +382 20 209 250
Website: www.poslodavci.org
Predrag Mitrovic, President

Principal Business Associations

In order to further develop commercial ties between the U.S. and Montenegro, the American Chamber of Commerce in Montenegro was launched in 2008. AmCham Montenegro serves as a leading advocate for American as well as other foreign businesses in Montenegro, seeking to liberalize the labor market and investment climate in order to generate greater FDI.

Marko Mirocevic, Executive Director
American Chamber of Commerce in Montenegro
81000 Podgorica, Rimski Trg 4/V
Phone: +382 20 621 328
Website: <http://amcham.me>

Montenegrin Chamber of Economy

The government-supported Chamber of Economy in Montenegro was established in 1928. The Chamber is focused on increasing the competitiveness of Montenegrin enterprises and on promoting Montenegro as an investment destination.

Slobodan Golubovic, President
Chamber of Economy of Montenegro
81000 Podgorica, Novaka Miloseva 29/III
Phone: +382 20 230 545
Fax: +382 20 230 493
Website: www.privrednakomora.me

Limitations on Selling US Products and Services

Montenegro does not have any limitations for manufacturing sectors or services where only citizens or a sub-set of the population in the country are allowed to own or sell.

Trade Financing

Methods of Payment

Large importers regularly receive goods under short-term supplier credits that average about three months. Longer-term financing may be sought for larger purchases but is more difficult to obtain. The following instruments are used in Montenegro for payments abroad: remittances, documentary collections, checks, and letters of credit.

Banking Systems

The banking sector in Montenegro is fully privatized with 13 privately owned banks operating in the country. The banking sector operates under market terms. Foreign investors are able to get credit on the local market, and they have access to a variety of credit instruments since the majority of the banks in Montenegro belong to international

banking chains.

A new set of laws has been adopted and some of the existing laws have been amended to improve regulation of the banking sector, provide a higher level of depositor safety and increase trust in the banking sector itself. The Law on the Protection of Deposits has been adopted to bring local legislation on protecting deposits up to European standards. In accordance with the law, a fund for protecting deposits has been established. Deposits are guaranteed up to the amount of EUR50,000.

The Government of Montenegro has close cooperation with the IMF (primarily focused on the country's fiscal consolidation), and it respects IMF guidelines on restrictions on payments and transfers of current international transactions.

Montenegro is one of a few countries that does not belong to the Euro zone but uses the Euro as its official currency, without any formal agreement. Since its authority is limited in monetary policies, the Central Bank has focused on control of the banking system, and maintenance of the payment system acting as the state fiscal agent.

The Central Bank also regulates the process for establishing a bank. A bank is founded as a joint-stock company and acquires the status of a legal entity by registering in the court register. An application for registration in the court register must be submitted within 60 days after the bank is licensed.

Foreign Exchange Controls

There are no currency or payment restrictions related to the use of the Euro in Montenegro.

US Banks & Local Correspondent Banks

There are no U.S. bank affiliates in Montenegro. The Addiko Bank has some U.S. ownership in its structure through the Advent International. Several banks in Montenegro (currently CKB, Erste Bank, NLB, Podgoricka Bank, Hipotekarna Bank and Addiko bank) have a correspondent relationship with U.S. banks. In 2014, Citibank was one of three banks that underwrote Montenegro's first and second tranches of public debt financing through the issuance of 500 million euros in Euro bonds.

Protecting Intellectual Property

In Montenegro, the acquisition and disposition of IPR are protected by the Law on the Enforcement of Intellectual Property Rights, which entered into force in 2006. The law provides for fines for legal entities of up to EUR 30,000 (approximately USD 37,000) for selling pirated and/or counterfeited goods. It also provides ex-officio authority for market inspectors in the areas mentioned above. An additional set of amendments to the existing Law on the Enforcement of Intellectual Property Rights was adopted over the last several years (beginning in 2006) in line with the EU regulations, and it is expected to bring more efficiency in implementation as well as a multifunctional approach to property-rights protection. In 2005, the Montenegrin Parliament adopted the Regulation on Trade-Related Aspects of Intellectual Property Rights (TRIPs) Border Measures that provides powers to customs authorities to suspend customs procedures and seize pirated and counterfeit goods. Statistics on seizures of counterfeit goods is published by the Customs Administration and available on their webpage www.upravarina.gov.me.

Montenegro's Penal Code penalizes IPR violations, allows ex-officio prosecution, and provides for stricter criminal penalties; however, copyright violation is a significant problem in the outerwear and apparel market, and unlicensed software can be easily found on the general market. The Law on Optical Disks was adopted in 2006; it requires the registration of business activity when reproducing optical disks for commercial purposes and provides for surveillance of optical disk imports and exports, as well as imports and exports of polycarbonates.

The Montenegrin Intellectual Property Office is the competent authority within the state administration system for the activities related to industrial property rights, copyrights, and related rights. The Intellectual Property Office was

established under the Regulation on Organization and Manner of Work of the State Administration in 2007 and officially opened in 2008.

A regulation on the recognition of IPR was adopted in 2007. Under this regulation, any rights registered with the Union Intellectual Property Office or with the Serbian Intellectual Property Office, and any pending applications filed with these offices before May 2008, are enforceable in Montenegro. Any IPR application submitted after that date in Serbia needed to be re-submitted in Montenegro within six months to retain its acquired priority.

IPR market inspectors, police officers, customs officers, and employees of the Ministry of Economy regularly attend a number of training seminars on intellectual property protection and counterfeiting, including an IPR enforcement workshop hosted by the AmCham and its members. At the end of 2007, the Customs Administration signed a Letter of Intent for acceptance of Standards to be Employed by Customs for Uniform Rights Enforcement (SECURE) Standards, adopted by the World Customs Organization (WCO), to promote the efficient protection of IPR by customs authorities.

Montenegro is not on the Special 301 Watch List. Montenegro is not listed in the notorious market report. However, the sale of pirated optical media (DVDs, CDs, software) as well as counterfeit trademarked goods, particularly sneakers and clothing, is widespread. According to the 2017 joint survey of Business Software Alliance and the International Data Corporation (IDC), the software piracy rate in Montenegro is among the highest in Europe constituting 74 percent of the market, two percentage points below the 2015 study. Enforcement is slowly improving as customs, police, and judicial authorities obtain the necessary tools, but institutional capacity and public awareness is still limited.

To further improve intellectual property protection, AmCham Montenegro established an IPR Committee in April 2009, which currently operates under the Grey Economy Committee. The main goal of the committee is to work closely with the Montenegrin institutions that deal with IPR, to increase public awareness of the importance of intellectual property protection, and to help the Government of Montenegro strengthen its administrative capacities in this field. More information about the committee's activities can be found on AmCham's website <http://www.amcham.me/>.

Montenegro became a member of the World Intellectual Property Organization (WIPO) in 2006, with more information available on the WIPO's website http://www.wipo.int/members/en/details.jsp?country_id=193

Resources for Rights Holders

Contact at the U.S. Embassy in Montenegro:

Kyle Hatcher

Political and Economic Deputy Chief

+382 20 410 500

HatcherBK@State.gov

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

IP Attaché Contact for Montenegro

Susan Wilson

U.S. Mission to the European Union, Unit 7600

Box 6100

United States

DPO AE 09710-6100+32 2-811-5308, susan.wilson@trade.gov

Selling to the Public Sector

The new Law on Public Procurement has been in effect since December 31, 2019. The law seeks to modernize the public procurement system in Montenegro and harmonizes it with international obligations to spur economic growth and improved service. The law prescribes policies for the public procurement of goods and services; introduces greater transparency and integrity into the process; establishes entities to administer the system efficiently; and offers equitable access to government contracts for the private sector. The law applies to all investments financed by the budget, payments guaranteed by the government, or funds secured by loans taken by the government. According to the law, such purchases are made via public tenders published in the Official Gazette. The Public Procurement Directorate (PPD) is responsible for reviewing whether the procurement is done in conformity with the law, while the Public Procurement Commission (within the PPD) is in charge of bidder protection. The law defines the “best offer” as the offer with the lowest price which also complies with the tender’s specifications. Any other criteria must be prescribed in the bidding documents.

While there is a full legal and regulatory infrastructure in place to conduct public procurement, U.S. companies have complained in numerous cases about irregularities in the procurement process at the national level, and maintain there is an inability to meaningfully challenge decisions they believe were made erroneously. In multiple cases, the institution offering the tender adjusted the requested specifications for the tender just days before the submission deadline, putting U.S. companies at a significant disadvantage.

Public procurement is conducted jointly by the Public Procurement Directorate, the Ministry of Finance (as the main line ministry for the procurement area), and the State Commission for Control of Public Procurement Procedures in the protection of rights area. The Public Procurement Directorate began operations in 2007 while the State Commission for the Control of Public Procurement Procedures Control was established in 2011. The State Commission takes decisions in the form of written orders and conclusions made at its meetings. The decisions are made by a majority of present members. The State Commission’s Rules of Procedure specify the method for this work. The Law of Public Procurement entered into force in 2011. The Administrative Court oversees cases involving public procurement procedures.

The U.S. restored Normal Trade Relations (most-favored nation status) with Montenegro in 2003. This status provides improved access to the U.S. market for goods exported from Montenegro. The U.S. Government has approved Montenegro's request to be a designated beneficiary developing country under the U.S. Generalized System of Preferences (GSP) program, which provides duty-free access to the U.S. market in various eligible categories (jewelry, ores, stones, many agricultural products etc.)

Montenegro became the 156th member of World Trade Organization (WTO) in 2011.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department’s International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

Financing of Projects

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S.

Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

U.S. International Development Finance Corporation (DFC) and Other Investment Insurance Programs

Montenegro, through the State Union of Serbia and Montenegro, became eligible for OPIC programs in July 2001, and should remain eligible for DFC programs. Prior to the establishment of the USDFC, OPIC activities in Montenegro included: insurance for investors against political risk, expropriation of assets, damages due to political violence and currency convertibility, and insurance coverage for certain contracting, exporting, licensing, and leasing transactions. The USDFC has not concluded any deals in Montenegro so far. More information on these programs can be found on USDFC's website <http://www.dfc.gov>

Trade & Development Agency (TDA)

TDA is an independent U.S. government agency which promotes U.S. exports for major development projects. TDA funds feasibility studies, consultants, training programs and other project planning services related to U.S. exports. Contracts funded by TDA grants must be awarded to U.S. companies. U.S. involvement in project planning helps position potential U.S. suppliers at the project implementation stage.

In May 2006 TDA awarded a grant to the Ministry of Environmental and Physical Planning (now the Ministry of Sustainable Development and Tourism) for the creation of a revolving investment fund for water projects. The value of the grant was USD 463,950. TDA has been active in Montenegro working on evaluations of potential projects in the energy, transportation, and telecommunications (IT) sectors.

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [European Bank for Reconstruction and Development](#) and the [World Bank](#).

Business Travel

Business Customs

After regaining its independence in 2006, the Government of Montenegro began a program of comprehensive economic reforms. Economic liberalization, privatization, legislative and fiscal reforms, along with various programs intended to develop small and medium enterprises, are transforming the former Yugoslav socialist Montenegrin economy into an entrepreneurial, market-oriented system. Changes in the existing economic structure and the adoption of international standards are essential as Montenegro's full integration into the modern economic system.

More than 20 crucial business laws have been adopted with the goal of removing barriers for doing business and attracting foreign investors; nevertheless, Montenegro retains some aspects of its bureaucratic, patronage-based system, which hinders its further development.

Business managers in Montenegro are generally familiar with Western-style market economic philosophy, customs, and business practices. Management is typically concentrated at the level of the managing director who is the key decision - maker in non-controversial processes; however, mid-level managers often do not feel empowered to take independent action on more controversial matters or where there are unclear lines of authority, or multiple stakeholders. Business relationships in Montenegro traditionally have been founded on prior experience, with significant time and energy invested in developing trust among the parties.

Travel Advisory

Please see Montenegro's Consular Specific Information, available at:

<http://travel.state.gov>

Visa Requirements

Holders of travel documents containing a valid Schengen visa, a valid visa of the United States of America, United Kingdom and Northern Ireland and the Republic of Ireland, or a permission to stay in these countries, may enter and stay, or pass through the territory of Montenegro up to 30 days, and not longer than the expiry of visa, if the period of validity of the visa is less than 30 days.

Holders of travel documents issued by the European Union Member States or the United States of America, Kingdom of Norway, Republic of Ireland, Swiss Confederation, Canada, Commonwealth of Australia, New Zealand and Japan based on the Convention Relating to the Status of Refugees (1951) or Convention Relating to the Status of Stateless Persons (1954), as well as Travel Documents for Foreigners may enter, pass through the territory of and stay in Montenegro up to 30 days without a visa.

Mere possession of a visa does not grant the entry to Montenegro. Other legal requirements for granting a foreigner the entry and stay to Montenegro must also be met according to the Law on Foreigners ("Official Gazette of Montenegro", no. 56/14, 28/15 and 16/16).

Visa regime between Montenegro and other countries is regulated by the Decree on visa regime ("Official Gazette of Montenegro", No. 35/16).

Visa in itself does not offer a grant of permission to work in Montenegro. Person who intends to work in Montenegro must obtain a temporary residence permit for the purpose of employment or seasonal work, on the grounds of previously issued work permit.

The U.S. Embassy in Podgorica is able to process non-immigrant visas in its Consular Section. However, the post does not process immigrant visas. For citizens of Montenegro, immigrant visas are processed by the U.S. Embassy in Belgrade, Serbia.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link: http://me.usembassy.gov/nonimmigrant_visas.html

Other useful links:

American Embassy Belgrade, Consular Section: <http://rs.usembassy.gov/visas.html>

Currency

The Euro has been officially used in Montenegro since 2002. Montenegro is one of a few countries that do not belong to the Euro zone but use the Euro as its official currency without any formal agreement with the European Central Bank.

Credit cards and bank cards are used in most shops and restaurants.

Telecommunications/Electronics

The principal service providers in the Montenegrin telecommunications market are German-based T-Mobile subsidiary T-Com (a fixed line and GSM operator), Telenor (the first GSM mobile service provider in the country), and M-tel (the third mobile operator and fixed line operator). In 2008, the Government of Montenegro passed a Telecommunications Law to provide a clear regulatory framework for Montenegro's telecommunications sector. In accordance with the Telecommunications Law, the Agency for Electronic Communications and Postal Services was established in December 2008 as an independent regulatory agency for the telecommunications sector. This agency is responsible for promoting competition and access to networks, issuing licenses to operators, and regulating tariffs in accordance with the law.

The telecommunications sector in Montenegro is 100 percent privately owned. In 2005, Magyar Telekom, a subsidiary of Deutsche Telekom, acquired 76.53 percent of T-Com Montenegro, becoming its majority owner until 2017, when Hrvatski Telekom (51% of which is owned by Deutsche Telekom) purchased all of Magyar Telekom's shares in Montenegrin Telekom. The total number of fixed telephone users in the country is around 188,175, while internet users number roughly 356,000. The three mobile operators' signals cover almost 99% of Montenegro's inhabited territory. At the end of 2019, mobile operators in Montenegro have around 1,151,000 users (Telenor 33 percent, T-Mobile 32.5 percent, and M-tel 34.5 percent). The market penetration rate for mobile telephone users in Montenegro (number of cell phone users per one hundred inhabitants) reached 185.6 percent in 2019.

Montenegro's country code is +382 and was assigned in 2006.

Transportation

Montenegro has two international airports with IATA Airport Codes: Podgorica Airport—TGD and Tivat Airport—TIV, which offer regular connections to Europe.

Podgorica Airport (IATA: TGD; ICAO: LYPG) is an international airport located in Golubovci, approximately eight miles (12 kilometers) south of Podgorica. Podgorica Airport is the main aviation hub in Montenegro. It has eight departure and two arrival gates, and can handle up to one million passengers per year. Given the country's small size, there are no regular passenger flights within Montenegro. Domestic flights have been reduced to charter flights and helicopter service.

There are daily scheduled flights to Belgrade, as well as to various European destinations. During the summer season, there are charter flights and air connections to various major destinations. A number of low-cost airlines have launched operations in Montenegro, including Ryan Air, EasyJet and Wizz Air. Note: Some private jet services, as well as the Montenegrin charter airline, also use the Podgorica airport. There are no direct flights to the U.S., but connections through Central and Western Europe are plentiful.

Tivat Airport (IATA: TIV; ICAO: LYTV) is an international airport located two miles (four kilometers) from the center of Tivat, Montenegro, on Kotor Bay. There are daily flights from Tivat to Belgrade throughout the year, while all other flights are heavily concentrated in the summer period. Tivat airport is mainly used by incoming charter flights to coastal resorts, as it is only seven kilometers from Kotor and 20 kilometers from Budva. The main passenger terminal underwent an extension and refurbishment in 2006, and the airport is expected to be expanded and equipped for night landings in the near future.

Montenegro is accessible by vehicle from a number of directions. The quality of the roads, however, varies. Most roads are two-lane roadways and are generally not up to European standards. In recent years, roads connecting Podgorica and coastal towns have improved significantly with the completion of the Sozina tunnel, which shortened the journey from Podgorica to Bar and made the trip safer.

The road north, from Podgorica to Kolasin through the Moraca Canyon to Serbia is considered one of the most dangerous roads in Europe, especially during the winter. Montenegro is currently planning major overhauls to its road and rail networks. In 2014, the GoM selected Chinese company China Road and Bridge Corporation (CRBC) to construct a 41-kilometer section of the national highway, which will connect Podgorica with the north of the country and the Serbian border. Its construction will cost around USD 1.1 billion. This section of the so-called Bar-Boljare highway is one of five total tranches that the government plans to tender over the coming years. In addition, the GoM is planning to develop the Adriatic-Ionian Highway (the so-called "East-West" Corridor), which will include approximately 105 kilometers that will connect Croatia, Montenegro and Albania.

The Montenegrin part of the Belgrade-Bar railway is the backbone of the Montenegrin railway system. It opened in 1979, and, at the time, was a state-of-the-art railway, with features such as the Mala Rijeka viaduct (the highest railway viaduct in the world) and the 6.2 kilometer long Sozina tunnel. About one-third of the Montenegrin portion of the railway is in tunnels or on the viaduct. The Podgorica-Niksic railway has been used for freight traffic, primarily bauxite from the Niksic mine to the Podgorica aluminum plant. Passenger traffic started in October 2012. The Podgorica-Shkoder (Albania) railway, which extends to Tirana, has been used exclusively for freight traffic. There have been long-standing plans to reconstruct the railway and re-introduce passenger traffic. The Montenegrin Railway Company is still state-owned.

Bar is the major seaport in Montenegro. It is capable of handling about five million tons of cargo, and is a port for ferries to Bari and Ancona, Italy. Kotor, Tivat, and Zelenika are smaller ports.

Montenegro's rivers are generally not navigable, except for tourist activities such as rafting on the Tara River.

Language

The predominant language in Montenegro is Montenegrin, a dialect of Serbo-Croatian. Fortunately, many business people speak foreign languages, mostly English and Italian, with some German and French. In the southern parts of Montenegro, close to the Albanian border and in a few northern cities close to the Kosovo border (Rozaje, Gusinje, Plav), many people are fluent in Albanian.

Health

Medical facilities are available but can be limited in terms of specific services. Several new private medical clinics have opened up in the last few years.

No specific immunization for travel is needed.

Fruits and vegetables are usually of good quality and precautions related to the washing of raw fresh fruits and vegetables are similar to those which would normally be practiced in the U.S.

In the case of an adult medical emergency, please go to the Clinical Center in Podgorica. The first private hospital (the Codra Hospital) opened in Montenegro in 2006. A significant number of private ambulances in different medical fields are operating in Montenegro. Users should expect to pay at the time of service.

Contact information:

Clinical Center of Montenegro
 81000 Podgorica, Krusevac bb
 Phone: +382 20 412 412
www.kccg.me

Codra Hospital
 81000 Podgorica, Radosava Burica bb
 Phone: +382 20 648 334
www.codrahospital.me

Local Time, Business Hours and Holidays

Local time is GMT+01:00 or generally 6 hours ahead of East Coast Time; usual business hours for the government are from 07:00 to 15:00, Monday to Friday.

Holidays in 2020 (including U.S.)

DATE	DAY	HOLIDAY
Jan. 1	Wednesday	New Year's Day
Jan. 2	Thursday	New Year's Day
Jan. 6	Monday	Orthodox Christmas
Jan. 7	Tuesday	Orthodox Christmas
Jan. 8	Wednesday	Orthodox Christmas
Jan. 20	Monday	Martin Luther King's Birthday
Feb. 17	Monday	President's Day
April 17	Friday	Orthodox Good Friday
April 20	Monday	Orthodox Easter Monday
May 1	Friday	May Day
May 21	Thursday	Independence Day
May 22	Friday	Independence Day
May 25	Monday	Memorial Day
July 3	Friday	Independence Day (Observed)
July 13	Monday	Statehood Day
Sept. 7	Monday	Labor Day
Oct. 12	Monday	Columbus Day
Nov. 11	Wednesday	Veterans Day
Nov. 26	Thursday	Thanksgiving Day
Dec. 25	Friday	Christmas Day

The following holidays may also be observed by Montenegrin citizens who practice the following faiths:

- December 25 Christmas (Catholic)
- Easter (Catholic)
- Ramadan Bairam (Muslim)
- Yom Kippur (Jewish)
- Rosh Hashanah (Jewish)

Temporary Entry of Materials or Personal Belongings

There are no restrictions or duties to be paid on the temporary entry of materials and personal belongings. However, items that are temporarily imported have to be reported to custom officials at the point of entry by filling out a designated form.

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. To access the ICS for Montenegro, visit the U.S. Department of State's [Investment Climate Statement website](#).

Political Environment

For background information on the political and economic environment of Slovakia, please click on the following link: <https://www.state.gov/countries-areas/montenegro>.