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TRANSITION IN MONTENEGRO

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Report No. 20 (October – December 2003)

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On This Report

One of the main strategic objectives of the CEDEM is to monitor and analyse the transition process in Montenegro and state its opinion thereof on the basis of analysis as presented in public reports and thereupon influence public opinion. After the parliamentary elections in Montenegro held in May 1998, the CEDEM decided to observe Montenegrin transition, besides other elements of Montenegrin society, in terms of the legislation (the process of passing laws and the parliamentary proceedings), media and privatisation analysis. Since then, we have published reports titled "*Transition in Montenegro: Legislation, Media and Privatisation*". In 1999, 2000, 2001 and 2002 we published four quarterly reports respectively, and the last one of four always represents a kind of conclusion about the trends in the previous year. The same project is continued in the year 2003.

Since they cover an alive and uncertain process, the reports are greatly conditioned by the time and circumstances. They contain evaluations of events and processes the way we see them, striving to be as objective as possible.

Just like in previous cases, this Report No. 20 has also been made by the same CEDEM analytical team: *Veselin Pavicevic, Ph.D.*, Professor at the School of Law in Podgorica (Legislation), *Drasko Djuranovic*, editor-in-chief of the weekly paper "Monitor" (Media) and *Rade Bojovic* and *Miodrag Vlahovic*, legal councillors (Privatisation). The coordinator in charge of the project and of the analytical team is *Srdjan Darmanovic, Dr.*, the CEDEM's director.

The Project "*Transition in Montenegro: Legislation, Media, Privatisation*" has this year, too, been supported by the famous American non-government organization *National Endowment for Democracy* (NED) from Washington, D.C. Apart from gratitude for support, the CEDEM wants to express its high appreciation of the fact that the four - year cooperation with the NED, initiated at this project, continues and widens.

Podgorica, January 2004

Legislation

- The first session of the second regular meeting -*
- The second session of the second regular meeting -*

In Brief...

- The newly constituted institutions require adequate and timely changes and supplements in the normative arrangements of the work of the Parliament.
- The meetings are not attended by ministers who, in accordance with the standing orders of the parliament, are obliged to answer deputy questions. Since such practice is rather common in our parliamentarian life, this kind of administration sloth seriously endangers the point and the sense of a very important democratic institute.
- The work of the Parliament goes by waiting for the long announced first results of the census. To a deeply and sharply politically divided society, apart from such information, it is quite easy to impose the topics which can draw away the attention from the work of the most important representative institution in the country. This is even truer if we are dealing with facts that quantify the balances of power upon the basic line of division in the body of voters – national identification.
- Appointment of the new composition of the Republic Electoral Commission with an aim to prevent the losses of a tight parliamentarian majority and announcement of new, early elections.
- Although in Montenegro there are no relevant political subjects which declaratively deny the values of parliamentary democracy, the parliament has remained a means for settling of their own accounts. The steadiness of the decision to permanently abandon this institution became a measure for consistency and principality for communication within and among those parties which won opposition seats in the most recent elections.

- With their behavior, local political parties remind of shareholder companies with a leadership which, unless it possesses and controls the greatest package of shares, treats the institution of parliament as an address imposed by force on which it should reside.

- **The Third Session of the First Regular Meeting of the Parliament of the Republic of Montenegro in 2003**

This session was held on 21 October, about thirty days after the completion of the previous, fifth extraordinary meeting. In the procedure of settling the agenda the deputies were informed about the reasons for which there came to a change in the agenda announced in the invitation for the session. Thus one act (Bill on special provisions) was omitted from the agenda upon proposal of the Legislative Board due to the need of additional work, and the legal proposal on one-time tax on extra profit and property gained exploiting special facilities did not even enter the procedure of decision-making, because it was not considered at working bodies and because those who proposed it (the opposition party SNP) did not attend the meetings of these bodies. For procedural reasons, from the agenda were omitted also the Reports on the work of the Central Bank of Montenegro for 2002 and on the Commission for Shares of the Republic of Montenegro. Concerning the mentioned Reports, it was concluded that, according to the valid standing orders of the Parliament, there is no obligation to consider them by the Parliament. Taking into account procedural facts, the deputies were informed with the Reports, but they did not vote on them. Obviously, the newly constituted institutions require adequate and timely changes and supplements in the normative arrangements of the work of the Parliament.

During the one-day work, (effectively 4 hours and 45 minutes) the deputies, almost unanimously, adopted all proposed acts in the settled agenda. Before the discussion on certain acts, the Parliament was informed that four deputies did not receive in written form the answers to seven questions they had posed at the second session of the first regular meeting (held on 25 June 2003), as well as that the session was not attended by ministers who, in line with the standing orders of the Parliament, were obliged to be there. Since such practice is rather common in our parliamentarian life, this kind of administration sloth seriously endangers the point and the sense of a very important democratic institute of deputy questions, which was noted in the minute-book from this meeting. This also caused critical overtones on account of the representatives of the highest executive rule by the deputies of the strongest leading party. After six deputies commented on the received answers to their questions (by the way, none of them was completely satisfied with them), there ensued new questions. Eleven deputies addressed their questions to the Prime Minister, while thirteen further questions were addressed to certain ministers.

Within the settled agenda the deputies considered the following items:

1. Bill on high education;
2. Bill on general administrative procedure;
3. Bill on administrative conflict;

4. Bill on forming a Board for European Integrations of the Parliament of the Republic of Montenegro;
5. Bill on forming a Council for Constitutional Matters of the Parliament of the Republic of Montenegro,
6. Elections, appointments and dismissals.

In the parliamentarian discussion, polemical overtones in form of replicas and dissonance in the voting were present concerning the first three items on the agenda. Seven deputies took part in discussion upon the first item, including the two deputies who submitted the amendment to the Government's Bill; concerning the second item two deputies who submitted amendments participated in the discussion, as well as one deputy from the strongest party, which completely supports the harmonized Bill. Upon the third item the only participant in the discussion was the President of the Legislative Board. Replicas were present all through the course of the discussion exclusively regarding this item. The participation of the Government in the parliamentarian discussion upon this item on the agenda was manifested through additional explanations (Minister of Education and Minister of Justice) and through the concluding speech after the completion of the discussion (Minister of Education).

Other items on the agenda included the deputies' activities solely in the process of voting, whereby on occasion of electing the Protector of Human Rights and Freedoms out of 39 deputies only one refrained from voting. However, the election of the main person in the institution of Protector of Human Rights and Freedoms caused greater attention in public than in the Parliament. Namely, one of the potential candidates was excluded from further procedure in the candidature process due to a decision of the Commission for Elections and Appointments, and she announced the initiation of a legal procedure before the Constitutional Court, while the former president of the Constitutional Court founded a non-governmental organization called Montenegrin Ombudsman.

• *The second session of the second regular meeting of the Parliament of the Republic of Montenegro in 2003* took part on 16, 17 and 18 December. The session included two parts – the ceremonial part and the working one. The proposals for omitting two so-called political laws from the agenda were adopted in the procedure of settling the agenda. These laws were: Bill on Political Parties and Bill on Financing of Political Parties. This was done with an explanation that the mentioned legal proposals should be worked on additionally, both because of the announced amendments and the need of additional harmonization of attitudes among the subjects who represent the central subjects of both acts, and also because of the alleged recommendations of the OSCE which are in the same line. Hereby, it should be kept in mind that these are legal acts which entered the parliament procedure with support of six thousand citizens, as well as the subsequent interpretation by the highest representatives of the OSCE that their suggestions, due to circumstances, were inadequately interpreted by the Parliament. Thus this case, just like similar legislative initiatives outside of the ordinary procedure (the Government, deputy clubs and deputies), was reduced to an unsuccessful attempt to accelerate the process of reforms. However, we should also mention that there are relevant facts which point to a conclusion that in the concrete case this was not an intentional obstruction of the authorized parliamentary bodies (Legislative Board), but

first of all this was a consequence of insufficiently developed practice in the joint functioning of the state and the civil sector in the area of normative infrastructure. Finally, the following agenda was settled for the meeting:

1. Montenegro and European integrations (address of the Ambassador Geoffrey Bareth to the deputies);
2. Bill on the budget of the Republic of Montenegro for 2004;
3. Bill of the Criminal Law;
4. Proposal of the Law on Criminal Procedure;
5. Bill on public prosecutor;
6. Bill on inspection of work;
7. Bill on warriors' and disabled persons' protection;
8. Bill on tax on profit of real estate;
9. Bill on special provisions;
10. Bill on evidence in the sphere of labour and employment;
11. Bill on changes and supplements of the Law on Election of Committeemen and Deputies;
12. Bill on changes and supplements of the Law on Execution of Criminal Sanctions;
13. Bill on changes and supplements of the Law on Division of the Republic of Montenegro to Municipalities;
14. Proposal of the decision about the number of deputies of the Protector of Human Rights and Freedoms;
15. Report on the work of the Central Bank of Montenegro for 2002;
16. Report on the situation at the market of capital and on the work of the Commission for Shares of the Republic of Montenegro for 2002,
17. Elections, appointments and dismissals.

In Montenegrin political public this parliamentary session went by waiting for the long announced first results of the census. To a deeply and sharply politically divided society, apart from such information, it is quite easy to impose the topics which can draw away the attention from the work of the most important representative institution in the country. This is even truer if we are dealing with facts that quantify the balances of power upon the basic line of division in the body of voters – national identification. Still, this session is also going to be remembered by the fact that, at least for a moment, it meant an interruption of the abstaining of a part of the opposition parliamentary parties from appearing in the Parliament. Namely, the meeting consisted of two parts - the ceremonial one and the working one. The ceremonial part (it started on the eve of the beginning of the meeting in the premises of the Parliament called "EU Info Desk") consisted of an address of the Ambassador Geoffrey Bareth, chief of the European Commission in Serbia and Montenegro, who spoke to the deputies, Government members, representatives of the most important legal institutions, the public prosecutor's office, the Protector of Human Rights and Freedoms and members of the diplomatic corps. The presentation of Ambassador Bareth with the topic "Montenegro and European Integrations" was attended by representatives of opposition parties SNP and SNS. This event did not represent a valid reason for the deputies from Liberal Alliance and People's Party even for a short-

time return to the deputy seats, and the declaratively unified opposition gained additional arguments in requitals among individual parties.

Before proceeding to the consideration of items on the agenda, the working part of the session also included the formalization of the announced minister resignations (Ministry of the Interior and Ministry of Environment), as well as termination of the judge function of two judges. Then the answers to the previously posed deputy questions were listened to. The warning given by the President of Parliament at the previous meeting, referring to the behaviour of the representatives of the Government regarding their responsibility towards the institution of deputy questions, bore positive results. Ministers and authorized representatives of different ministries to which the deputy questions were addressed attended the session and offered answers to deputies. One part of the problem was in this way successfully solved. The other one, not any less important, still remained – most of the answers, according to the opinion of the deputies, were insufficient and offered in unacceptable form. Waiting for the shift in the attitude towards the rights and the role of deputies, at this meeting they also posed new questions to the Government. Twelve of them used this possibility, and they posed a total of 21 questions.

The remaining part of the three-day meeting (the effective working time was 13 hours) was dedicated to the remaining 16 items on the agenda, and the following acts were adopted: ten out of a total of twelve bills; both proposed decisions and the Report on the Work of the Central Bank of Montenegro for 2002. Within the item Elections, appointments and dismissals all except one of the proposals, condensed in eight sub-items, were adopted.

Two proposals included in the agenda were withdrawn from the procedure with an explanation that, expecting a consensus of parliamentary groups, they should be considered at some of the future meetings. These were the Bill on changes and supplements of the Law on Election of Committeemen and Deputies and Bill on changes and supplements of the Law on Division of the Republic of Montenegro to Municipalities. The first law was withdrawn from the procedure upon proposal of those who submitted it (deputies from DPS), while the second one, along with the gratitude of the authorized representative of those who submitted it (6.000 citizens from the local municipal district Petnjica) for including it in the agenda, was withdrawn upon proposal of the Government. The passed laws were adopted unanimously, excluding the Bill on warriors' and disabled persons' protection (out of 38 deputies who voted 4 of them refrained from voting).

Within the last item on the agenda the Parliament considered the following proposals: (1) Election of two Government members; (2) Appointment of General Secretary of the Parliament of the Republic of Montenegro; (3) Election of a number of court presidents and judges; (4) Election of the deputy of the Protector of Human Rights and Freedoms; (5) Election of president and members of the Board for European Integrations of the Parliament of the Republic of Montenegro; (6) Election of president and members of the Council for Constitutional Matters; (7) Appointment of the Republic Electoral Commission, and (8) Election of members of the Board of Regulatory Agency for Energy Industry. The considered proposals, with an exception of one under sub-item 4, received sufficient number of votes from the deputies as to be passed.

Among the previously mentioned proposals the greatest attention, or better to say disagreement, of the opposition parliamentary parties was caused by the Decision on

election of the new Republic Electoral Commission. In order to understand this attitude we should bear in mind that the previous composition of the highest body in electoral administration functioned on the principle of transitory provisions of the Law on Election of Committeemen and Deputies, and its last modification was made on the eve of early parliamentary elections held in October 2002.

The most significant characteristic of the mentioned modification in the part of the electoral administration was the solution on parity (even) number of members of the permanent composition of the Republic Electoral Commission, where out of a total of ten members of the Commission five are chosen by the parties which currently boycott the work of the Parliament. In order to overcome the possibility of blockade of the work of the organ which verifies deputy mandates, and which could in the long run cause a loss of parliamentarian majority, the Commission for Election and Appointment made an elaborate proposal of a decision¹ on appointing the new composition of the Republic Electoral Commission.

So, this parliamentary meeting has not brought serious changes in the behaviour of key subjects at the local political scene regarding the process of establishing of one of the crucial democratic institutions. Although in Montenegro there are no relevant political subjects which declaratively deny the values of parliamentary democracy, the parliament has remained a means for settling of their own accounts. With their behaviour, local political parties remind of shareholder companies with a leadership which, unless it possesses and controls the greatest package of shares, treats the institution of parliament as an address imposed by force on which it should reside. How can we possibly make any other interpretation of the fact that the steadiness of the decision to permanently abandon this institution became a measure for consistency and principality for communication within and among those parties which won opposition seats in the most recent elections.²

¹ The text of the Decision reads as follows: "The Provision of Article 29 of the Law on Election of Committeemen and Deputies provides that the permanent composition of the Republic Electoral Commission is appointed by the Parliament of the Republic of Montenegro, upon proposal of the organ authorized for elections and appointments.

Provisions of Article 30 of the Law, among other things, provide that the Republic Electoral Commission is made up by president, secretary and nine permanent members, as well as that the permanent composition of the Republic Electoral Commission has to include one representative from each of the two opposition parties in the Parliament which received the greatest number of votes at preceding elections.

At its meeting held on 18 December 2003, the Commission for Elections and Appointments, in accordance with the mentioned provisions of the Law, bearing in mind the fact that opposition parties do not take part in the work of the Parliament, and that hence it is not possible to observe the provision on appointment of two members from two opposition parties, decided to propose to the Parliament to appoint a partial permanent composition of the Republic Electoral Commission, including president, secretary and seven members."

² According to poll results, the legal basis of such politics is not losing intensity in public opinion. Namely, unlike 45.4% of subjects who in the April poll supported opposition parties to boycott the Parliament due to the abolishment of obligatory direct TV broadcasts of Parliament meetings, and after in September this support was 27.0%, according to the most recent results (December 2003) there is a further trend in decline of support which went down to 24.3%. Searching for an answer how to interpret noted public opinion in this regard, we still remain firm in the assertion that this, as we stated in the previous Report, is first of all a consequence of the fact that in the meantime the public had a chance to learn that the original cause for boycott was not the only, sole and ultimate motive of the boycott. Namely, even when the ultimate intention was revealed – the change of rule through early elections, there dominated the need to eliminate from politics the Prime Minister, who is simultaneously the leader of the strongest party. At the same time, for realization of such an aim various reasons were named as crucial. In one period it was the

However, the most significant change at the political scene between two parliamentary meetings is probably the official announcement of the split within one of the opposition parliamentary parties, SNS.

The previously stated circumstances connected with the work, i.e. with the boycott of the Parliament, as well as relations within and among political parties, make the public opinion concerning confidence in the Parliament³ move to a kind of state which could be called "tired habit".

Parliamentary convocation	The poll time	Confidence in Montenegrin Parliament				
		No confidence	Little confidence	Indecisive	Middle confidence	Great confidence
FOURTH 15.06.1998./ 24.05.2001.	DECEMBER 1999	19.1	15.8	12.0	30.1	23.0
	APRIL 2000	15.5	18.0	11.8	31.6	23.1
	AUGUST 2000	18.7	17.0	9.3	26.2	28.8
	OCTOBER 2000	15.7	15.3	12.2	29.2	27.6
	APRIL 2001	19.2	18.6	16.2	28.1	17.9
THE FIFTH 24.05.2001 / 05.11.2002	JUNE 2001	28.3	26.3	11.6	19.6	13.4
	JANUARY 2002	27.4	25.9	15.1	21.3	10.3
	APRIL 2002	34.0	23.0	15.6	17.8	7.2
	SEPTEMBER 2002	34.9	25.0	11.9	14.2	9.4
	DECEMBER 2002	25.9	19.1	9.8	23.3	16.4
THE SIXTH 05.11. 2002. - ?	JANUARY 2003	30.9	21.5	9.1	21.8	11.6
	APRIL 2003	29.7	24.3	9.4	22.1	9.7
	SEPTEMBER 2003	41.6	22.5	8.9	17.3	7.0
	DECEMBER 2003	40.2	22.6	10.7	17.3	7.4

alleged involvement of the Prime Minister in illegal cigarette trade, and then also his alleged involvement in the famous case of sex trafficking which still, with changeable intensity, marks the Montenegrin political scene, both before and after the constitution of the current Government.

³ The interpreted data represent a part of the results of an opinion poll which was realized in the mentioned period by CEDEM and the specialized agency "Damar" from Podgorica. The missing percent to 100% belongs to the subjects who did not want to give their opinion regarding the question of confidence in Montenegrin Parliament.

Media

*- Recognizable political division -
- Continuation of opposition boycott of Parliament -*

In Brief...

- Politically divided and engaged in struggle for better sale and greater influence – those are, as in previous periods, characteristics of Montenegrin media during last quarter of 2003.
- Divisions regarding independence – common state, Serbs- Montenegrins are so deep and they are reflected not only in domain of politics but also within context of everyday reality and that in consequence influences editorial policies of Montenegrin media.

Electronic media

Montenegrin Radio Television

Montenegrin Radio Television (RTV) continued to work in already tested fashion: without insisting on issues that might be difficult for government but with reliability in news shows. Therefore it is not unexpected that Montenegrin Television news program is still the most watched in Montenegro and that for Montenegrin politicians rule number one is to be seen in top news at 19.30.

During analyzed period, Montenegrin Television was mostly dedicated to Montenegrin political scene but significant space was given even to situation in Serbia, preparation and realization of Serbian elections. Montenegrin Television editorial team had continued with practice to keep in focus activities of Montenegrin political leaders as far as internal politics was concerned. Of course, in such work pattern, state employees that are also members of ruling coalition had clear advantage.

Numerous scandals that shook position of ruling DPS and its leader Djukanovic at that time were only sporadically mentioned in news and only in context of general politics. Montenegrin TV obviously didn't want to deal too much with "dangerous" issues, such as sex- trafficking scandal, accusations for cigarette smuggling – that is with issues uncomfortable for ruling coalition.

Still, overall view in analyzed period gives credit to some new projects and new shows that had good viewers rating and raised quality of Montenegrin TV program. That goes first of all for serial "Montenegro and great powers", four one- hour episodes, journalistic investigation on political relations and influences of great powers on position

of Montenegro during nineteenth and beginning of twentieth century. In that period an interesting serial was also started about disintegration of Yugoslavia and about life in ex Yugoslav republics after the disintegration. Serial "12 years later", is in fact investigative attempt to view actual conditions in Macedonia and Slovenia, going back to time when those republics sought independence. These shows, could certainly inform viewers what was happening in our neighborhood.

Show "Urbanism issues and dilemmas" was put on program again. Show dealt with chaos in urban planning and building industry in Montenegro in last couple decades. In four episodes Bar and Cetinje, Montenegrin towns, were at the center of attention.

Also show "Open", that goes on air once a week- Friday at 21.00 should be mentioned. Show is very popular and it deals with top issues with presence of relevant participants.

So, during last quarter of 2003 Montenegrin TV showed certain signs of progress in creating new and popular informative shows.

TV IN

Television IN will celebrate two years of its work in February 2004. For such short period this TV Company has positioned itself as very influential media that earned its good rating and confidence among viewers thanks to diversity of programs but also thanks to reliability of news shows.

During last quarter of 2003 TV IN tried, through its usual work scheme, to cover all relevant events. In news shows special attention was given to actual political situation in Montenegro- activities of ruling coalition as well as of the opposition. Editorial team didn't miss opportunity to regularly inform about numerous scandals pointed against Montenegrin government. Therefore in "Impulse" TV IN regularly broadcasted information accusing government for participation in sex - trafficking scandal or broadcasting information from Italy that linked government with cigarette smuggling. Even in those circumstances editorial team of IN TV managed to obtain reaction of Montenegrin officials who had opportunity for convincing and prompt denial of such accusation and TV IN obtained exclusivity.

During analyzed period TV IN continued to produce interesting shows from the fields of politics, culture and society as a whole. So we can point to interesting show "IN magazine" that goes on air twice a month and also serial of interviews "Naked truth" that hosts eminent politicians and public persons from Serbia and Montenegro. Beside these two shows, editors of TV IN kept broadcasting very interesting shows such as "Insider" and "Indirect" that goes on air every second Wednesday at 22.00. In that way TV IN kept diversity of program with lots of entertainment shows and establishes itself as most serious media project in Montenegro.

TV Montena

TV Montena, like many other media companies, hasn't radically changed its usual winter program scheme. During last quarter of 2003 TV Montena paid most attention to

events in relations between government and opposition. In order to achieve that goal, during three months all relevant political leaders appeared in front of TV Montena cameras, whether in top news or in special shows (serial of interviews "Face to face" with interesting guests "morning talks" etc). Apart from these shows it is important to point out that TV Montena tried to keep its audience informed on economic issues (show "Montena business" once a week).

During this period TV Montena continued to broadcast foreign informative programs, such as VOA ("Voice of America"), show "Tribunal" from agency SENSE and sometimes news from TV B92. They also broadcasted very interesting documentary serials "Who killed Ante Marković" (production TV B92, went on air three times a week during October), "Good people in evil times" (also production of TV B92, during November). By broadcasting these shows TV Montena increased the level of information given to the viewers because we are talking about quality and professionally done political serials. Furthermore, TV Montena in co production with production network "VIN" during November had broadcasted documentary serial "Happy divorce or happy union". Serial was devoted to Serb- Montenegrin state relations and future of state union. Many relevant politicians and historians from Serbia and Montenegro took part in this serial.

The scheme of news program didn't suffer significant changes: News and Info are aired every day except Sunday at 19.00 and 21.00. Editorial team of TV Montena tried to inform viewers about all relevant political events, and tried to do it professionally.

Radio Antena M

Radio Antena M continued with improvements not only regarding quality of informative program but also regarding diversification of contents offered to listeners. In analyzed period Antena M has reported and commented on all relevant events in Montenegro and Serbia regarding informative part of their program. Most of the program was devoted to economic issues: fall of standard of living, strikes, problems in harmonizing economies of Serbia and Montenegro and bad consequences on process of joining European Union.

Regarding internal politics, Radio Antena M correctly reported on quarrels between government and opposition (relevant political leaders were guests of show "Right in the center"). During November and especially middle and end of December they were focused on events in Serbia, so their listeners, better than listeners of any other electronic media in Montenegro, were informed about electoral campaign and overall situation in Serbia.

Printed media

Daily "Pobjeda"

During last quarter Pobjeda has still preserved its recognizable characteristics. "Most peaceful" front pages in which exclusivity or hot news appear accidentally and not

intentionally, uninventive headings and long texts full of quotations and official statements that clearly denotes dominant tendency of editorial team: don't offend political structures upon which the newspapers relay for funding. How much of that will change once this newspaper stops receiving funds from the state budget? In any case until further notice Pobjeda remains pretty conservative daily that offers minimum excitement and maximum of precision to its readers. Actual government is most pleased with such approach. Their statements, excuses, activities or at least announcement of successful actions internally or on international arena Pobjeda eagerly reports usually as the news of the day.

So even October starts with statement of Montenegrin president Filip Vujanovic: "Radical moves by opposition will damage Montenegro" and information: "Opinion poll: Djukanovic and DPS with highest rating". Opposition boycott of parliament was issue frequently on front page of this daily ("Boycott holds back work of democratic institutions in Montenegro: Council of Europe warns opposition", "Chief of European Commission Delegation in SCG says: The place of opposition is in the parliament"). However, opposition leaders didn't have opportunity to clarify their reasons for boycott or to announce their future actions at those pages.

Instead, reports of government policies successes dominated ("IMF positively evaluated reforms in Montenegro", "Montenegro is not selling companies but buying good owners", "Djukanovic: Political, economic stability of Montenegro is clearly in sight"). Even when is clear that we are dealing only with wishes that government is not capable of turning into reality ("Montenegro independently in Interpol") there is not explanation why the announced event didn't happened.

In almost identical fashion they covered continuation of sex- trafficking scandal. While argumentation of state officials readers get as news of the day, they have to make significant effort to find out what those state officials are defending themselves from and why ("Dragan Djurovic: In the report there is no mention of Djukanovic", "Police and Secret Service denial investigative judge: We are calling on Ana Vukovic to prove her story", "Djukanovic: Jovicevic's accusations are result of unfounded political ambition", "Vujanovic points out that he understands disappointment of prime minister Djukanovic: It turned out that Andrija Jovicevic was a bad solution").

News of changes within state attorney office, that are direct result of this scandal are exception from this pattern of reporting. But even than the news "Piperovic and Radonjic dissolved from duty" was given in form of statement while other newspapers fed their readers for days with details in connection with their dissolution and giving comments that justified or condemned the decision of newly appointed state attorney.

Pobjeda paid great attention to political events on level of state union- SCG. They stressed issues of economic harmonization ("Djukanovic: Harmonization of custom fees is much bigger problem for Serbia than for Montenegro") and future of union ("Dinkic: Montenegro and Serbia want independence", "Washington Center for Strategic and International Studies: Support peaceful split up of Serbia and Montenegro"). With similar enthusiasm they covered political squabbles in Serbia: "Parliament chairmen Ranko Krivokapic states: Montenegro is upset by Serbia's move to the right"...

Also, unavoidable issues of this three-month period appeared in Pobjeda as well- census ("There is no need for census to be postponed", "Census is not election"); crime problem ("Vujanovic: Montenegro is determined in fight against crime"); political and

economic issues and Tribunal in Hague (“Chief of OEBS Mission in SCG: Economy should be separated from politics”, “Rocen: Djukanovic didn’t receive subpoena from Tribunal in Hague”).

On international field great attention was paid to Iraqi crisis and arrest of former dictator (“Saddam Hussein arrested”), and special treatment was given to first visit of one American military ship to port of Bar since disintegration of former Yugoslavia: “Reception party organized aboard American destroyer Gonzales in Bar: Start of good cooperation”.

Daily “Dan”

About the same event- visit of American navy ship, daily Dan reports with title: “Marines and prostitutes occupied Bar”. That shows existence of completely contrary views on Montenegrin reality in our daily press.

With great passion and completely diverse perception, Dan in October started with series of new accusations on Prime Minister Djukanovic and his alleged involvement in sex- trafficking scandal (“Zivkovic: Poor Montenegro with this voyeur and idiot”). December ends in similar fashion in which journalist that didn’t sign his name under the article finds out that “Franco Della Tore secretly testified against Djukanovic”.

Even in the rest of this three-month period there were no lack of accusations against Milo Djukanovic (“Ratko Knezevic: Djukanovic, Maras and Markovic know very well who murdered Bulatovic, Raspovic, Bokan, Sekulic and Zugic”, “Nadezda Radovic: Djukanovic- user and obstructor in sex scandal”, “Andrija Jovicevic: *Blade* (nickname of Djukanovic) stopped the (Montenegrin) ‘Saber’ (referring to police action in Serbia against organized crime under code name Saber)”. As logical consequence of these accusations (un) believable speculations followed: “On third wanted circular Duska (Jeknic) or Milo (Djukanovic)”, “EU is searching for replacement for Djukanovic”, “Even USA threw Milo out of the game” ...

Crime and misuses of all kinds are favorite issues of this newspapers and something that certainly makes it recognizable in Montenegrin media market, regardless of fact how much of these offered stories are reliable and supported with arguments. Prime minister, his associates and friends are at the top of the topics list, but “Dan” also (unexpectedly) dealt with some people and institutions from Montenegrin politics and economy: “Without Pedja and Milo no Law on extra profit”, “Krgovic hide 40 millions of euros”, “Because of Roksped payment circulation building set on fire”, “Dusanka Jeknic in house arrest”, “Government hand again in the pocket of ‘Jugopetrol’”, “Bobo Vukcevic hide 40 wanted circulars”, “Foreigners hide part of sex trafficking scandal” (incomplete report of OEBS experts)...

As one of dominant issues Dan followed census insisting for long period of time on unsubstantiated claims of government intention to forge its results (“Fair census-impossible mission”). However, after proclamation of first unofficial results Dan forgot what it was writing a day ago and started celebrating: “Invasion of Serbs in Montenegro”, “200 000 Serbs in Montenegro”... It is interesting to notice the enthusiasm of editorial

team of Dan in reporting and desiring that there are as few as possible Montenegrins in Montenegro!

Dan also initiated number of accusations that investigative judge Ana Vukovic (sex- trafficking scandal) directed toward Secret Service (“Ana Vukovic targeted by Secret Service”, “Medenica between Secret Service and investigative judge”...) and latter, using polemic between Djukanovic and Jovicevic, included in the whole story Saddam Hussein and his family and money that he robbed: “Saddam Hussein Montenegrin state secret”.

With somewhat less enthusiasm this daily covered new disturbances in Montenegrin opposition scene (“SNS on dinner table, Zizic abandoned SNP conference”...) focusing on possible return of opposition to parliament and calculations who is sincere adversary and who secretly sympathize ruling coalition in Montenegro. Mood changed almost daily so the only definite things were absolute distrust in Djukanovic and absolute confidence in Kostunica and his DSS, and it is noticeable that rating of Serbian Radical Party is growing in Dan proportionally (expectations) to their enforcement on political stage in Serbia. Closeness with nationalistic policies Dan demonstrates in texts that have nothing to do with politics (“Islamic money for houses in Ulcinj”).

Simultaneously it is noticeable dissatisfaction with functioning of state union established institutions (“Ambassadors with task to ‘clean’ Djukanovic”).

Daily Publika

Daily struggle for better sale forced editorial team of this newspaper to turn more and more to scandals and sensational revelations. That brought about more diverse offer of this newspaper, especially regarding internal politics that is now more closely covered. October started with medicines- scandal: “Pavlicic and Bralic inspired the scandal”, “Director of Hemomont Zelidrag Cerovic: Government allowed Montenegro to become market hall for medicines”, “Director of Institute for Health criticize the Minister: Mister Minister you forgot Hypocrites oath”... Obviously Publika, in this story stood by those who were called upon by officials of Ministry of Health and officials of Fund for Health for long time misuse in medicines supply and distribution of those medicines.

Stories about internal party conflicts in Montenegrin political scene followed. Djukanovics’ DPS was the only one spared from such articles (“Nebojsa Vucinic: Krivokapic didn’t find GZP (Group for Change) but some from GZP had found SDP (Social Democratic Party)”, “SNS main board conference: Fight broke out between lions and wolves”, “Bojovic- this is putsch”, “Dedeic: Being minority is their problem”), “SNP and SNS justify themselves but opposition colleagues are without mercy”). Loyalty to Djukanovics’ political option is proven by the way in which Publika in continuity covered sex- trafficking scandal (“Moldavian women again seriously shook Montenegro: Involvement in scandal goes to the very top of the government”).

With feuilleton that was announced and published as result of journalistic investigation (“Sex- trafficking scandal: How Ljiljana Raicevic blackmailed judge Ana Vukovic”, “Why the sex- trafficking scandal was launched”...) Publika also paid attention to statements of investigative judge about pressures she was under (“Judge

Vukovic should provide evidence or face criminal charges"). Special chapter of this story is one about alleged involvement of Montenegrin prime minister in sex scandal and his conflict with ex Minister of police Andrija Jovicevic and leader of LSCG Miodrag Zivkovic ("Djukanovic: If I wasn't Prime Minister I would have communicated with Zivkovic out of reach of TV camera", "Vujanovic: Letter to Saddam is Jovicevics' attempt to deceit").

Still the biggest surprise to its readers Publika offered in serial of texts about financial crime in which businessmen close to ruling parties were involved. Under title "Scandal of 2000 seals" following titles were published: "Publika reveals: Big robbery of Montenegro- testimonies in investigation leaked by police inspectors", "Roksped used forged seals of KFOR, UNMIK, Montenegrin and Serbian Custom and issued visas", "Who is protecting smugglers that robbed the state for 150 millions euros"...

Publika also brought under discussion the Montenegrin Ministry of Foreign Affairs ("Publika finds out: Two Foreign Affairs Ministry employees asked for asylum in USA"- denied by MFA), Ministry of Agriculture (" Minister Simovic destroyed hunting") and creators of Montenegrin economic doctrine led by vice-president of Council for privatization Veselin Vukotic (" Save mass voucher privatization", "Conflict of interests: Vukotic, Djikanovic and Ivanovic").

Publika also wrote in details about alleged plot to replace Montenegrin government and most important opposition leaders in order to save Federal Republic of Yugoslavia ("How replacement of Montenegrin government was planed: Creators claimed that referendum would provoke arm conflict in Montenegro", "Affirm right wing forces with support of Amfilohije and Beckovic").

Among top issues there was census ("Census marked by party paranoia"), relation of Podgorica and Belgrade toward Hague Tribunal (" Why Svilanovic is being courageous with general in the hospital bad while others are freely strolling through Serbia") economic and political scandals in Serbia (" Hamovic and Lazarevic took over Serbia's National Savings Bank") and for all Montenegrin press inevitable, political, economic and national relations within new union (" Montenegrins are being threatened both in Serbia and Montenegro: Dinkic is driving them out and Zizic is glad there are few of them").

Publika still, apart these visible positive steps, kept some negative characteristics that are blocking significant increase of sale in Montenegrin market. First of all there is clear and very partisan attitude toward part of government represented by Prime Minister Djukanovic, which during analyzed period hasn't been mentioned even once in negative context in Publika.

Independent daily Vijesti

It is now recognizable - Vijesti are offering to its readers selection of information, analysis, comments that makes them undisputed leader in Montenegrin market. Vijesti also started with new actions such as "book on Thursday" and gave free- classical music CD that only consolidated that position.

Still editorial team of this daily can't always resist to themes that might offer to readers attractive title. So during first days of October on front page they offered 'sensation': "Cetniks from Chicago condemned Svetozar Marovic to death".

Still there are real and accurate news that competition doesn't have: "Opposition MPs remain without salaries because of parliament boycott", "Citizens of Cetinje threaten to bring their families in front of Government building", "Lack of money forces soldiers in Masline barracks to go on diet, wishful even of beans: Army is starving", "Accounts of 3000 companies with 46 000 employees under blockade" ... Relations of political parties and status of Group for Change which is imposing itself as possible new partner on Montenegrin political scene were also in focus of this newspaper (Ranko Krivokapic about GFC: "They begged us to found them and now they are attacking us", "Amfilohije: Bringing Mihailo to parliament worse than sex-trafficking", "Filipovic resigned because he had enough of DPS and SDP", "Few satisfied with Government but opposition would again loose at elections" ...).

Vijesti are demonstrating authentic approach when scandal of acquisition of medicines is concerned ("Damage runs in millions but everything is legal", "Micovic transferred money for doctors training to Diners Club and phantom accounts") while true qualities of this newspaper come to light in second part of sex-trafficking scandal.

Vijesti approached this issue without selection of information and insisting that all sides in this conflict should be involved: "Djukanovic: God helped Zivkovic that I am Prime Minister, otherwise we would have duel without TV cameras", "Zivkovic: I am not afraid of Djukanovic nor in front neither in the back of TV cameras", "Piperovic: I shall name three persons that involved me into scandal at the moment most painful for them", "Vesna Medenica is referring to records from interrogation: Piperovic admitted to be client of S.C.", "Secret Service threatens Ana Vukovic, Ana Vukovic: I have proofs that they wiretapped me", "Djukanovic: I believe that Ana Vukovic is not being shadowed and wiretapped", "Ana Vukovic delivered proofs to State Attorney that Secret Service was shadowing and wiretapping her", "Djukanovic is forming commission to investigate role of the police in the scandal" ... It was a similar story in December when conflict between Prime Minister and ex Minister of the police culminated ("Djukanovic was direct actor of sex-trafficking scandal and now is trying to hide his shameful role", "Jovicevic tried to plant me even a letter to Saddam").

Vijesti continued with practice of good timing in informing its readers, and based that informing on quality and reliable facts. They run stories that weren't suitable to ruling establishment both in Podgorica and Belgrade: "Maras and Milic accused of smuggling armored personnel carrier for police", "Tadic and Svilanovic already positioned agents around ambassadors from Montenegro", "Selzi received proves about money laundering from cigarette smuggling coming through Montenegro", "EU does not exist to give you money".

Census was unavoidable issue even on pages of this newspaper but in it was treated without high emotions as in Dan and Publika, and not just through official statements (Pobjeda). So readers of Vijesti could find out that "Vujanovic and Zizic smoothed out misunderstandings: Census can start", but they also first got unofficial results of census without comments or euphoria: "Montenegrins 40.64%, Serbs 30%".

Existing social and economic problems were treated without calculations but based upon confirmable facts or, at least by function, competitive interviewees: "IMF

doesn't know if there is reserve budget", "State budget short of more than 30 million euros because of gas and cigarette smuggling", "If 800 more policemen doesn't retire there will be no money for salaries", "Workers of Dakic factory are going to the street but without dredge because they sold it".

They treat in the same manner actual issues regarding Hague Tribunal ("Pavle Strugar informed Tribunal that he can't come: No medicine in Hague"), international consequences of "transit" business with cigarettes ("In operation Montenegro 25 mafia bosses arrested", "Interpol wants Veselin Barovic and Branko Vujosevic, summons is coming even for Dusanka Jeknic") or Serb- Montenegrin political relations ("Leaders of G17 Plus announce: After the election we start immediate split up with Montenegro").

Montenegrin independent weekly magazine Monitor

Regular change of manager team (director and editor in chief) didn't resulted in radical changes of Monitors' content. To be honest, start of some new columns resulted in critical edge toward government to be somewhat sharper now, not by selection of themes but by rhetoric.

In analyzed period we saw trend of slowing down with economic issues: Monitor is now much more segmented, that is to say there is bigger number of so -called "small" themes- stories. It is easy noticeable because themes, except in extraordinary circumstances, usually have two pages maximum. Number of pages dedicated to culture is significantly reduced.

One of the editorial interventions is change of focus exclusively to Montenegrin political and social themes. Themes from Serbia are usually pushed into second part of magazine, except those texts that deals with relations within state union. Even Serbian elections weren't reason good enough to put that news on cover of magazine. Obviously, Monitors' editorial team concluded, that regarding better sale and greater influence of magazine all attention should be focused to events in Montenegro.

Monitor, traditionally, even during last yearly quarter intensively covered scandals that shook Montenegrin government (four of twelve cover pages had for theme-actual social scandal).

Privatisation

*- Projected Goals and Activities -
- Balances of the Privatization Politics -
- Concluding remarks -*

In Brief...

- In the Privatization Plan for 2003 the Montenegrin Government projected the acceleration or even completion of privatization in 293 industrial societies with mixed ownership structure in which public capital is still present to a smaller or larger extent.⁴ The governmental planners⁵ started off from the achieved level of privatization,⁶ established institutional and regulative frameworks, technical experiences and stable political circumstances. The plans were based on optimistic projections and expectations that the income from privatization will greatly cover the overall envisaged inflow from direct foreign investments.⁷ Furthermore, the crucial aims of privatization in the current year were predominantly linked with the offer of control packages of shares in one part of the companies intended to be sold by means of international public tender.⁸
- The Privatization Plan for 2003 has for the greatest part remained unrealized. Although the authorized privatization institutions got technically engaged in order to attract potential buyers, the overall balances of privatization in the previous year turned out in the end too modest and non-motivating.⁹ Besides numerous invitations to potential

⁴ Out of the companies which still possess public capital, 15 are planned to sell their so-called control packages of shares through international public tender, in 20 companies privatization has been projected based on the search for a strategic partner, while in the remaining 258 companies a combination of different privatization models has been planned.

⁵ Council for Privatization.

⁶ Almost 60% of public capital was privatized between 1990 and 2003, whereby the greatest part of capital was privatized through free distribution of shares (with the nominal value of about 1,5 billion Euros).

⁷ In the Agenda of Economic Reforms the Government of the Republic of Montenegro initially planned the amount of direct foreign investments (for 2003) worth 120 million Euros, which was supposed to represent an increase of 45 million Euros in comparison with 2002.

⁸ These are the most significant Montenegrin companies with the nominal value of about 2,6 billion Euros, out of which about 1,5 billion Euros still belongs to public capital.

⁹ According to official data published in daily press, the inflow of foreign capital in 2003 was less than 30 million Euros, out of which the greatest part went to small privatization businesses (the selling of hotels and shares in smaller companies) except for the privatization of "Montenegrobanka" (arranged as early as 2002), from which about 11 million Euros were received. However, where the official data about the prices and contents of certain privatization contracts are concerned, there was a problem of ignoring the principle of publicity by the authorized institutions. Although after completion of certain contracts the public was

buyers, none of the significant arrangements planned for 2003 was carried out. If we exclude the selling of smaller packages of shares in companies from the so-called third category of priorities (although this is the largest group of companies which were supposed to be mostly privatized during 2003), as well as the controversial selling of the hotel "Avala"¹⁰ in Budva, not a single big job was made.

- It is quite clear that in 2003 the weakest link in the governmental economic chain was privatization, including the policy of attracting foreign investments. Weak results in this area directly affected the overall macroeconomic trends in Montenegro, lack of commercial capital, acceleration of entrepreneurship and living standards of citizens.

An Outlook of the Realization of the Privatisation Plan for 2003

1) Projected Goals and Activities

In the Privatization Plan for 2003 the Montenegrin Government projected the acceleration or even completion of privatization in 293 industrial societies with mixed ownership structure in which public capital is still present to a smaller or larger extent.¹¹ The governmental planners¹² started off from the achieved level of privatization,¹³ established institutional and regulative frameworks, technical experiences and stable political circumstances. The plans were based on optimistic projections and expectations that the income from privatization will greatly cover the overall envisaged inflow from direct foreign investments.¹⁴ Furthermore, the crucial aims of privatization in the current

informed through mass-media about the reached price and principal elements of the contract, it was unacceptable that at the official web-sites of the Council for Privatization and the Agency for Restructuring of Industry and Foreign Investments there are no individual and collective data on prices of privatization contracts and the elementary contents of defined arrangements, nor have these data been regularly revealed in press-communication with the public. In this way the possibility of public following of the privatization process is wrecked and suspicions in its transparency are being fed.

¹⁰ The selling was realized after the court sentence which allowed the second-rated buyer, which at first had unacceptable conditions for Tender Commission, to become the legal owner of the hotel.

¹¹ Out of the companies which still possess public capital, 15 are planned to sell their so-called control packages of shares through international public tender, in 20 companies privatization has been projected based on the search for a strategic partner, while in the remaining 258 companies a combination of different privatization models has been planned.

¹² Council for Privatization.

¹³ Almost 60% of public capital was privatized between 1990 and 2003, whereby the greatest part of capital was privatized through free distribution of shares (with the nominal value of about 1,5 billion Euros).

¹⁴ In the Agenda of Economic Reforms the Government of the Republic of Montenegro initially planned the amount of direct foreign investments (for 2003) worth 120 million Euros, which was supposed to represent an increase of 45 million Euros in comparison with 2002.

year were predominantly linked with the offer of control packages of shares in one part of the companies intended to be sold by means of international public tender.¹⁵

Within the projected plans the Council for Privatization once again emphasized the legally defined privatization methods (*stock exchange selling, privatization through bankruptcy, auction, tender selling, privatization through segmentation, etc.*). Observation of previously proclaimed principles was also accentuated (*transparency, publicity, protection of investors' interests, protection of interests of other owners, selling by market rates*).¹⁶ Simultaneously, the plan included the decentralization of the way of decision-making in privatization activities. This contributed to precise definition of the position of the Council for Privatization and other participants in the privatization process.¹⁷ In an operative sense, the Council for Privatization obliged itself to prepare tender documentation and stimulate privatization in eight important companies and one bank.¹⁸

All institutional protagonists in the privatization process have been given suggestions that on occasion of passing decisions the crucial elements should be linked with the development of export orientation of companies, securing of satisfactory level of monetary investments, realization of adequate restructuring of companies, as well as acceptable long-term structures of employment and adequate social programmes. The planners also strove to promote the selling of shares by 1 Euro on condition implementation of other vital elements of successful privatization is provided.

Generally, Privatization Plan for 2003 was set as a series of ambitious goals which were supposed to enable considerable advancement of the privatization process in 258 remaining companies with participating public capital. Simultaneously, the Government expected that in new political circumstances¹⁹ an acceleration of privatization would be achieved, as well as the inflow of foreign capital and improvement of overall economic

¹⁵ These are the most significant Montenegrin companies with the nominal value of about 2,6 billion Euros, out of which about 1,5 billion Euros still belongs to public capital.

¹⁶ From the very beginning Montenegrin privatization was accompanied with objections from professional and lay public that it has been non-transparent and removed from acceptable postulates of public institutional functioning. Certain privatization activities have been accompanied with scandals (since the privatization of the brewery in Niksic to the most recent privatization of "Jugopetrol"), which in the last decade additionally corroborated suspicions in fairness and competent handling of the overall privatization politics in Montenegro.

¹⁷ Council for Privatization is authorized to completely handle the selling of companies by means of international public tender, while in cases of selling of companies by means of contract with strategic partner, the Council administrates the buying and selling procedure with participation of its administrative organs (participation of other owners). The selling of the greatest part of remaining industrial societies of less value would take place with participation of authorized state funds (Fund for Development, Fund of Pension and Disabled Persons' Insurance and the Employment Bureau) and is planned to be completed in 2003.

¹⁸ The bank in question here is Podgoricka Bank, and the mentioned companies are the following: the Aluminum Plant, Gornji Ibar – Rozaje, UTIP "Crna Gora", Tobacco Plant, HTP "Budvanska Riviera", HTP "Ulcinjska Riviera, HTP "Boka" and Steel Factory – Niksic.

¹⁹ Just for the sake of reminding the readers, at the beginning of 2003 Montenegro had a stable parliamentary majority and a coalition government which had a chance to carry out structural reforms in sustainable political circumstances and also to complete the process of privatization of public capital.

circumstances.²⁰ However, the end of 2003 was reached with balances which greatly dismissed the planned projections.

2) Balances of the Privatization Politics

The Privatization Plan for 2003 has for the greatest part remained unrealized. Although the authorized privatization institutions got technically engaged in order to attract potential buyers, the overall balances of privatization in the previous year turned out in the end too modest and non-motivating.²¹ Besides numerous invitations to potential buyers, none of the significant arrangements planned for 2003 was carried out. If we exclude the selling of smaller packages of shares in companies from the so-called third category of priorities (although this is the largest group of companies which were supposed to be mostly privatized during 2003), as well as the controversial selling of the hotel “Avala”²² in Budva, not a single big job was made.

Although the operative aims of the Council for Privatization were focused on arrangements in 8 significant companies and one bank,²³ the fact remains that none of the promoted advertisements was brought to an end.²⁴ Thus, there was no selling of processing capacities in the Aluminum Plant, the Steel Factory in Niksic, the timber industry in Rozaje and the greatest part of tourist potentials in Budva, Ulcinj and Podgorica. Simultaneously, the process was completed in none of the industrial societies planned to be privatized through seeking for a strategic partner. This particularly threatens the survival of some of the companies with completely uncertain future perspectives without strong investors.²⁵ It is obvious that all efforts taken by the authorized institutions remained fruitless, so that, besides elementary political stability,²⁶

²⁰ The Government of the Republic of Montenegro planned an increase of the BNP for about 2%, the growth of BNP per capita to almost 2.000 Euros, the decrease of the inflation rate to about 8%, the enhancement of fiscal balance from -50 million Euros to -33 million Euros, as well as direct foreign investments worth about 120 million Euros.

²¹ According to official data published in daily press, the inflow of foreign capital in 2003 was less than 30 million Euros, out of which the greatest part went to small privatization businesses (the selling of hotels and shares in smaller companies) except for the privatization of “Montenegrobanka” (arranged as early as 2002), from which about 11 million Euros were received. However, where the official data about the prices and contents of certain privatization contracts are concerned, there was a problem of ignoring the principle of publicity by the authorized institutions. Although after completion of certain contracts the public was informed through mass-media about the reached price and principal elements of the contract, it was unacceptable that at the official web-sites of the Council for Privatization and the Agency for Restructuring of Industry and Foreign Investments there are no individual and collective data on prices of privatization contracts and the elementary contents of defined arrangements, nor have these data been regularly revealed in press-communication with the public. In this way the possibility of public following of the privatization process is wrecked and suspicions in its transparency are being fed.

²² The selling was realized after the court sentence which allowed the second-rated buyer, which at first had unacceptable conditions for Tender Commission, to become the legal owner of the hotel.

²³ Privatization of Podgoricka Banka was postponed for 2004.

²⁴ It is interesting that for the second time the tender for selling of the control package of shares in the Tobacco Plant in Podgorica (with nominal value of about 10 million Euros) failed.

²⁵ These are the companies like KID “Velimir Jakic” in Pljevlja, “Novi Obod” in Cetinje, “Radoje Dakic” in Podgorica, “Titeks” in Podgorica, “Vunko” in Bijelo Polje, “Crnagoraput” in Podgorica.

²⁶ Although the Montenegrin rule functioned without significant inner conflicts, the overall political circumstances were considerably worse than the expected, which particularly refers to the situation in the

the last year was extremely unsuccessful where the effects of privatization are concerned, but also in a wider sphere – in the sphere of overall inflow of foreign investments.²⁷

It is quite clear that in 2003 the weakest link in the governmental economic chain was privatization, including the policy of attracting foreign investments. Weak results in this area directly affected the overall macroeconomic trends in Montenegro, lack of commercial capital, acceleration of entrepreneurship and living standards of citizens.

3) Concluding remarks

We could generally give the following evaluation of the conditions, politics and balances of privatization in the last year:

- Political circumstances in Montenegro for realization of privatization were more favourable than in 2002 (stable coalition government), but political stability was wrecked because of the continuation of tensions between the rule and the opposition (boycott of the Parliament by the opposition) and especially because of negative influences from the outside (the assassination of the Serbian Prime Minister and the state of emergency in Serbia), which indubitably deterred the motivation of serious foreign investors. It is obvious that the expected political advantages in comparison with the previous year were lacking, and the overall political atmosphere turned out unattractive for acceleration of privatization.
- During the whole year social circumstances were hard (numerous strikes and bankruptcies of many former public companies), which additionally aggravated the possibility of privatization of one part of local companies which particularly crave for establishment and implementation of social programmes.
- Normative conditions for optimal realization of privatization are not adequate (the problem of restitution and ownership rights, limitations in the sphere of business regulations), which is a result of the unsettled heritage and obvious failures in state politics.
- The Government and accompanying privatization institutions did not manage to provide the realization of successful privatization politics, which is a clear indicator of the weakness of Montenegrin executive rule in one important segment of transition politics.

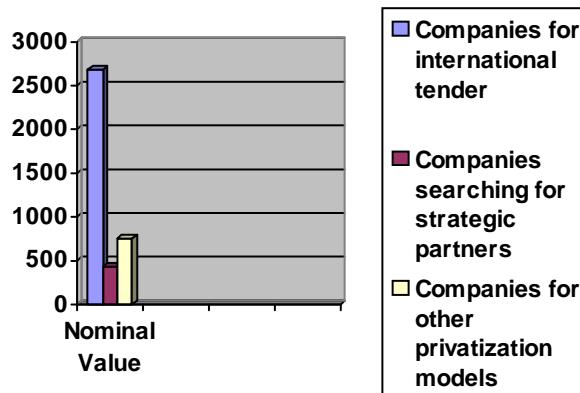
Union of Serbia and Montenegro, which took a swing for the worse after the assassination of the Serbian Prime Minister Djindjic (this inevitably affected the investments in Montenegro), but also to the sporadic scandals which undermined the legitimacy of official Podgorica.

²⁷ A particular problem for the overall quality of privatization is represented by inadequately codified civic legislation (ownership relations/restitution).

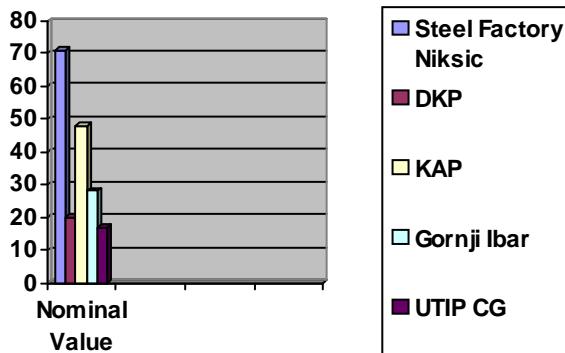
- Financial balances of privatization were considerably below the expected level, so that the inflow of money in this area represented just a small part of projected investment incomes in 2003. Direct inflow from privatization in 2003 was less for about 50 million Euros than in 2002.
- Besides privatization of “Montenegrobanka” (which undoubtedly represents a significant arrangement both for industry and for the national banking system), in the last year no other big privatization jobs were completed with effects of manifold benefit for the stability and development of local economy.
- The privatization process in the last year was also accompanied with media scandals and denials of certain contracts (for example the selling of the hotel “Avala” in Budva), which additionally strengthened already existent lack of confidence in fairness, quality and effects of privatization arrangements.
- Finally, privatization in 2003 essentially represented a continuation of bad times, so that this year’s state privatization politics can be considered unsuccessful with a discernable tendency of further aggravation.

Supplement: Graphic Presentation of Relevant Data

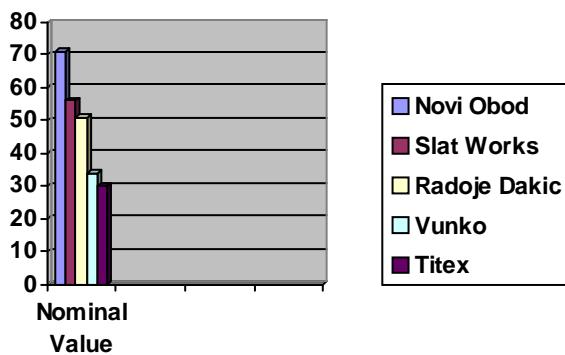
- 1) Nominal value of categorized companies according to planned privatization models (in million Euros):



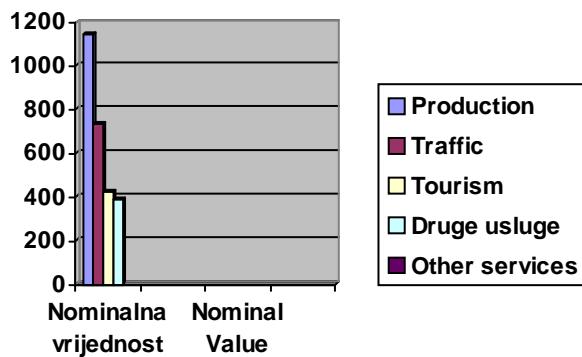
- 2) Nominal value of companies which shares were offered in 2003 through international tender (in million Euros):



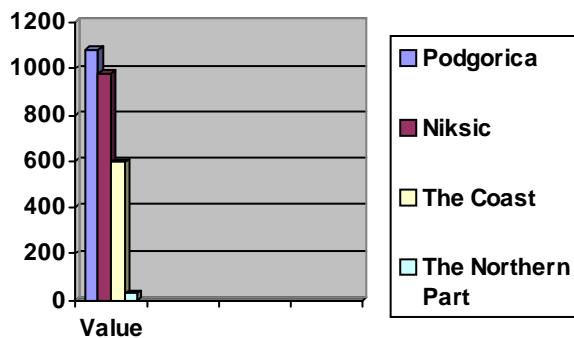
3) Nominal value of crucial companies which privatization was based upon contract with strategic partner (in million Euros):



4) Nominal value of companies planned to be sold through international tender - by commercial sectors (in million Euros):



Geographical position of companies (by nominal value) planned for selling through international tender (in million Euros):



5) Nominal value of 5 companies most highly evaluated (in million Euros):

