



GOVERNMENT OF MONTENEGRO

H.E. Mr. Milutin Simović

Deputy Prime Minister for Economic Policy and Financial System

UK – MONTENEGRO TRADE & INVESTMENT FORUM
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Honourable representatives of the UK Government,
Distinguished members of the Diplomatic Corps,
Dear members of the Business Community,
Dear representatives of the Montenegrin Community in the UK,
Dear representatives of the media,
Ladies and Gentlemen,

I am honoured to be here with you today at the UK-Montenegro Trade & Investment Forum.

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Montenegro and the United Kingdom cherish historically good bilateral relations, which has more recently been manifested through British Government's support to Montenegro's strategic priorities – especially to recent membership of Montenegro to NATO, and through continued support to the advancement of democratic standards and economic reforms in Montenegro.

The United Kingdom has expressed a clear message that the Western Balkans remain in the focus of the British Government. This has been further demonstrated in the decision of the UK Government to be the host in 2018 of the **next Summit the so-called "Berlin Process"**, the high-level meeting of the leaders of the Western Balkans and representatives of the EU. The main goal of this regional initiative is to accelerate the economic development and growth in the region of the Western Balkans by way of realizing **investment projects in the area of connectivity of transport, energy and ICT infrastructure**.

In July 2017, **the National Investment Commission of Montenegro** adopted an updated **Single List of Priority Infrastructure Projects**. The List contains **57 projects** (consisting of **134** individual segments/projects) from five sectors: **energy, transport,**



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environmental protection, social services and other infrastructure. The estimated value of the projects, which are to be realized by 2025, is about **€5 billion**. *The aim is to provide a significant amount of funds for the implementation of projects through the Western Balkans Investment Framework (WBIF), with considerably opportunity still remaining for additional investments.*

The European Bank for Reconstruction and Development (EBRD) has been involved in financing a number of **priority infrastructure projects** in Montenegro and the Western Balkans, including via the Western Balkans Investment Framework. In 2014 and 2016, the EBRD Headquarters in London hosted very significant **high-level Western Balkans Investment Conferences** which gathered the Heads of Governments of the countries of the region, with participation of senior representatives of the UK Government.

I believe that in the course of the Forum we shall hear more about the activities of the Bank in the region and in Montenegro (country of highest per capita investments) from the EBRD's senior representatives, and **their views on the opportunities for foreign direct investment in Montenegro**, and their expectations from the next Western Balkans Investment Conference planned for February 2018.

The EBRD has been a valued partner to Montenegro in the realization of projects aimed at the improvement of the business environment and strengthening of the competitiveness of the economy.

The British Government has also been supportive towards Montenegro with their expert assistance, through the activities conducted by the British Embassy in Podgorica in the promotion of economic reforms aimed at removing business barriers and improving the business environment, but also in the area of institutional reforms and establishment of a more efficient public administration in Montenegro.

Thanks to a responsible policy and implementation of fiscal and economic reforms, Montenegro is now recognized as an investment destination with attractive investment climate, low tax rates, equal treatment of national and foreign investors, political and macroeconomic stability and constant improvement of the business environment.



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The latest reports of international financial institutions and agencies – like the latest report of the IMF Executive Board – confirms that the Government of Montenegro steers the economy well and that the measures of fiscal consolidation are well-balanced.

Moody's latest report improved Montenegro's ratings to B1 with positive outlook, while credit rating agency Standard & Poor's recently raised its outlook on Montenegro to stable from negative to reflect the government's fiscal consolidation efforts, while at the same time affirming its B+ long-term and B short-term sovereign credit ratings.

The World Bank also recently raised its forecast for Montenegro's economic growth in 2017 to 4.2%. According to official figures, the economic growth in Montenegro in the second quarter amounted to 5,1%, witnessing the dynamic investment activity in Montenegro.

Ladies and Gentlemen,

We are here with you today in order to showcase Montenegro as a politically and economically stable and attractive investment destination. The private sector participants in today's panels will hopefully corroborate this assertion. You will also be able to hear about specific investment opportunities in key sectors.

Firstly, let me remind you that British citizens enjoy the possibility to enter and stay in Montenegro for **up to 90 days without a visa** (with a valid passport). Should you wish to set up a company in Montenegro as either a foreign legal or natural person, you will be able to do so **under the same terms as local companies**.

The companies set up in Montenegro enjoy access to a **market of over 800 million consumers**, thanks to the Free Trade Agreements signed between Montenegro and the European Union, CEFTA (the countries of the Western Balkans + Republic of Moldova), EFTA (Iceland, Swiss Federation, Luxembourg and Norway), as well as Turkey, Ukraine and Russian Federation.



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In the last decade Montenegro has seen investment from over 100 countries from various regions of the world – the EU, the Middle East – especially UAE, Asia – especially China and Japan, Azerbaijan, Russia, Canada, Norway, Switzerland, Turkey, etc.

Growing interest of British investors is the reasons that this forum is taking place here in London today. **We want to encourage British investors and businesses to consider Montenegro as their investment, business and lifestyle hub for the Southeast Europe** – a destination with remarkable cultural heritage, exceptional climate (with on average 240 sunny days or 2,480 hours of sunshine per year), and incredible diversity in scenery in a relatively small territory, the size of Wales.

Should you find today's forum useful, I invite you to use this opportunity to establish contact with the forum participants from Montenegro and also the Embassy of Montenegro staff present here who will further direct your expressions of interest towards the relevant agencies in Montenegro.

Ladies and Gentlemen,

As a country with both a vision and a plan for its further development as an ecological, sustainable, luxury, high-end tourism destination, Montenegro as a result represents an attractive investment destination, which in the past decade saw a **significant inflow of FDI in the sector of tourism and real estate**.

We are proud of successful investment projects on the coast of Montenegro, such as *Porto Montenegro*, with exclusive resort *Portonovi*, currently under development, with luxury hotel brand *One & Only*, and with exclusive *Luštica Bay* project, also being developed, with hotel brand *Chedi*. Of course there is also hotel *Sveti Stefan*, one of the most recognizable resorts of Montenegro, operated by *Aman Resorts*.

Only last week Sveti Stefan hosted the **Global Citizen Forum**, which was attended by high-profile individuals from all over the world and which discusses important topics of global citizenship, mobility and progress.



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In addition to the above, Montenegro has significant potentials in further development of conference tourism, health, sports and recreation tourism and eco-tourism, especially in the country's central and northern regions.

Another sector with excellent prospects for investors is **energy**, with potentials in the areas of **renewable sources of energy**, especially in hydro potentials, wind, solar and biomass.

When it comes to Montenegro's **oil and gas potentials**, I will just mention that a recent independent audit into the two blocks offshore Montenegro which have been awarded in a Concession contract to Greek company Energean Oil & Gas are estimated to have 1.8 trillion cubic feet of recoverable natural gas reserves. According to the Government's estimates, up to 7 billion barrels of oil and 425 billion cubic meters of gas are expected to be discovered in Montenegro's offshore by 2030.

A construction of a gas transmission system for the transport of liquid gas from the Caspian Sea is planned in Montenegro, as part of the project Trans-Adriatic Pipeline (TAP) and Ionian-Adriatic Pipeline (IAP). The IAP sections will connect Albania and Croatia via Montenegro, in total length of 530 km, 94km passing through Montenegro. **Currently, Montenegro does not yet have any system or necessary technology for distribution of natural gas, which may represent opportunity for FDI from renowned British companies.**

Other strategic sectors with potentials for investment are: **transport infrastructure, processing industry, especially wood processing, agriculture and fisheries, as well as ICT sector.**

In the **sector of air transport**, we are currently looking into possibilities for valorisation of two **Montenegro's international airports, Tivat i Podgorica**, aimed at their modernisation in line with highest standards and also at better connectivity and accessibility with key destinations. These two airports currently serve **Ryanair, EasyJet and Montenegro Airlines flights from London and Manchester.**



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When it comes to **road infrastructure**, a construction of a strategic highway which will connect south and north of the country is currently underway in Montenegro. This will allow for more trade and faster transport of goods from the Port of Bar to transport corridors in Central Europe. Total value of the project, consisting of construction of 5 road sections with tunnels, bridges and a bypass around the capital Podgorica, is estimated at around **€1.7 billion**. The construction of the first, priority section of the highway is currently underway and expected to be completed in 2019. The **4 remaining tranches** will be built in the future, along with **accompanying public facilities** along the highway, such as motels, petrol/gas stations, convenience shops and restaurants. These planned construction works represent concrete opportunities for investment.

The **Adriatic-Ionian Expressway** is another project to be constructed along the Montenegrin coast. The expressway will be approximately 108 km long with approximate costs of construction of **€10,5 million/km**. Funds have been obtained for a feasibility study. Possible financing models of this project could be: PPP, concessions, or a hybrid model.

In the sector of **rail infrastructure**, in the framework of regional connectivity, a project of construction of **the railway to connect Montenegro with Bosnia and Herzegovina** (from town of Nikšić in Montenegro to the border with Bosnia and Herzegovina) has been prepared at the preliminary level. Total investment is estimated at **€200 million**. **Reconstruction and Modernization Railway Line from capital Podgorica to the border with Albania** is another planned project, valued at about **€35 million**.

Speaking as the Minister for Agriculture and Rural Development, I would like to emphasize **the potentials in the sector of agriculture and primary production, as well as processing**. Montenegro's agricultural products are known for their high quality, primarily due to preserved and uncontaminated soil and specific climate conditions which allow for a wide array of agricultural produce and especially **organic production**.

There are great potentials in the production of **aromatic and medicinal herbs**, as Montenegro is home to over 5000 types of medicinal herbs, 200 of which are considered to be endemic.



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There are also untapped potentials for the **production of bottled spring water** from the natural mountain springs with total annual capacity of **350 million litres**.

Montenegro's **fisheries potentials** are also insufficiently exploited, considering the fact that Montenegro has at its disposal the **vast volumes of fish** from both the **Adriatic Sea and the Skadar Lake**, the largest lake in Southeast Europe. There is a concrete opportunity for investing in an existing **Fish processing and canning factory** in order to resume production and export.

By obtaining export numbers-licences for exporting to the markets of the European Union, Montenegrin companies that meet the necessary standards can now increase their **export of authentic Montenegrin agricultural products to the EU markets**, especially high quality meat products and wine.

There is abundant potential in the **wood processing sector**, in view of the fact that almost 60% of Montenegro's territory are woodlands.

Lastly, a couple of words about the **ICT sector in Montenegro**. This sector is relatively well developed and competitive on a regional level, above all due to the operation of several strong foreign Telecommunication operators in Montenegro. The existing ICT infrastructure is fairly developed, however, in order to implement further digitalisation of the public administration sector and financial sector, continuous expansion and improvement of the capacities of both transportation and access-related segments of this infrastructure will be necessary – which, as such, represents potential for investment. **The ICT is one of the areas where we see potential for cooperation with both UK companies and institutions.**

Ladies and Gentlemen,

I am confident that you will have an opportunity to learn something new about Montenegro and be prompted to come and see for yourselves why Montenegro has all it takes to be your next business and lifestyle hub in Southeast Europe.

Thank you for your attention.