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## BROTHERHOOD

We used to have a common goal, but our motives were different. While we fought for independent Montenegro thinking it was the best way to achieve emancipation, progress and the rule of law, they wanted a private state. And they will not give up!

These were the words of a friend of mine, a few days ago while we were trying to deal with the hot Podgorica summer with cold lemonades as our weapons, reading about how the leader of the ruling party bought 7% of his brother's First Bank of Montenegro for a million and a half and how the national Commission of the Prevention of Money Laundering said all was regular: the shares were paid for by a loan from "a certain bank from London", which was so generous as to issue the loan based on these very shares that were yet to be bought. Let us leave aside the unfortunates who head the Commission for the Prevention of Money Laundering and would probably be unemployed had it not been for their party leader and the new shareholder – they have probably never seen the loan contract with "a certain bank from London", they really do not know its name nor whether it exists. The more important issue here is: has the former Prime Minister decided to legalise and publicly expose his millions earned at the time when he was heading the most important enterprises in Montenegro during and after sanctions. If he has, is that perhaps the money that has been lying hidden heaven knows where, i.e. temporarily managed by his close friends and relatives. Maybe yes, maybe no, in order to find the right answer let us imagine the following situation: Prime minister Đukanović, Alpha and Omega of everything that goes on in the tiny Montenegro for 17 years worked for his miserable president' or PM's wage which was never higher than a 1000 DMs or Euros. In the meantime, his only brother became a millionaire, his close friend also, and the smallest clogs in the chain of tobacco "transit" business during the 90s earned at least a house and a few dozens of thousands of DMs. Is this logical? Those who believe so will believe the Commission for the Prevention of Money Laundering, and those who don't can, for a solace, look for some EU member where the Commissions of similar kinds can afford such behaviour.

N.R.

THE CHIEF OF PORTUGUESE DIPLOMACY AND THE CURRENT PRESIDENT OF THE COUNCIL OF EU LUIS AMADO CHOSE PODGORICA FOR THE FIRST STOP ON HIS BALKAN TOUR

## EU will not close its eyes, but thumbs up are also in order



From the meeting between Amado and Roćen

On the 21 August, only a month and a half after Portugal began its presidency over European Union, Portuguese minister of foreign affairs **Luis Amado** visited Podgorica on his tour around the region. Amado used the press conference after his meeting with Montenegrin foreign minister, **Milan Roćen**, to send a message that "all peoples in this region should work towards reaching the values and standards of EU".

"The West Balkan region still has substantial problems which must be solved. We will not ignore them, but neither will we close our eyes to positive examples and excellent atmosphere coming from some of the countries in this region. This is why EU should apply itself to improving the stability in the region and creating the political and economic conditions that would fulfil the expectations of your citizens", Amado said.

He believes to be the duty of EU to show appreciation for the efforts of Montenegro on its road to Europe.

"I wanted to make Montenegro my first stop on this visit to the Balkans, and a message of support to this country on its way to Europe", Amado said.

He explained that the EU will not close its eyes to the various political problems in the region, but that it should also support the countries with positive energy in their integration efforts.

"Montenegro is a good example from the standpoint of political stability and economic development. Countries of this region need political stability as a precondition to better economic development", explained Amado after an hour of talk with Roćen in villa "Gorica".

He announced that in the following months the EU will have close cooperation with the current government, which will result in important agreements.

"This is a European country and we believe that all countries of the region should be involved in improving their standards to reach the EU levels", he said.

He added that his duty as a high-positioned official was to come and send a strong message of support to the countries of the region.

"We believe that the EU should have a strong, strategic role in the dialogue with these countries in the next few years", Amado said.

Roćen reminded that in September and October Montenegro will sign important agreements with EU, especially emphasising the agreement on visa facilitation and readmission. He announced bilateral cooperation between Portugal and Montenegro and explained that Amado's words have shown that his country understands our problems and considers them European problems.

N.R.



DR GERHARD SCHICK, MP OF THE GREEN PARTY IN GERMAN BUNDESTAG

# Europe is beyond national egoisms

I believe that the most important institutional problem of EU is the lack of democratic control. It would be paradoxical if the countries of the Western Balkans that have established democratic government only some years ago were to join a EU where most political decisions are made in intransparent committees that are beyond the reach of elected representatives, says Dr **Gerhard Schick**, an MP in the German Bundestag and a member of its Financial Committee. Dr Schick rep-

resents the Green Party, heading its Federal Committee for Economic and Financial Issues. The German media have recently ranked him among the most perspective German politicians below the age of 45.

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resents the Green Party, heading its Federal Committee for Economic and Financial Issues. The German media have recently ranked him among the most perspective German politicians below the age of 45.

Answering the question of *EIC Bulletin* about the future of European Union regarding institutional reforms and their outcomes, Dr Schick emphasised that the last EU summit saved most of the institutional changes envisaged by the Governmental conference before the negative referenda in France and the Netherlands.

"The Charta of Basic Rights will be legally binding, the European parliament gains more rights, the common foreign policy will be strengthened even if there is no European foreign minister. I am therefore optimistic that a new treaty can be in effect by 2009 when the

next elections to the European parliament are due", says Dr Schick. He, however, recognises that there are many drawbacks. Among them he cites the opting out of Great Britain concerning the Charta of Basic Rights.

"In addition, the summit revealed once more that European governments are yet to find a way to overcome national egoism and provide for effective leadership of the European Union. And they need to address more the problems citi-

zens face. The German Greens therefore push for two new protocols: a social protocol answering the fact that citizens both in France and in the Netherlands rejected the constitution on social and econom-

*Some of the West Balkan countries should become part of the European Union, rather sooner than later. That makes it all the more important to overcome the basic weaknesses of the EU institutional structure and its lack of responsiveness to citizens' needs*

ic grounds, and a climate protocol that allows for a coordinated approach to one of the world's most urgent problems" emphasizes Schick.

He believes that some of the West Balkan countries should become part of the European Union rather sooner than later.

"That makes it all the more important to overcome the basic weaknesses of the EU institutional structure and its lack of responsive-



Gerhard Schick

ness to citizens' needs", says Schick.

He preferred not to give a yes or no answer to the question whether it is more realistic to continue the enlargement process based on merits of each individual country or to let them first form a "mini-EU" along the lines of CEFTA (closer political and economic relations, common market) and then in the long term have them all join EU together?

"Accession to the European Union is politically difficult because it obliges governments to adapt at a high speed national law to European law. If this challenge is more easily

answered by an approach that follows the example of the Benelux-countries who have started their own cooperation prior to and after joining the European Community – this is an answer I would leave to the peoples in the acceding countries as long as the requirements for accession aren't softened by a collective approach", Schick said.

D.U.-N.R.

## HOW WILL THE SOUTH EAST EUROPEAN FREE TRADE AGREEMENT (CEFTA 2006) AFFECT MONTENEGRIN ECONOMY?



by Vladan Žugić

After coming into force in late July of the South East European Free Trade Agreement (CEFTA 2006), little has changed regarding the flow of goods into the Montenegrin markets, and there are no reasons to fear that the imports from the countries signatories might increase Montenegrin trade deficit or jeopardise agricultural production in Montenegro.

So says the head of the of the government's negotiating team for agriculture and fisheries, Dr **Milan Marković**, while the Association of Agricultural Producers fears that the opening of markets will unleash competition on the local producers. Some analysts warn against the increase of Montenegrin foreign trade deficit, which in the first six months reached a record value of 450 million euros.

In an interview for *EIC Bulletin*, Marković explained that as a part of FRY, and later Serbia and Montenegro, Montenegro already signed bilateral free trade agreements with Bosnia and Herzegovina, as well as Macedonia, while trade with Serbia was by definition free within the federation.

"In the meantime, Montenegro corrected customs controls vis a vis Serbia for the protection of its strategic products during the nego-

# A test for real managers

tiations on the harmonization of economic relations with Serbia. If we consider that Montenegro has already had a very open system, long before CEFTA was signed, it follows that few real changes can be expected for our customs system. I can therefore see no new threats to our agriculture or foreign trade deficit", Marković said.

Talking about Croatia which, according to Marković, is a relatively closed system with high tariffs, Montenegro agreed a symmetric increase of quotas for entry of Croatian products on the Montenegrin markets and the other way around.

"On the other hands, there is no economic justification for maintaining high levels of protection from Croatian products, if Bosnia and Macedonia have entirely free entry for such products", Marković says.

CEFTA envisages gradual elimi-

nation of trade limits for industrial and agricultural products in the region of South East Europe by 2010. It does not stipulate a deadline for the full liberalization of trade in agricultural products, but it states that two years after the agreement is signed, the existing concessions must be revised and, if possible, increased the level of liberalization.

CEFTA 2006 was signed by seven countries of the West Balkans plus Moldavia, and it encompasses a market of nearly 30 million people.

Since 2001, countries of the region have signed more than 30 bilateral trade agreements, but most experts agreed that their implementation was haphazard, especially in the realm of agriculture.

CEFTA, being a multilateral agreement, has a goal to replace this labyrinth of agreements and facilitate their implementation.

## THE HISTORY OF CEFTA

The original CEFTA was signed by the so-called Visegrad group countries: Poland, Hungary and Czechoslovakia, on the 21 December 1992 in Krakow, Poland. The agreement came into force in July 1994; Slovenia joined in 1996, Romania in 1997, Bulgaria in 1998, Croatia in 2003 and Macedonia in 2006. All original members, except for Croatia and Macedonia joined European Union and thus left CEFTA.

The decision was therefore to extend the agreement so it would cover the rest of the Balkan countries, which have already established a matrix of bilateral free trade agreements within the Stability Pact for South East Europe.

At the 6 April 2006 Bucharest summit of the South East European prime ministers, they adopted a declaration to enlarge the agreement to encompass Albania, Bosnia and Herzegovina, Moldavia, Serbia, Montenegro and UNMIK on behalf of Kosovo. The new agreement was signed on the 19 December 2006 by the same summit in Bucharest.



The main goal of replacing a network of bilateral free trade agreements by a single agreement is to increase the bulk of international trade and foreign direct investments, further liberalisation and facilitation of trade, greater degree of harmonization and transparency...

Projections are that CEFTA would strengthen regional cooperation, increase employment, simplify trade administration and trade regimes for the governments, provide an efficient mechanism for the resolution of trade disputes among the signatory parties, contribute to further development of relations between each signatory and the EU and to their full integration into the international trade system.

Compared to the original CEFTA agreement from 1992, the revamped CEFTA 2006 has been updated through several provisions on harmonization of rules and regulations, better dispute management mechanisms, trade in services and protection of intellectual property.

CEFTA 2006 came into force on the 26 July in Montenegro, Albania, Macedonia, Moldavia and Kosovo. Serbia and BiH are expect-



ed to ratify the agreement by late September.

Immediately after the agreement has come into force, the vice president of the Association of Agricultural Producers, **Dragoljub Nenezić**, said that the opening of markets presents a great threat to the production of vegetables, especially potatoes, and to the dairy industry, which is directly subsidised in the countries of the region.

"Milk production in Serbia, for instance, acquires its raw material at the price which is 20% lower than the market price, while the rest is paid for by the state", Nenezić says.

According to him, milk industry in Montenegro has always suffered unfair competition, and CEFTA will only make it easier to reach Montenegrin markets.

However, Marković explains that the root of such fears is lack of information, because the signatories of CEFTA have agreed not to grant export subventions, as is the case with the Serbian milk, which has been the sore spot for Montenegrin dairy industries for years.

"Should there be any anomalies towards the market of any specific state, CEFTA has the right to introduce general and specific measures of protection. Signatories now have the adequate legal instruments to protect themselves from such irregularities", Marković says.

The agreement stipulates that all countries signatories may apply anti-dumping and general protection measures only if their markets have been endangered.

Protection measures are to be introduced when a certain product is imported in huge amounts, sufficient to cause or threaten to cause serious damage to the local producers of similar or directly competitive products. Such measures could also be introduced if imports appear to cause problems in any sector of the economy, or if they incite severe economic imbalances.

The suffering party can in this case suspend its obligations in part or entirely. It can withdraw or amend concessions to the extent, or until the point in time where the damage is prevented or redeemed. The greatest protection is introduction of quotas on the amount of imports.

Before beginning the procedure for the introduction of protectionist measures, the countries ought to try to resolve their differences through direct consultations.

The state considering introduction of protectionist measures must

## MAIN PARTNERS SERBIA, BIH, CROATIA AND MACEDONIA

According to the Ministry of economic development, the most important Montenegrin exports to South East European countries in the period 2004–2006 were iron and steel, mineral fuels and oils, fruit for food, drinks, alcohols and vinegar, and raw, small and large leather. Among imports were the pharmaceutical products, drinks, alcohols, vinegar, steel, mineral fuels and oils, milk and dairy products etc.

Montenegro has developed trade cooperation with most South East European countries. Historically, however, its economic cooperation is naturally more developed with countries which were once members of the same federation, i.e. a single economic space.

This is the main reason for why Serbia, Bosnia and Herzegovina, Croatia and Macedonia are Montenegro's main trading partners to day.

inform all countries which have signed the agreement and the joint CEFTA committee. The Committee will examine the case and issue a recommendation to eliminate the problems.

As an important aspect of the agreement, Marković emphasizes that CEFTA, unlike export subsidies, does not limit the signatory states, that it supports local production to the extent allowed by the rules of the World Trade Organisation, supports agricultural investments, rural development, implementation of new standards...

He believes that the state ought to support and invest into agriculture, and he adds that in the last two years after the adoption of the Agricultural Development Strategy,

IMF and World Bank experts expressed their approval of the way the agro-budget was structured.

The Agrobudget for this year is 11.87 million euros, and the total budgetary assistance to rural and agricultural development and development of Montenegrin villages – 15.2 million. Agrobudget for this year is 22% greater than last year.

However, Association of Agricultural Producers says that CEFTA will present a great challenge, precisely because of the agrobudget and the continuous investments.

"We will need another 7 or 8 years and another 20 to 25 million euros annually, to make Montenegrin agriculture competi-



tive", Nenezić says.

Marković claims that CEFTA will only be a challenge for the Montenegrin producers because it will offer them a huge market, and if they wish to participate in it they will have to make their products competitive.

Several associations of Montenegrin entrepreneurs have also warned that after CEFTA the greatest responsibility of company management will be to try their luck outside of the Montenegrin borders.

"You cannot be a serious player in a greater market if you are not perceived as such at home and in the region. By penetrating successfully your neighbour's market, you open the space for further advances, which is a challenge to adopt new standards and increase the quality of your products", Marković says.

In a book about CEFTA, Ministry for Economic Development argues that, regardless of the WTO ban on direct export subsidies, the opportunity for increasing export competitiveness should be sought in indirect promotion of improved quality, products, enhanced marketing and design methods, etc. In the long run, this would influence the rise of productivity, competitiveness, and lead to a better foreign trade balance.

## ALBANIAN MARKET EVER MORE INTERESTING

As for the countries which were outside the Montenegrin network of bilateral agreements, CEFTA brought further liberalisation in trade with Albania and Croatia, via full liberalisation for some agricultural products and increased preferential quotas.

According to the ministry for economic development, Moldavia was not interested in further liberalisation of its existing trade relations with Montenegro, which are symbolic.

Full liberalisation with Albania and Croatia was mostly achieved for products previously protected by a strict tariff system introduced by Serbia for the benefit of its own agricultural interests (grains and most milled products, sugar beet, sugar, oil plants and oil, except for olive oil).

Unlike Croatian, Albanian tariffs are lower than ours (the highest is 15%), which indicates that Albanian market is wide open for our products, states the CEFTA booklet of the Ministry for economic development.

In addition to this, the countries have mutually established a list of products with zero-level tariffs, the only difference being that Montenegro exchanged its concession for free import of carrots for Albanian zero-level tariffs on Montenegrin beans.

The government considers the Albanian market to be increasingly of interest for many products, including beer, wine, milk and dairy products, meat products etc.

Croatia has agreed to symmetric concessions which are of great importance for Montenegro, considering that Croatian agricultural tariffs are much higher than ours.

In this way, the Croatian market is now open for some Montenegrin products which used to be present there in greater quantities once upon a time, i.e. vegetables, fruit, lamb, and other products.



## WHAT IS THE GOVERNMENT DOING TO KEEP THE YOUNG, EDUCATED CADRE

# Promises to the best, not the of favourites

Two interesting pieces of news from the Government this month: First the ministry of foreign affairs announced that the minister, **Milan Roćen**, decided to cut 10% off ambassadors' salaries and channel this money into a fund for training abroad for young diplomats, and then the deputy PM for European integrations, Prof. Dr **Gordana Đurović** announced legal amendments to allow the Government to institute a system of reward-based wages for the best cadres.

Such moves on the part of the Šturanović's cabinet stem from the Government's intention to keep the best, highly educated officials with a knowledge of foreign languages. In the last several years, such people have been notably leaving the public service to join private, usually foreign, companies, who offered them better conditions and wages significantly higher than 300 euros, which is the average Government salary.

If or when these plans become a reality, the Government of the youngest country on Earth will only give the first sign of its readiness to change the course and create an efficient, flexible state apparatus, without which it is hard to imagine a steady progress toward the EU. A material stimulus for those who are worth more than others, who stand out and have enough time to constantly improve their skills, is only the very first step. The second, equally important, lies in unbiased selection of applicants, without favourising members or "sympathizers" of the ruling parties.

***The general plan of the Government is to allow a few thousands of euros to each minister or the head of other government bodies to be distributed as perks in addition to the regular salary to those employees who demonstrate the highest ability and agility***

Despite of the Directory for Cadres, which was formed specifically to ensure that the best applicants get jobs, much doubt remains that a good portion of public posts is allocated via party channels. Consequently, each European Commission report on Montenegro so far has emphasised the lack of administrative capacities and demanded "de-politicisation" of public administration.

Unofficially, for the time being the general plan of the Government is to allow a few thousands of euros to each minister or



From a session of the Montenegrin government

the head of other government bodies to be distributed as perks in addition to the regular salary to those employees who demonstrate the highest ability and agility.

***A material stimulus for those who are worth more than others, who stand out and have enough time to constantly improve their skills, is only the very first step. The second, equally important, lies in unbiased selection of applicants, without favourising members or "sympathizers" of the ruling parties***

PM's cabinet is probably aware that this is the most efficient way to keep under the wing of the government's expert services, especially those dealing with the complex of EU accession, those who have proved themselves able to face such challenges.

Deputy PM Đurović confirmed the

upcoming changes in regulations, claiming that they will soon appear on the Government's agenda. She emphasised that people are the greatest resource and must be adequately rewarded.

"We should take more care of it in the next period, especially bearing in mind the demanding European agenda ahead of us", Đurović said.

She also adds that cadre transfers are a daily occurrence in all countries of the region, that the Government lives with it

nevertheless, and continues to fight for the good cadres to remain.

"This is not exactly easy. A young man, an intern, likes to work on European integrations. Suddenly he or she has a creative job, sees European institutions open up, receives guests from abroad, attends numerous seminars and enriches his or her knowledge daily. The job is good and interesting, but after a year or two, many of them, encouraged by the solid investments into them by the system, start wishing for a greater material compensation. Some of them leave. This is natural, and rather common", Đurović said.

Her Secretariat for European Integrations as well as her cabinet have lost a few employees in the last six months. Although they had an opportunity to regularly encounter and negotiate with European Commission representatives, they decided to

take up new jobs, in order to improve their own living standards.

Off the record, some of the former high officials of the Government emphasised miserable wages as the key reason for abandoning the state service. They warn that travels abroad, which are neither that often nor available for everyone and the accompanying daily allowances are by no means enough as a stimulus. They also warned that the most able ones in the public administration are also frequently burdened with most work.

It is indeed some food for thought: how far can this state apparatus go with 30% of the employees working double or triple their share, and the remaining 70% giving a negligibly small contribution? Until that is changed, Montenegrin public administration will continue to reap worryingly low marks in the EC reports. By all means, the process may take a while, at least until some of the civil servants reach the retirement, but someone should be there to start it.

N. RUDOVIĆ

BOŽIDAR ĐELIĆ, DEPUTY PM OF THE GOVERNMENT OF SERBIA

# We ought to negotiate with EU together



In the interview for *EIC Bulletin*, deputy PM of the government of Serbia, **Božidar Đelić**, said that the EU has clearly indicated that the West Balkans are to be viewed as a "package" in the matters of European integrations, and that his intention is therefore to forge close cooperation between Serbia and Montenegro on the road to EU.

● **What do you mean by cooperation in European integration issues?**

We will very soon reach the level where Montenegro is now – we are planning to conclude our Stabilisation and Association Agreement by October the latest. The EU message is very clear: they see us as a "package" with regard to European integrations. I have also warned some of my Montenegrin colleagues that we noticed that in their technical negotiation they made certain concessions which

were perhaps of little importance for Montenegro, but are now resurfacing as a precedent and obstructing our own negotiating position.

● **For instance?**

Some concessions regarding liberalisation of public companies, issues regarding agricultural products... What I want to say is that Serbia and Montenegro, as well as BiH and other countries of the region should learn from the example of the EU countries coordinating their negotiating positions and create an informal platform for coordination of our negotiating positions. We will be stronger that way.

The draft memorandum on cooperation between our two offices for EU accession is already prepared.

● **What are its main points?**

Well, for instance that we could pay together for the translation of the European regulations, as this is an enormous and extremely expensive undertaking. We can exchange our experts and experiences in many extremely complex technical areas, we can have many points of cooperation during negotiations, without the Serbian and Montenegrin negotiating positions affecting each other.

It is important that we remember that by all measures the EU sees us as a package. That does not mean that we ought to harmonise every step, but it is important that we exchange experiences and measure our progress without obstructing each other in any way.

Remember how many times certain Montenegrins said that Serbia is an obstacle on their road to EU. Now we are no more an obstacle to each other, but it is a

fact that the EU looks at us as if we were together.

● **Do you mean to say that in the eyes of EU Montenegro and Serbia had never split?**

The have not and they will not let us split from each other completely. What can I tell you.

● **Why do you think they would not let us?**

Not that they would not let us, one should not carve these things in stone, I only want to say that on this level Serbia will not be an obstacle to Montenegro nor the other way around. Everyone is the boss in their own backyard, but the reality of the international economics is that within a regional framework one cannot progress if the other one is doing badly. It is in our best interest to exchange experiences and to help each other.

● **How would you assess the European perspective of Montenegro and Serbia and what do you think are their greatest advantages and disadvantages on the road to EU?**

As for Serbia, the EU appears to agree with our stance that the issue of the status of Kosovo should in no way affect our progress towards Europe. In other words, the Kosovo question should not influence the European status of Serbia. However, it is clear that there is one enormous technical task ahead of us. We got much applause as a negotiating team, but on the other hand there are several important issues with Europe regarding agriculture, which for the first time produced a 60 million euro sufficit last year in EU trade, and this will continue. We also have the process of privatisation



## MONTENEGRO SHOULD NOT WAIT FOR SERBIA, BUT...

● When you say that the EU views us as a package, does that mean that you believe that eventually the West Balkan countries will not be joining the EU one by one according to their merits, but will have to wait for each other?

A very high-placed European diplomat from one of the key EU member states told me once that they would much rather have the ex-YU as a member states, and be rid of all our problems and bickering. They would all rather have one great country of 24 million as a member, than to have to deal with all those tiny republics.

For them, it also means too many countries with voting rights, with certain pretensions to special programmes, and a great capacity to complicate even further the European picture. Certainly, every country is responsible for its own achievements, but if we look at the West Balkans, we all seem so important to ourselves, but if we look at the map we realise we are only a very small bite. Consequently, the EU would gladly simplify or avoid all those administrative, political complications that arrive with every further enlargement. The enlargements are also not half as popular in the EU as they were before, and have become politically costly for the member states. In order to avoid explaining to their voters every other year why this or that country now has the right to join, they would prefer to take all the ex-Yugoslav countries in at once.

I believe that neither Serbia nor Montenegro should wait for the other, but the crude real politik is that if the EU accepted ten countries in 2004 and two more in 2007, only Croatia can perhaps be an exception, because by all measures it should have already entered together with Romania and Bulgaria. Given the present trends, the rest of the West Balkans should be ready for membership sometimes between 2012 and 2014.

Whether all of the West Balkan countries will become members is another question. Albania is under a question mark, and so are some other, but I can guarantee that Serbia will be ready for accession by 2011.

of public companies.

Another thing I would emphasise, a great opportunity as well as a great challenges, is the ambition of Serbia to be placed on the "white" Schengen list in the next two years. This requires great efforts in the domain of home affairs, fight against corruption and crime, introducing modern documents, integrated border management, adoption of the technical standards of the Schengen list... We are talking here of several challenges. At the moment there are concrete proofs that Serbia is cooperating with the ICTY, its rating has grown significantly, our stock market is rising, we are again on a fast track to EU and I can see no further obstacles to our march. In

the last four years, Serbia received more than a billion dollars of FDI, last year it reached 4.5 billions. This is a record in the history of Serbia, and it affects the way the business is done in Serbia, with the consequence that our country has become a real magnet for investors in South East Europe.

● And how about Montenegro?

I will be a little more cautious here, because I think that Montenegrins know their shortcomings best, so I will focus on the advantages. One of them is that you have remarkable political stability which some may dislike, but it is good for you. You have shown resolve to tackle privatisation despite all difficulties, the tourism has began

to attract serious capital for serious projects, which will have sizeable effect. To quote the town, there has never been so much money in Montenegro, never so much construction... As for the shortcomings, I believe it would be better for you not to hear so much about certain issues that lower your rating...

● You mean corruption?

All Montenegrins know what I mean, and I am both a Serbian official and a great friend of Montenegro. I am half Montenegrin, my mother is from Bjelopavlići, and Montenegro has a special place in my heart. There are many Montenegrins among us, president Tadić is 100% Montenegrin. Therefore, I speak of Montenegro with much respect. It is important to promote strongly your desire to enter the EU and to use it for a thorough reform of the society.

● Do you think the size of Montenegro is an advantage or a disadvantage with regard to EU accession?

With the exception of tourism, it probably means difficulties in attracting foreign investors. I know of a number of foreign investors who gave up on the privatisation of the tobacco industry in Montenegro, because they expected to lose the great Serbian market after the dissolution of the state union. This is one side of it, the other is that certain reforms are easier to implement in a small country, priorities are clearer and the decision making quicker, because there are fewer people to take into account. This is quite important in our modern world.

As for Serbia, we hope for success, and I think that all Montenegrins should look forward to the recovery of Serbia, just as we greet the successes of Montenegro. An economically powerful Serbia is also an opportunity for Montenegro.

N. RUDOVIĆ

# A certain bank from London

by Brano Mandić

Every fantasy story has a crux, which the theoreticians refer to as a point of transcendence to a different level. Masters of SF and similar genres of supernatural thematic stand or fall at this point – a reader should remain ignorant of the artistry by which she suddenly finds herself in a world of two-headed hydras or at a vampire's supper, having started off from a very realistic, innocent setting of an office discussion, for instance.

Much like all those citizens, bound by a taxpayers' duty to the Republic of Montenegro, who inadvertently found themselves in a situation where "a certain bank from London" transfers its money to the First Bank of Nikšić.

Aside from being the official finding of the Government Commission for the Prevention of Money Laundering, "A certain bank from London" is also an octosyllable (a-cer-tain-bank-from-lon-don). Also known as a meter suitable for the folk compositions of festive character, frequently used in weddings and labour brigades. (For an example see: "See-me-smash-the-rock-heads-down-town", or "O-my-shi-ve-ring rain-coat".)

The government opts for the new melodic form of harvest outsmarting, god-fatherly swaying and bureaucrat-

*Opposition port-paroles race each other with their witty banters as if for a prize, spelling out to the public with the sharp blades of their sarcasm that Đukanović is a thief. Such communiques should be funny, but nobody laughs any more*

ically outtalking the people. The good old non-symmetric decasyllable served the purpose until the referendum – a tested method of articulating the national hysteria. Finding it somewhat clumsy for peacetime declamations, the Government logically turned to screwing us in a



*In a class where F is the norm, the coolest is the one who skips the class most often. The biggest jerk, of course, is the kid on duty reporting absentees, the pimply moron, despised by all new chicks. So Milo Đukanović – Duke is the winner, because he stands at the top of the perverted system*

rhythmically livelier form.

"Who loaned a million and a half to Milo Đukanović?" – ask the taxpayers.

"A-cer-tain-bank-from-Lon-don" – spells the executive unanimously.

To be raised to graver prosaic levels by the parties, lashing their curt

ironic communiques for the public.

Opposition port-paroles race each other with their witty banters as if for a prize, spelling out to the public with the sharp blades of their sarcasm that Đukanović is a thief. Such communiques should be funny, but nobody laughs any more. It is time to

admit that what the new capitalists are doing to the people classifies as plain sex – and it is well known that the bed is a place for a scream, for a twitching sob, for tears and other kinds of bodily liquids, but never for the sour, ironic grin. Try to whisper an aphorism into your partner's ear in the most intimate moments...it's no good. As it's no good boring the people any more with newspapers crammed with intellectual wisecracks regarding Đukanović's bursting wallet. It was a move that worked to flatten the hype around the peace awards, but here we stand on economic grounds where at least one independent Montenegrin economist should prick his ears at the mysterious explanation of the Commission for the Prevention of Money Laundering.



That we imperceptibly found ourselves on "another level of fiction" is confirmed by the fact that the state began issuing party-like communiques in defence of Đukanović. Are we seeing the executive and the network of warlords embracing in a 69 pose? (by the extent of imagination employed, it is the pose separating us from the animals, simultaneously fulfilling the most animal drives in humans).

One such drive of the human societies (also found in some insects) is a drive to justice, pitted head-on against the state apparatus as a system of force. That force strolled around in the guise of uniformed bears back in the nineties in all obviousness does not mean that it evaporated in the meantime. Just the opposite.

The citizens are equally forced now to live without protection of the system, and thereby driven to identify themselves with its negative heroes. In a class where F is a norm, the coolest is the one who skips the class most often. The biggest jerk, of course, is the kid on duty reporting absentees, the pimply moron, despised by all new chicks. So Milo Đukanović – Duke is the winner,



some non-party experts in this country should also say. His tale is clinched by the shackles of political logic, which is a closed system and should be aired from the outside. In order to dismantle it, one needs a voice from the beyond the party handshakes. These are no mere theoretical sophistries – every housewife who circled **Vanja Čalović** on CEDEM's questioner knows them, like she knows how to tell an octosyllable when gift-wrapped by a smooth government port-parole.

The smooth, young, self-satisfied parasites are in the meantime ready to sell tons of useless morals like this one for one whirly octosyllable in a

(if she is really pregnant).

"It is so passe to attack Bush", admitted a while ago a dear colleague. With a heavy heart, I had to agree – not really thinking about Bush. We were sitting next to the dry rock bottom of Ribnica, discussing the role of journalism in the Montenegrin transition. It was hellishly difficult to breathe there next to the dusty river (200 meters from a tycoon house of a tycoon), when a two-headed hydra walked out of the graffiti opposite the bookstore entrance and scanned the two journalists with a long, fiery look. It was the crux, the transference to a different level – it was the night when His Highness traded the shares of His Brother's bank.

I had the exclusive story, I just had no idea what to do with it: who cares about the court financial muddling if the newspapers can report on the bi-cephalous mythological monsters straddling Podgorica?

Whatever, I thought, and then I realised: the duty of every journalist, lawyer, parent, sportsman, researcher, taxpayer, is to keep his monsters and fears to himself. And then coolly, precisely, protestant-like, without a guiding idea towards the love for the youngest – begin to collect the evidence against THEM. While they, my apologies for my superficial understanding of the beauties of life, drive cars whose wheel caps are worth tuition at a good US college. They are the enemies, and there is no fight but the social fight. Since we sent our guns to Afghanistan, only the Gandhi-method remains. The problem is that we also lack a medium-sized Mahatma to repackage the collective cowardice and the fainthearted shrugs the local form of peaceful protest. Because we are protesting, aren't we?

Please say it's true, and that the water will return to Ribnica cleaner, like the money returning to the Brother's First Bank.

*The author is a journalist of the daily newspaper "Vijesti"*

*Whatever, I thought, and then I realised: the duty of every journalist, lawyer, parent, sportsman, researcher, taxpayer, is to keep his monsters and fears to himself. And then coolly, precisely, protestant-like, without a guiding idea towards the love for the youngest – begin to collect the evidence against THEM*

because he stands at the top of the perverted system. The system that until yesterday was ridden by fear from national emancipation, and today cringes from economic prosperity and civic initiative.

And while the said skein rolls in the political arena, it is never to be unraveled. **Rolland Barthes** had aptly described political narration as "sadistic and de Sade-like" – an endless tag game in the eternal field of interpretations. It is therefore an empty shot when **Nebojša Medojević** says what

Budva disco, a phenomenon stemming from the frustration of one educational system long before the Bologna reform. It was long time ago, when we dreamed the Scandinavian model of socialism and the dream was killed by Đukanović's and Marović's cannons.

It is not an exclusively Montenegrin problem, the USA is still wrestling with **Bush** because its youngsters are more interested in how much weight lost **Lindsey Lohan** (if any) and is **Britney Spears** pregnant

## HOW WELL ARE THE WEST BALKAN COUNTRIES FULFILLING THE REQUIREMENT OF REGIONAL COOPERATION FOUR YEARS AFTER THE ADOPTION OF THE THESSALONIKI AGENDA



by Maja Vujašković

The modern European rhetoric presumes that politicians pretending to a minimum of democratic orientation ought to be, at least in words, advocates of all forms of cooperation. This has become especially popular in the

*While the will to cooperate exists on the level of institutions and people who are working on the technical integration issues, once this cooperation reaches the level of institutionalisation and formalisation requiring political will, things usually get stuck. Old fears or the desire to appease certain sectors of the public opinion take the precedence*

Balkans, under a constant pressure from the EU to develop inter-regional cooperation as a training ground for the future membership. However, while the will to cooperate exists on the level of institutions and people who are working on the technical integration issues, once this cooperation reaches the level of institutionalisation and formalisation requiring political will, things usually get stuck. Old fears or the desire to appease certain sectors of the public opinion often take the precedence: Croatians, for instance, would never accept to wait for the others, and they are none too eager to share their experiences and translations either. In Macedonia, where frustrations are rising with prolonged waiting to begin membership negotiations, waiting for Serbia and Mladić is also not too popular, and

## Who trusts (not) whom in the Balkans

despite of the assurances to the contrary from the EU officials, many believe that the final status for Kosovo and the EU integration of Serbia are inseparable. From the outside at least, it all appears more as a race where everyone relies only on their own capacities, striving to reach the EU first, with little interest in cooperating with the neighbours.

In a recent encounter between the Montenegrin and Serbian deputy PMs, **Gordana Đurović** and **Božidar Đelić**, an interesting idea was put forth regarding the future of cooperation of the West Balkan countries in the matters of European integrations, which will be discussed in more detail at the October conference, to be held in Montenegro. Cooperation has been envisaged first

Macedonia, Montenegro, Bosnia and Herzegovina and Albania, and the subsequent exchange of information and experiences. It is reminiscent of the establishment of the Visegrad group, which coordinated cooperation between the Czech Republic, Slovakia, Hungary and Poland in the fields of security and foreign policy. The media have already baptized this initiative as an effort to create a West Balkan group, and although the benefits of it may be considerable, involving exchange of expertise and saving time and money, the reactions across the region have been moderately positive at best, as if readiness to cooperate would be something shameful to display. Which is discouraging, considering that any initiative of the sort requires political will and the formation of some sort of regional identity to succeed.

The problem in the regional approach to integration is the fact that the West Balkan countries stand on different levels of contractual relations with the EU, and there is considerable fear that some countries might end up losers should the EU decide once more to go for a "package" enlargement. However, with all due respect to the

and foremost as a labour division of technical duties among Croatia,

## THE EU SPARES NO MONEY ON COOPERATION

All regional initiatives have strong support from the EU. This is obvious in the fact that the regional components of CARDS received over 220 million Euros in the period 2000–2006. The European Commissioner Olli Rehn has frequently reiterated EU support for regional alliances and emphasised the necessity of cooperation, regardless of the differences in the extent of integrations, insisting that this will be the only road to prosperity and stability of the region and an important criteria for its rapprochement with EU. The worries from the beginning of this article are therefore unfounded. The only trick is to reach the level of political maturity to cooperate with the neighbours. This is also the best signal that we are ready for wider cooperation, which is what we ought to do once we join the EU.





From the EU summit in Thessaloniki

Croatian achievements, the others are still too far from membership, and it is difficult to tell who will come up last. Slovenia was the last to "catch the train" to the last enlargement, to be evaluated as the best prepared candidate by the European Commission right before the enlargement.

On the other hand, the EU has always supported strongly all forms of regional cooperation, wishing to assist the countries of the region to recover the old ties, to overcome mistrust accumulated during the 90s, and to learn to ways of cooperating which are the essence of the European Union. Regional cooperation is also one of the commitments stipulated by the Stabilisation and Association Agreements, and one of the main goals of the Thessaloniki Agenda, adopted at the EU-West Balkan summit in June 2003. The priority areas for cooperation defined on this occasion were establishment of a free trade area, freedom of movement of persons, creation of a regional market of electricity and gas, development of transport, energy and telecommunications infrastructures, cooperation in the area of environment, cross-border cooperation etc.

As for the political dimension of regional cooperation, it is clearly necessary for the achievement of stability, good neighbourly relations and reconciliation among the countries of the West Balkans. It is imperative for the overcoming of nationalism and intolerance and for the establishment of political dialogue. Genuine political will and commitment of the countries in the region to consensus and mutual trust is a precondition to cooperation in the field of economics, infrastructure, as

well as home and justice affairs. Related to this is the return of refugees and internally displaced persons, as an indicator of the extent of ethnic reconciliation and democratic maturity of the political elites in the region. Despite of considerable progress in this field, there remain numerous open issues, especially with respect to the return of refugees.

Regarding economic cooperation, it is a precondition to economic growth and development of the region and necessary for the creation of new jobs. Bearing in mind the size of the West Balkan countries as a limiting factor for the attraction of FDI, joint effort to cre-

ence, information and communication technologies and statistics, which initiatives are strongly supported by the EU.

As for the security dimension of the regional cooperation, this issue is high on the EU agenda, for only through common efforts can there be any success in combating organised crime and corruption, illegal migration etc. Efforts to preserve stability and development of the region, directly related to the stability of the continent as a whole, can only be successful if these states develop a common response to the security challenges. Joining their forces, and in cooperation with the EU, they have the task to

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*From the very beginning, EU had strongly supported all forms of regional cooperation, wishing to assist the countries of the region to recover the old ties, to overcome mistrust accumulated during the 90s, and to learn to ways of cooperating which are the essence of the European Union*

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ate the right business climate appear as a logical solution. Necessary to achieve this goal are improvements of the infrastructure and institutional reforms. To date, the most significant achievements regarding regional cooperation have been in the realm of economics, with the signing of CEFTA2006 whose full implementation will be the crown of trade liberalisation in the region. Some progress has been made in renewing the road infrastructure and the formation of the regional energy market, which, being based on the European standards, transparent rules and mutual trust, should ensure optimal development of the energy sector. More remains to be done, however, in the area of environmental protection, sci-

counter corruption, organised crime, smuggling, human trafficking, drugs and weapons trade, which are the main enemies of economic growth, rule of law and stability in the region. West Balkan countries are much better at cooperating in these areas today than they were some years ago – however, considering the continuing security challenges in the region, this cooperation must become institutionally much stronger.

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## FREQUENTLY ASKED QUESTIONS ON THE STABILISATION AND ASSOCIATION AGREEMENTS

# A binding catalyst for change

Faced with discomfort and ignorance regarding the issues of European integrations among the widest public, as well as a number of politicians who are taking their time to plunge into this new realm, European Commission prepared answers to the most frequently asked questions on Stabilisation and Association Agreements, which are the first important step on the road to EU membership. Below you will find the most important ones:

### ● Why do we need a Stabilisation and Association Agreement?

The European integration of the Western Balkan countries is the ultimate goal of the EU's policy for the region – the Stabilisation and Association process (SAP).

The centrepiece of the SAP is the conclusion of a Stabilisation and Association Agreement (SAA) that represents a far-reaching contractual relationship between the EU and each Western Balkan country, entailing mutual rights and obligations.

A SAA embodies the choice for Europe made by the Western Balkan countries and the membership perspective offered to them by the EU.

A SAA is a binding Treaty acting as a catalyst for change. The full implementation of the provisions of a SAA represents for a specific Western Balkan country, an essential step towards integration into the EU. A SAA is an instrument that will accompany the countries of the region all their way to EU accession – as decided at the Thessaloniki Summit, no intermediate contractual phases exist between the SAA and EU accession.

### ● What does a Stabilisation and Association Agreement stand for?

The SAA provides for the creation of a free trade area between a specific country and the EU for industrial products and most agricultural products. In the beginning, the trade provisions of a SAA are asymmetrically in favour of the signatory Western Balkan country. This means essentially that the EU grants the



From the meeting of negotiators

specific country unlimited duty free access to the market of the enlarged Union for virtually all products. On the side of the specific Western Balkan country, tariffs for some industrial and agricultural products are abolished immediately, while others are phased out over a number of years. While tariffs for agricultural products are reduced, quotas may remain for a number of sensitive products.

The SAA sets the formal framework for the countries of the Western Balkans to gradually align their legal and economic frameworks with those of the EU and to co-operate closely with the EU on a number of sectors at the heart of the internal market.

The SAA provides agreed priorities which allow the EU to work with each country of the region to bring them closer to the standards which apply in the EU. The SAA focuses on respect for key democratic principles and core elements of the EU single market. The commitment by a specific Western Balkan country to increasing political and economic freedoms is the very basis of a SAA. By extending core elements of the EU's single market, the SAA provides a training

ground for future EU membership.

The SAA encourages the active development of regional co-operation by a specific Western Balkan country, with the support of the EU. Intensifying the relations between the EU and a specific Western Balkan country, it aims to foster mutual learning and better understanding.

The SAA structures the relationship between the EU and a specific Western Balkan country, establishing close co-operation in a wide range of policy areas (including in the area of justice and home affairs), based on reciprocity and to the benefit of both parties.

The EU commits itself to providing decisive support for the implementation of reforms, and to using all available instruments of co-operation and technical, financial and economic assistance to this endeavour.

### ● What are the main areas covered by a Stabilisation and Association Agreement?

The SAAs are modelled on the Europe Agreements with the Central and Eastern European countries, while containing also specificities such as the obligation for regional co-operation and provisions



on Justice and Home Affairs matters.

Each SAA covers the implementation of the same core tasks, while some aspects can be tailored individually to each Western Balkan country.

Especially important areas covered by a SAA are:

- the establishment of political dialogue;
- the promotion of regional co-operation;
- the establishment of a free trade area between the specific country and the EU;
- mutual concessions concerning the "four freedoms": movement of workers, establishment, supply of services, and movement of capital;
- the approximation of the legislation of a specific country to Community law, including precise rules in the fields of competition, intellectual property rights and public procurement;
- wide-ranging co-operation in all areas of EU policies, including in the area of justice and home affairs.

#### ● What are the main aims of a Stabilisation and Association Agreement?

To provide an institutionalised framework for the development of political dialogue. Political dialogue between the EU and the Western Balkan countries is already held and has been particularly promoted by the Thessaloniki agenda. The SAA framework will contribute to the development of political relations between the EU and the countries of the region. It will promote an increasing convergence of views on security and stability in Europe, and will contribute to harmonising positions regarding international issues. The political dialogue with the EU will also promote the countries' full integration into the community of democratic nations. The EU is committed to support the Western Balkan countries in their efforts to develop both their economic and international cooperation.

To support the efforts of the Western Balkan countries to complete their transition into well functioning market economies. This is done partially by encouraging the countries to gradually harmonise their legislation to that of the European Community, in particular in core areas of the EU's single market. The Western Balkan countries already benefit from the Autonomous Trade Measures (ATMs), unilateral and exceptional trade concessions offered by the EU. While the ATMs are unilateral measures by the EU



that can be revoked, the SAAs turn trade relation with the EU into a contractual one, requesting a measured opening of Western Balkan markets while bringing legal stability. The aim is to step by step develop a free trade area between the EU and the Western Balkan countries.

This will promote the development of trade and investment, factors that are crucial to economic restructuring and modernisation. In December 2006, a new Central European Free Trade Agreement (CEFTA) was signed by all the countries of the region. The Agreement creates a regional free area and a simplified single system of rules that make it easier to trade within the region. The SAAs and CEFTA establish a comprehensive legal framework for trade liberalisation that will increase the attractiveness of the various countries for much needed foreign investment, as it happened successfully in the past with Central European countries that eventually joined the EU.

To promote regional co-operation and good neighbourly relations. Once a SAA is in place, the country has to work to achieve closer co-operation with neighbouring countries. Regional co-operation is encouraged in all fields.

#### ● What is the state of play and the way ahead?

Pending the ratification of a SAA (necessary for the entry into force of it), certain parts of the Agreement, in particular the provisions relating to the free movement of goods and the transport-related provisions, are put into effect/

enter into force through an Interim Agreement.

Stabilisation and Association Agreements are in place with the former Yugoslav Republic of Macedonia (1 April 2004) and Croatia (1 February 2005). When a SAA enters into force, a new set of joint bodies is established: at ministerial level (Stabilisation and Association Council), at high officials level (Stabilisation and Association Committee) and at technical level (Sub-committees).

The SAA with Albania was signed in June 2006. An Interim Agreement allowed its trade provisions to enter into force in December 2006 pending ratification of the SAA itself. SAA negotiations with Albania started in 2003 and took more than three years. Before concluding an agreement, the EU needs to be confident that the country concerned has the institutions and capacity in place to implement it.

Technical talks for a SAA with Bosnia and Herzegovina have been finalised. However, the formal conclusion of the negotiations – through the initialing of the Agreement – remains dependent on sufficient progress by BiH in addressing key priorities. For signing the SAA, BiH will need to adopt a credible police reform package, to achieve full cooperation with the ICTY and to make further progress in the areas of public broadcasting and public administration.

The SAA with Montenegro was initialled in March 2007 and its signature is foreseen for this autumn. Pending the ratification of the SAA, an Interim agreement is expected to enter into force in January 2008.

Negotiations for a SAA with Serbia were launched in October 2005 but, due to lack of cooperation with the International Criminal Tribunal in the Hague (ICTY), they have been put on hold in May 2006. Following a clear commitment by the country to achieve full cooperation with the ICTY, and concrete actions undertaken by the country that have matched this commitment, SAA negotiations with Serbia resumed on 13 June 2007. As Kosovo is currently governed in accordance with the provisions of UN Security Council resolution 1244, the current SAA negotiation will not affect Kosovo. An SAA can only be concluded with States, an SAA could not be negotiated with Kosovo, given its current status.

Prepared by V.Š.–N.R.

THE EU HAS DETAILED REGULATION ON COMPETITION, BUT MONTENEGRIN ENTREPRENEURS DO NOT NEED TO KNOW MUCH ABOUT IT YET



by Emil Kriještorac

Undoubtedly, the lack of competitiveness and the foreign trade deficit of the Montenegrin economy are its greatest problems, which threaten to come to the fore in the further process of European integrations and accession to WTO, i.e. as we get closer to the institutions that originated on the very principles of competition and free market. The problem has also been noted by the Government, with the deputy PM **Gordana Đurović** stating that the "low competitiveness of our enterprises is the crux of the problem – Montenegro lacks an "agenda for competitiveness" as a unique set of measures to be implemented by various bodies".

In the Agenda for economic reforms 2005–2007, one of the goals was to achieve macroeconomic stability accompanied by stronger economic growth, especially in the production for export sector. In order to fulfill this goal, it was necessary to establish a strategic model for export promotion, centrally encouraging and increasing Montenegrin exports. Ministry for Foreign Economic Relations prepared the Strategy for

## Integrations without competition

the promotion of exports in the end of 2005, but the results have been quite modest, with the balance of payments and trade deficits rising up to 441.5 million euro in the first five months of 2007, i.e. 53% more than in the same period last year. Clearly, the structure of this deficit is specific and cannot be compared with other countries, especially not in absolute terms, but the situation is nevertheless alarming.

By introducing euro as its official currency, Montenegro pegged

to the Euro-zone, or in general for its trading partners, has been slowly changing. Montenegrin main export sectors are aluminium and tourism, its key trading partners the Euro-zone countries and the USA. Main imports are oil and its derivatives, fuel, pharmaceuticals, electricity, cars, and lately equipment for tourism-related services. Speaking of imports, the biggest trading partners of Montenegro, besides Serbia (37%) are EU countries (Italy, Greece, Cyprus, Hungary), and its exports

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its nominal exchange rate to the Euro-zone. Its real exchange rate however, adjusted for the Montenegrin inflation rate with respect

mainly go to Serbia, BiH and Croatia, followed by the EU members Greece and Italy, where the key trading item is aluminium, as

## LEGAL AMENDMENTS WANTED

Except for the provisions regulating competition, certain articles of the other chapters of the Rome Treaty, especially those concerning trade and tax policies are also regulating competition relations. Some of those articles ought to find their way into the future law on the foreign business and trade, or they must be harmonised through special legal acts during the stabilisation and association process. The provisions directly concerned with competition must be introduced in the law on competition. The most important is to introduce the adequate terminology and logic of expression, to consult interpretations established through EU practice and thus enable evolutionary adoption of the future regulations and practices. We should also bear in mind that in addition to the protection of competition which is carefully regulated by the EU, we should also pay attention to the protection from competition, which is less well defined by the EU, because it exists in the trade regulations of the member states.



well as Germany, Slovenia, and Great Britain. Considering that most of the Montenegrin exports go to the EU and the countries of the region, comparing the real exchange rate against the Eurozone yields a realistic index of Montenegrin competitiveness.

"In order for the Montenegrin enterprises to be able to enter the international market and to position themselves within it, they must become competitive, to quickly absorb new technologies, speed up their production cycles, ensure quality products, to have flexible production profiles, and to know other markets and their demand structures", states the



Court of Justice. All such legal provisions regarding competition have

*In order for the Montenegrin enterprises to be able to enter the international market and to position themselves within it, they must become competitive, to quickly absorb new technologies, speed up their production cycles, ensure quality products, to have flexible production profiles, and to know other markets and their demand structures, states the Strategic Plan "Enhancing exports and competition", authored by the Directory for Small and Medium Enterprises*

Strategic Plan "Enhancing exports and competition", authored by the Directory for Small and Medium Enterprises.

The goal of this well conceived document is to create an expert analysis of the current problems and to suggest adequate measures, instruments and activities necessary for the future gradual integration of Montenegro into the single European market.

One of the first steps would be to study the EU competition law and the regulations applying to the enterprises.

Competition in the EU has been enshrined already in the founding Treaties, in the Articles 81 and 82 of the Rome Treaty, and has been protected and promoted for half a century by the joint efforts of the European Council, Commission and the European

been adopted by the EU member states, as well as the members of EFTA and the countries in the process of EU accession. EU competition rules have therefore become a right across Europe, and are recognised as such by the USA, Canada and Japan.

The section on competition of the Rome Treaty (Article 81) states:

"The following shall be prohibited as incompatible with the common market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention restriction or distortion of competition within the common market, and in particular those which: a) directly or indirectly fix purchase or selling prices or any other trad-

ing conditions; b) limit or control production, markets, technical development, or investment; c) share markets or sources of supply; d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts".

Abuse of dominant economic position is regulated by the Article 82 of the Rome Treaty, which warns that "Any abuse by one or more undertakings of a dominant position within the common market or in a substantial part of it shall be prohibited as incompatible with the common market in so far as it may affect trade between Member States". Article 82 regulates "structural market failures" ensuing from economic domination of single actors. While Article 81 prohibits as incompatible with the common market agreements among independent actors, Article 82 aims to avoid the creation of market structures which limit the independence of single actors. Those are typically powerful, often joint companies, mostly multinational corporations. In the case of the Continental Can, for instance, the Court decided that the strengthening of the dominant position of a single company through buying up majority shares of the competitors can in itself represent abuse of the dominant position, which means that the Article 82 also applies in the control of concentration.

*The author is participant of IV generation of the European Integrations School. He is a high official of the People's Party*



by Slaviša Guberinić

I believe that the question in the title should, for every citizen of the West Balkans, be formulated as an imperative. For instance: Why do we have to be citizens of Europe?

For an average citizen of this region, it is an existential question of sorts, considering that the very idea of EU sprang from the principles the violation of which bathed the Balkans in blood for an entire decade. The reasons leading me to such conclusion are many, ranging from cultural to legal and economic ones. To enumerate: Pacifism, built into its very foundations, is my main reason for wishing to be a citizen of Europe. As a member of a generation whose most productive years were spent looking at the bloodshed in the once fatherland, under the international embargo, I cannot but marvel at the agreement between Germany and France, forged to eliminate the roots of the centuries of conflicts between the two nations. There is no need to overemphasise the moral of this lesson for us here. I find infinitely important the mechanisms of negotiation, developed for decades among the EU countries in order to

# Why do I want to be a citizen of Europe?

exclude armed conflict.

EU regulations are created in the best interest of its citizens, and as a citizen of Europe I am much better protected. In addition to the national courts, which are genuinely independent and the European Court of Human Rights, a citizen of Europe can also refer to the European Court of Justice for the necessary protection. Considering the situation in the judiciary, not only in Montenegro but in the entire region, further elaborations are unnecessary.

A stable legal order and crystal clear rules of the game make the economic environment more secure, and as a citizen of Europe I would most certainly be richer. As a

This is perhaps the greatest treasure available to any citizen of Europe.

Clear and strict rules for all members of the EU club are another reason for every citizen of Montenegro and this region to turn towards Europe. One of the characteristics of those in power in Montenegro is their lack of responsibility. Not only are their corrupt and ready to abuse their position in order to acquire or preserve privileges, they are quick to recklessly manipulate their citizens' feelings, who are constantly kept pitted against each other. Becoming citizens of Europe, such space for manipulation would shrink: decision makers would be under constant surveillance of the EU bodies,

*As a member of a generation that saw "abroad" mostly via satellite channels, for whom getting a visa for any European country required physical and mental effort with thoroughly uncertain outcome, I am most fascinated by the fact that as a citizen of Europe I can travel across borders, without visas and without any limitations*

member of a generation that saw "abroad" mostly via satellite channels, for whom getting a visa for any European country required physical and mental effort with thoroughly uncertain outcome, I am most fascinated by the fact that as a citizen of Europe I can travel across borders, without visas and without any limitations.

The lack of visa barriers and the free movement of people is a guarantee of better communication among the peoples, and it contributes to exchange of ideas and opinions among the people of different nationalities and cultures, bringing them ever closer together.

with absence of responsibility and accountability being brought to a minimum.

Free movement of people, coexistence of diversities, free movement of goods all make European citizenship attractive, and undoubtedly a good cure for our mentality.

For Montenegro, a small system with limited potentials and resources, EU membership is a great test and a challenge. Its future as an EU member cannot be foretold, without comprehending the ways to manage those resources so that they will fit into the European space.





The current political elite has a thoroughly mistaken perception of the country's resources. It is no wonder if we remember that they have also been a part of the great bureaucratic systems of SFRY, FRY, and finally Serbia and Montenegro. Given this particular professional

coastline to the equation, we get one of the most attractive European countries. Thanks to that, Montenegro can become one of the European leaders in the production of health food. Touristic potentials are similarly abundant, with one reservation. I believe that

must change the way we handle our environment and the individuals who are different from us. This is a difficult, but necessary step. Care for our neighbours, a responsible stance towards the space we inhabit and towards the environment we are bound to, are a matter of course in Europe. This is a cultural blueprint we must emulate, and hopefully adopt from the European society. The lack of basic culture, which for the most part is acquired within the family, is most often the root of all evil.

*For Montenegro, a small system with limited potentials and resources, EU membership is a great test and a challenge. Its future as an EU member cannot be foretold, without comprehending the ways to manage those resources so that they will fit into the European space*

deformation, they have an easy time giving away the key Montenegrin resources. Replacing this administration with a new one is the most important political task and a precondition for our European future.

To illustrate: the key resource owned by Montenegro, which is unique in Europe, is space. As few other countries we have had (and we have) a chance to turn what was once a disadvantage into our greatest advantage. The lack of road infrastructure, industrial complexes etc. huge parts of our space are clean and unpolluted. If we add the

the north of the country has been severely disregarded in this respect. Montenegro has great potentials to make it attractive for Europe, and our wish to join EU achievable.

Joining the EU, naturally, involves fulfilling certain requirements. These are not strictly related to the space. We cannot allow only our country to be attractive to the EU – we, as its citizens, must become that too. Citizen's awareness is what we should urgently improve, and these changes go beyond the personal beliefs and attitudes related to identity. We

Finally – the only political and legal framework, guaranteeing that all Serbs, Albanians, Croats, Bosnians etc. live in the same country without shooting at each other, knifing each other or burning down each other's houses, is the European Union. Considering all that happened to us in the past decade, isn't this a reason enough to become citizens of Europe?

*The author is the port-parole of the People's Party. He attended the V generation of the European Integrations School*

EU BRACES FOR NEXT ROUND OF 'DIFFICULT' ENERGY TALKS

# In pursuit of green economy

The second half of 2007 promises renewed tensions as legislators prepare to hammer out the EU's future energy policy. Controversial Commission proposals on energy market liberalisation are due in September, with renewables and CO2 burden-sharing proposals scheduled for the end of the year.

According to the EU web portal EuraActiv, the Commission's services are in the meanwhile scrambling to prepare a set of legislative proposals that address the triple challenge of fighting climate change while guaranteeing energy security and keeping energy prices low.

EU civil servants have left Brussels in a mass holiday exodus, and official EU institutional activity at the "heart" of Europe has come to a near standstill. The calm is, however, expected to be short-lived, as the cabinets of the Commissioners **Nellie Kroes** (Competition) and **Andris Piebalgs** (Energy) are already preparing proposals for the new directives on the full liberalisation of electricity and gas markets, which are to be presented on the 19 September.

On 30 July, a group of nine member states, led by France and Germany, sent a letter to the Commission arguing that the EU executive must do away with the "assumption" that imposing independent ownership of grids and transmission systems – so-called ownership "unbundling" – is the only and best option for developing the EU's electricity and gas markets.

French and German energy giants in particular have been the focus of scrutiny for alleged anti-



competitive behaviour resulting from simultaneous ownership of energy grids and supply infrastructure, and MEPs have repeatedly called for ownership unbundling.

But plans to break up Europe's "energy monopolies" have met vehement criticism not only from large companies such as RWE, EDF and E.ON, but also from a majority of EU member states. Only Britain, Spain and Sweden support full unbundling of ownership.

**Christopher Jones** from Piebalgs' cabinet said that the current thinking around the energy commissioner is to give member states the option of either unbundling or maintaining ownership, under the condition that transmission system operating powers are transferred to an Independent System Operator (ISO).

An ISO – a committee composed of national energy regulators chaired by the Commission – would

be mandated with ensuring competitive energy pricing and fair access to energy grids. The ISO would essentially act as a trustee of large energy companies' assets.

A Commission proposal for a framework directive on renewable energies, expected either before or after the 3–14 December UN Climate Change Conference in Bali, will spell out "differentiated national overall targets" that each member state must achieve in order to increase the EU's total share to 20% by 2020. Europe as a whole currently stands at around 6.4% currently, according to the Commission.

Once the overall national targets are agreed, it will be up to each member state to lay out sectoral sub-targets for each type of renewable – solar, wind or hydro, for example – in national action plans. But Commission officials admitted that determining the indi-



vidual targets will be "a difficult one". One of the options currently being explored by the Commission is to require an across-the-board renewables increase of 13 percentage points from every member state by 2020, a move which was suggested last month by the European Wind Energy Association (EWEA).

"Its appeal is its relative simplicity and equity," said a Commission official.

But the Commission and EU leaders have already agreed at a summit in March that Brussels should take into account the "different national starting points and potentials" when defining the national figure. Moreover, it remains unclear whether the NAPs, once adopted, will be legally binding and whether the Commission will issue a separate decision to adopt or reject each plan.

Member states will also be left to decide on renewables targets for heating and cooling with the Commission limiting its role to providing "indications", leaving the specifics up to member states. MEPs

in the Parliament's Industry, Research and Energy (ITRE) Committee have signalled their support to this approach in a July vote.

Emissions trading in the EU enjoyed mixed success between 2005–2007, with carbon prices collapsing in the second half of the

trading period.

But the EU is preparing for a second round of trading, confident that its "flagship" policy for fighting climate change remains the right instrument for limiting industrial emissions and promoting energy efficiency.

A number of new EU member states, however, feel the carbon limits put forward by the Commission are too restrictive for their developing economies, and have launched legal action to challenge the Commission's proposed caps. The Commission is expected to propose a revised EU Emissions Trading Scheme (EU ETS) for the period 2008–2012 before the end of the year.

To promote the "greening" of the EU's economy, the Commission is also planning to put forward in December a Strategic Energy Technology (SET) Plan, with details on how research and development of new environmentally-friendly technologies. The plan, then, is as follows: on the 19 September the Commission will propose third package of directives on liberalisation of energy markets; in December it is expected to put forward a proposal for a comprehensive 'framework directive' on renewable energies including an update of the biofuels directive, a review on the need for harmonisation of national support schemes for renewable electricity; and a Strategic Energy Technology Plan.

N.R.-V.Š.



## HOPES FOR BIOFUELS

The first half of 2007 featured numerous conferences devoted to biofuels, including a high-level event attended by Brazil's President **Luis Inacio "Lula" da Silva**. The Commission, renewable energy groups, the agricultural sector and major industries are all looking to the potential of biofuels as a low CO<sub>2</sub>-emitting fuel for use in transport, chemicals and beyond, while environmental groups urge extreme caution. Whether or not the EU can reach its stated goal of 10% biofuels use by 2020 depends largely on the development of second-generation biofuels. Biofuels proposals are expected alongside the renewables proposal in December.

## INTRODUCING INTERNATIONAL INSTITUTIONS

# European Court of Human Rights



**E**uropean Court of Human Rights (ECHR) is the judicial arm of the Council of Europe, founded in 1959 for the protection of the rights and freedoms guaranteed by the European Convention of Human Rights and Freedoms.

The court became a permanent institution for the protection of human rights in Europe on the 1 November 1998, directly available to all persons whose rights have been violated. The headquarters of the Court are in Strasbourg, France.

European Court of Human Rights consists of judges and their assistance, as well as a register. Judges are appointed by the General Assembly of the Council of Europe from a list of three candidates proposed by each member state. Their mandate is six years, and the number of judges equals the number of members of the CoE. Although nominated by their home country, the judges do not represent states in their court cases. Their work ought to be absolutely independent and unbiased.

Organisation, membership and competences of the court are established by the European Convention on Human Rights and the ECHR's Book of Regulations. The Court has four parts, and it meets in committees of three judges, councils of seven judges or as the Grand Council consisting of seventeen judges. Committees decide by majority vote. Judges have the right to separate opinions in case they disagree with the majority decision in part or in general. If opinions differ, the vote is repeated, and if there can be no majority solution, the president decides.

Cases in the ECHR are usually

brought up by individuals (citizens) or non-governmental organizations claiming that a member state has violated a human right guaranteed by the Convention or its protocols. The case against a member state can also be brought up by another member state. The Court accepts the case if it ascertains the presence of certain conditions stipulated by the convention. The most important such conditions are that the accusing party must have used up all legal remedies available with the national courts of the country where the violation of the human right in question has occurred; that less than six months have elapsed since the last legally valid decision on the matter; that the said violation has been envisaged by the Convention etc.

ECHR's decisions are binding for the member state, and the Council of Europe Committee of Ministers monitors its implementation. Complaints are submitted on a special form containing data about the Court, about the complaining party, the accused state, facts and proofs of the incidence of human rights' violation. If the party is unable to bear the costs of the case, it is entitled to free legal advice.

Free expert assistance is provided by the court to the party which provided the proofs of the lack of financial means to pay for the court's services. Any party dissatisfied with the Court's decision can, within 12 months, request an explanation or revision of the verdict. Revision can only be requested on account of new facts that were not known to the Court or the party before and could significantly influence the content of the verdict. Valid verdicts are binding for implementation and have the status of precedent, i.e. the basis for all future decisions.

More information about the European Court of Human Rights and details on its decisions can be found at [www.echr.coe.int](http://www.echr.coe.int)

Prepared by Vučić ČETKOVIĆ

## NON – GOVERNMENTAL ORGANISATIONS IN EUROPEAN UNION



## EUROPEAN ROMA INFORMATION OFFICE

**E**RIO is an international non-governmental organisation founded in 2003 and based in Brussels. The main goal of the organisation is to promote and advocate the political and public dialogue on the Roma issues and problems, to contribute to their better social standing. The focus of the ERIO's activities is gathering information on the position of the Roma forwarding them to the EU institutions, Roma NGOs, governments of the EU countries and international organisations dealing with the Roma rights and human rights in general.

ERIO's Statute defines a management structure consisting of the Board of Managers and General Assembly, with a minimum of 75% Roma membership. This structure is a consequence of concerted effort to bring the organisation closer to the Roma and their needs, in order to ensure greater objectivity in evaluating their problems, as well as greater efficiency in solving them. Members of the management structures of the organisation are Roma activists from renowned Roma NGOs.

ERIO is actively engaged in creating and publishing numerous documents aimed at raising awareness about the Roma and increasing the responsibility and commitment of the politicians towards the Roma – both on the European and national, as well as local level. In that sense, ERIO has been closely cooperating with the EU institutions and its members' governments.

The most recent such publication contained recommendations for improving the situation of Roma in education, health protection and housing, and was addressed to the Portuguese presidency of EU.

Despite of the role that this organisation plays in promoting Roma-related issues on the European level, it has no intention of replacing or suppressing other organisations representing the Roma. ERIO remains open for cooperation with all organisations sharing similar ideas and goals, believing this to be the only way of making the Roma voice in the EU institutions stronger.

More information can be found at: [www.erionet.org](http://www.erionet.org)

Prepared by Petar ĐUKANOVIĆ





Centar za gradjansko obrazovanje  
Centre for Civic Education



Evropski pokret  
Crna Gora



Foundation Open Society Institute  
Representative Office Montenegro

Centre for Civic Education, Centre for Development on Non-Governmental Organisations and the European Movement in Montenegro, with support of the Foundation Open Society Institute – Representative Office in Montenegro, announce a

## CALL FOR APPLICATIONS

for the participants of VI generation of  
**EUROPEAN INTEGRATIONS SCHOOL**  
and for participants of III generation of

### REGIONAL EUROPEAN INTEGRATIONS SCHOOL FOR THE NORHT OF MONTENEGRO

European Integrations School consists of 7 modules, lasting 4 months, and encompasses a wide spectrum of theoretical and practical knowledge on European integrations.

Classes are held twice a week for a duration of two hours (additional classes are possible), accompanied by expert seminars.

Renown lecturers and experts from the country and abroad, members of the diplomatic corps in Montenegro and other guests will introduce participants to the history, development, and functioning of the European integration processes, the current position of European institutions, their influence on our society and perspectives for cooperation in this area.

The School is open to all candidates whose priorities are to acquire new knowledge in these areas and to contribute to the promotion of ideas, meaning and standards of European integrations in Montenegro. All candidates are welcome regardless of age, gender, nationality, religion or opinion, although priority will be given to those who demonstrate high levels of social activism in the government, non-government, trade union, party, economic, scientific and cultural environment.

Tuition is entirely covered by FOSI, CCE, EMiM and CDNGO, but all participants are expected to attend at least 80% of the programme.

Participants who complete the programme receive a diploma and a right to further training.

Applications with short biographies should be sent by the **18 September 2007** to:

Centre for Civic Education (for "European Integrations School")  
Njegoševa 36, 81000 Podgorica; by fax to 081 / 665 112 or e-mailed to: [cgo@cg.yu](mailto:cgo@cg.yu)



Centar za gradjansko obrazovanje  
Centre for Civic Education

CCE and Friedrich Ebert Foundation issue a

## CALL FOR APPLICATIONS

for the participants of X generation of  
**Democracy School**



– School from studying democracy from theory to practice –

The school consists of 5 modules, lasting altogether 4 months. Classes are scheduled twice a week for duration of two hours. All costs are covered by Friedrich Ebert Foundation and Centre for Civic Education, but the participants are obliged to attend at least 80% of the programme.

Upon completing the school, participants receive a diploma and right to further education.

The call is open for all candidates who wish to contribute to development of democracy and civic society in Montenegro. All participants are welcome regardless of their age, gender, religion or opinion, although priority will be given to political party and NGO activists, as well as to all those showing a high degree of social engagement.

The leader of the School is Prof Dr Radovan Radonjić, who will be joined by renowned national and international lecturers.

Interested candidates should send their applications with short biographies the latest by the **17 september 2007**, to

Centre for Civic Education (for "Democracy School")  
Njegoševa 36, 81000 Podgorica; by fax to 081 / 665 112 or e-mailed to: [cgo@cg.yu](mailto:cgo@cg.yu)

Centre for Civic education and the Commission for Distribution of the Fortune Games Fund issue a



Centar za gradjansko obrazovanje  
Centre for Civic Education

## CALL FOR APPLICATIONS

For the participants of V generation of  
**HUMAN AND MINORITY RIGHTS SCHOOL**

– School for human and minority rights from theory to practice –

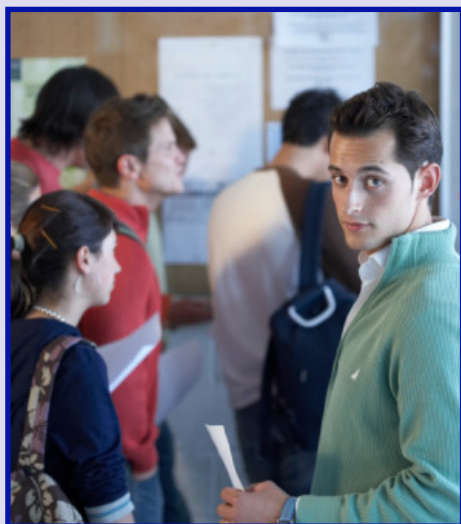
The School consists of 4 modules lasting five months. Classes are scheduled twice a week for duration of two hours. All costs are covered by the Commission for Distribution of the Fortune Games Fund and Centre for Civic Education, but the participants are obliged to attend at least 80% of the programme.

The school aims at developing alternative education on human and minority rights, by developing public awareness of the importance of knowledge on human rights and the promotion of values, European standards, principles and mechanisms that could lead to better interethnic relations in Montenegro. Upon completing the school, participants receive a diploma and a right to further education.

The call is open for all candidates who wish to contribute to the promotion of human rights in Montenegro. All candidates are welcome regardless of their age, gender, religion or opinion, although priority will be given to political party and NGO activists, media professionals, lawyers and youth leaders. The programme consists of lectures by renowned national and international lecturers – university professors, judges, lawyers, researchers, and public officials.

Interested candidates should send their applications with short biographies by **18 september 2007** the latest, to

Centre for Civic Education (for "Democracy School")  
Njegoševa 36, 81000 Podgorica; by fax to 081 / 665 112 or e-mailed to: [cgo@cg.yu](mailto:cgo@cg.yu)



## REAGAN-FASCELL DEMOCRACY FELLOWS PROGRAM

The National Endowment for Democracy (NED) invites applications to its Reagan-Fascell Democracy Fellows Program. Established in 2001 to enable democracy practitioners and scholars from around the world to deepen their understanding of democracy and enhance their ability to promote democratic change, the program is based at NED's International Forum for Democratic Studies, in Washington, D.C.

**Program:** The program offers five-month fellowships for practitioners to improve strategies and techniques for building democracy abroad and five- to ten-month fellowships for scholars to conduct original research for publication. Practitioners may include activists, lawyers, journalists, and other civil society professionals; scholars may include professors, research analysts, and other writers. Projects may focus on the political, social, economic, legal, and cultural aspects of democratic development and may include a range of methodologies and approaches.

**Eligibility:** The fellows program is intended primarily to support practitioners and

## FOR THIS ISSUE WE RECOMMEND:

scholars from new and aspiring democracies. Distinguished scholars from the United States and other established democracies are also eligible to apply. Practitioners are expected to have substantial experience working to promote democracy. Scholars are expected to have a doctorate, or academic equivalent, at the time of application. The program is not designed to pay for professional training or to support students working toward a degree. A working knowledge of English is an important prerequisite for participation in the program.

**Support:** The fellowship year begins October 1 and runs through July 31, with major entry dates in October and March. All fellows receive a monthly stipend, health insurance, travel assistance, and research support through the Forum's Democracy Resource Center and the Reagan-Fascell Research Associates Program.

**Application:** For further details, please visit us online at [www.ned.org](http://www.ned.org). For instructions on how to apply, please download our most recent Information and Application Forms Booklet, available at [www.ned.org/forum/R-FApplication.pdf](http://www.ned.org/forum/R-FApplication.pdf) or visit us online at [www.ned.org/forum/reagan-fascell.html](http://www.ned.org/forum/reagan-fascell.html). All application materials must be type-written and in English.

**Deadline:** Applications for fellowships in 2008-2009 must be received no later than **November 1, 2007**. Notification of the competition outcome is in April 2008.

For more information please contact:  
**Program Assistant, Fellowship Programs**  
**International Forum for Democratic Studies**

National Endowment for Democracy  
1025 F Street, N.W., Suite 800  
Washington, D.C. 20004

E-mail: [fellowships@ned.org](mailto:fellowships@ned.org)  
Internet: [www.ned.org](http://www.ned.org)

## PHD SCHOLARSHIPS AT THE UNIVERSITY OF AARHUS

The Graduate School of Social Sciences at the University of Aarhus invites international students to apply for admission to our PhD programmes in Political science, Psychology, Law or Economics and management.

As a PhD student at the University of Aarhus you will receive strong research support in many ways; highly qualified advising by internationally recognized faculty, excellent facilities and a good professional as well as social environment.



The Graduate School of Social Sciences offers well-paid scholarships and free admission, as well as funding for participation in conferences worldwide and a long-term stay abroad at a well-reputed international research institution.

Applications are requested from candidates holding a Master's degree, or equivalent degree in a related subject area. Application deadlines: 15 May and 15 November 2007.

For questions on the application process, please contact **Mr. Henrik Friis Bach**, PhD Administration Officer at e-mail or direct tel: +45 8942 1546  
**Deadline: 15 November, 2007.**

e-mail: [hfb@adm.au.dk](mailto:hfb@adm.au.dk)  
Internet: [www.socialsciences.au.dk/phd](http://www.socialsciences.au.dk/phd)

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