



**STATE AID OF 155 MILLION EUR TO THE
AIRLINE COMPANY AND EU RULES**

ON THE WINGS OF THE MA HARDER TO REACH EU

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COMMENT

**Caesar's things to
Caesar, God's things
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CAESAR'S THINGS TO CAESAR, GOD'S THINGS TO GOD, AND TO THE REST OF US...



Photo: Vjesti



By: Vladan Zugic

Allegations that the Montenegrin society is divided, divided by the Democratic Party of Socialists (DPS) and **Milo Djukanovic**, that we've had enough divisions, etc, belong to the political phraseology.

Every society, to a greater or lesser extent, is divided.

Well-ordered societies are divided over the issue of working hours per week or tax rates, the use of genetically modified food (GMO), but these are also not immune to emotional, personal or even irrational issues, such as attitude towards migrants, women's right to abortion, rights of the same-sex couples...

Populist leaders, parties and movements emerge, endure or retain power, amongst other by pushing issues from the irrational and emotional area to the forefront at the expense of genuine problems that burden one society.

In recent years, there are numerous examples, both in the democratic world and the one that strives for democracy - from Erdogan's Turkey, through Orban's Hungary to Trump's America.

But neither **Erdogan**, **Orban**, nor **Trump** have their political polarization the way authority in Montenegro has. This polarization to its extreme right-wing positions relativizes and makes acceptable, essentially non-democratic and anti-European positions and practices of the authorities.

What would happen if Erdogan or Trump had, for example, **Branko Radulovic** in their opposition? Recently, he has praised Orban and the manner of his dealing with dissidents, free media and NGOs that he calls 'Sorosoids'. Radulovic is constantly talking about the EU, but he didn't choke when mentioning Orban and his Fidesz, who were not invited to the European Peoples Party (EPP) congress in Zagreb, because they were suspended from that strongest European group due to their attitude towards EU's democratic values.

Or, what would happen if Orban or Trump had an opposition Democratic Front (DF), who tries to dismiss them and strongly disapproves of Djukanovic's model of rule, while praising Putin's model in Russia. Or, Vucic's in Serbia.

Or, what would happen if any of these three had an opposition that threatens to burn the Parliament if the authorities try to adopt a Draft Law on Freedom of Religion. They would probably respond as Djukanovic did - don't rush, there are more of us on this side. And they would end up depressed, like **Slaven Radunovic**, who grieves on Facebook as that Serbian Orthodox Church Metropolitan bishop of Montenegro, **Amfilohije** took the Gandhi instead of a revolutionary stance.

Speaking of faith, we return to the field of emotional, irrational. In Montenegro, squeezed between flammable messages of two political poles that manipulate facts, too. And it all ends according to the principle - Caesar's things to Caesar, God's things to God. The question is what the others get.

Without underestimating religious sentiment, it seems to me that Montenegrin society at this moment has a lot of more important

things to do, or at least equally important ones, than those related to property of religious communities and, to some extent, its status. Especially given the length of the property disputes before the courts. The final registration or transfer of the assets of any religious object is unlikely to be seen in this mundane world and in this form by Metropolitan Amfilohije, many DPS leaders and many public figures. Meanwhile, it is likely that individual cases before the cadastre or in the courts will serve to reheat basic instincts. As it was in the case of illegal construction of a metal church on Rumija or a baptistry in Miholjska Prevlaka, which are, by then and now applicable laws, punishable criminal offenses. In the second case also criminal acts. Everything will be come down to the fact that the Parliament of Montenegro adopted another law that will not be applied or will be applied ad hoc, as it has been so far with many laws, unfortunately. That is why, in my opinion, we should address some of the mundane issues. For example, is the Government's decision to allocate 155 million euros of taxpayers' money to Montenegro Airlines contrary to EU rules on state aid and could this further slowdown Montenegro towards EU at a snail's pace?

Shall we have free elections, or will the opposition once again accept to go to the polls to which voters will be attracted only to preserve their parliamentary mandates and privileges? Can we enter the EU with the Prosecution in an acting state in which, according to the Government, public has very little confidence? Or, can we enter the EU with a judicial authority whose part of the Council is in the acting state, while **Vesna Medenica** counts her third term as president of the Supreme Court as the second one? Shall we still pay housing for privileged officials? What about education when our children, according to the PISA tests results, are equated with peers from Moldova? What about the health system under which we give more money annually for importing medicines than for materials imported for the construction of the highway or more than the import of the largest retail chain in Montenegro amounts? What about the public service RTCG whose main news programme *Dnevnik* publishes the mounted recordings? What about numerous affair ...

Why no one from DF threatens to burn the Parliament due to some of these issues under the responsibility of DPS?

And if there were not those banknotes, affairs, credit cards, mounted or unmounted recordings, and everything that characterize the modern world, we could think that we live in the Middle Ages because of the rhetoric and accompanying colour regarding the status and property of religious communities.

Fortunately, we're not there. Some would burn us, while others would add wood to the bonfire, saying it is not European. Or vice versa. Whatever.

We currently live in a reality show Farm or Zadruga.

And we are divided into those who are aware of it and those who are not.

IS STATE AID OF 155 MILLION
EUROS TO NATIONAL AIRLINE
COMPANY AGAINST THE EU RULES?



ON THE WINGS OF THE MA HARDER TO REACH EU



By: Rialda Ramusovic

MPs of the ruling majority in the Parliament of Montenegro adopted the Law on Investing in the Consolidation and Development of the Company for Air Transport of Passengers and Goods 'Montenegro Airlines', although they do not know whether this act is in line with the rules of the European Union (EU) on the allocation of state aid.

The fact that adoption of this act can have a major impact on the further course of Montenegro's EU accession negotiations well illustrate the example of Croatia, the most recent EU member state, which has actually closed the last Chapter 8 - Competition policy because of the way state aid was granted to shipyards and the oil company INA.

A protocol has been added to Croatia's accession treaty with EU by which the European Commission (EC) could have asked

Croatia to repay all the restructuring aid received by the shipyards since March 2006. That state is still struggling with the shipyards that have mostly gone bankrupt, while various battles are fought before the courts, and at the international level, because of INA.

On 9 December 2019, at the extraordinary session, the Montenegrin Government adopted a controversial draft law under which it will pay from the state budget 105 million euros of state aid to Montenegro Airlines in the course of 2020, while from 2021 to 2024 another 50 million will be paid for the purchase of the two planes, plus the accompanying taxes.

The airline company will 'repay' its debt by transferring its shares to the Government at a price of 8,855 euros per share, although in 2018 an independent auditor determined that these shares had a total negative value of 51,5 million euros.

The Government did not confirm in the explanation of the law that it is in compliance with EU rules, but stated that it 'also considered the comparative positive experiences of several EU countries that have similarly consolidated their airlines in recent years, as well as the cases of countries that have chosen not to consolidate, which has had significant negative effects on their national economy.' Earlier, the European Commission has stated that the proper resolution of this case is an important test for the functioning of Montenegro's state aid control system and for further negotiation progress on Chapter 8.

'We have noted that the Government of Montenegro has passed the Draft Law on Investing in the Consolidation and Development of the Company for Air Transport of Passengers and Goods 'Montenegro Airlines' AD Podgorica. We invited Montenegrin authorities to consult us on the draft law and to share with us the opinion of the institution responsible for state

aid, before adopting the law at the Parliament,' they said from the Commission.

The Commission also recalled that the Agency for Protection of Competition (APC), as the institution responsible for state aid issues, was responsible for giving its opinion on the draft law. However, the Agency for Protection of Competition stated that it had been provided with incomplete material for making a decision on whether the draft law was in compliance with state aid regulations. 'The documentation submitted to the APC proving the investment is justified does not fully assess the possible return on the investment in the period in which it will be realized. The deadline for the APC to act was very short. The documentation itself has not yet fulfilled the essential requirements regarding the test of market economy subjects, i.e. if there will be a capital inflow within a reasonable time that will provide the state with return on the investment. The APC's opinion does not relate to the economic justification of the investment, but points to the incompleteness of the evidence on the basis of which decision on the application of the principles of a market economy subjects can be made,' assesses APC.



The APC's opinion was delivered ahead of the Parliamentary session at which, after a rough night over the adoption of the Law on freedom of religion or belief and legal status of religious communities, and was attended only by opposition MPs from the Social Democratic Party (SDP).



Minister of Transport and Maritime Affairs, **Osman Nurkovic**, agreed with the position of **Draginja Vuksanovic Stankovic** (SDP) that the APC document is an "opinion without opinion".

'APC submitted an opinion to the Ministry on 23 December 2019. After that, we sent an additional analysis of the Deloitte audit company, and then APC resubmitted an additional opinion, which is, in fact, a record in which they state that they return to the opinion given on 23 December 2019. They are undetermined and we consider that this is the interest of the state and of what Deloitte audit company has done and that this is in accordance with European procedures and in accordance with the law,' Nurkovic said during the discussion.

Deloitte assessed that the planned state investment in the MA was justified, respecting the principle of a market economy investor. They state that they made this conclusion on the basis of assumptions and analyses that were produced based on data obtained from the management of the company.



Rasko Konjevic (SDP) reminded Nurkovic of the EC's position that the proper resolution of the MA case is an important test for the functioning of the state aid control system and for the progress within negotiation Chapter 8.

'We have a serious question mark in discussions with the EC, because this Law is being drafted outside the independent institutions. Kindly note what the APC says, because you will cause problems in negotiations with the EC,' Konjevic said.

Nurkovic replied that draft was 'the result of many meetings and analyses' and that 'the benefits of the MA work go beyond the costs of investments, and bankruptcy would have tremendous consequences.'

'There are no other options for the survival of the company... In this manner, we will save 400 workplaces, and the company's contribution to the economy and budget is up to 200 million per year,' said Osman Nurkovic.

The interlocutors of the *European Pulse* expressed opposing positions concerning the question of whether and how state aid to Montenegro Airlines could jeopardize Montenegrin negotiations with the EU, but agreed at one point - that this would be one of the challenges in the negotiations on Chapter 8.

The president of the Croatian Civic Initiative (CCI) and the member of the Committee for European Integration, **Adrijan Vuksanovic**, claims that granting state aid to the MA is justified, because, as he explains, the alternative would be a shutdown or bankruptcy.



Although he considers that the issue of state aid will certainly be one of the challenges in the negotiations on Chapter 8, he claims that it cannot significantly influence the decision on opening negotiations in this Chapter.

'State aid will undoubtedly be one of the important issues which will be heard many times during the negotiations, as the EC has expressed concern in several reports about continuous support for the company. The shutdown of Montenegro Airlines would have negative consequences for tourism and the national image of Montenegro. However, the ultimate priority is the drafting of a long-term plan for the development of the company, in order to justify the investments of the state and for Montenegro Airlines to find a profitable and successful business model,' assessed Adrijan Vuksanovic.

That there is a high degree of non-transparency in the Government regarding granting of state aid, as well as monitoring of its effects, finds the president of the Special club of MPs and former long-time Chairman of the Committee on economy, finance and budget, **Aleksandar Damjanovic**.



He told for the *European Pulse* that the Parliament was incapable of monitoring the legality, efficiency and effectiveness of state aid.

'It is clear that the Government of Montenegro is trying to 'go through the eye of a needle', with a very unconvincing argument in terms of legitimacy, first of all before the EU. Namely, the Government does not care about the opinion of the domestic expert or political public, even when it comes to budgetary support worth more than 150 million euros,' Damjanovic said.

He also assessed that state aid is not a guarantee that with this 'life vest', by which all of us - citizens and the Montenegrin economy - will rescue the MA with 150 million euros, the issue will be closed and that in the future business of the MA, after only a few years, there will be no need for new aid worth tens and hundreds of millions of euros.

'At the same time, the assets of the company (MA) are less than the obligations, i.e. this company has long been ripe for bankruptcy, which has not been declared for years and there is an obvious attempt to undermine the fact that in this way the state aid regulations are being violated and that the Law on Bankruptcy is being selectively applied, thereby discriminating against other businesses,' concluded Aleksandar Damjanovic.

WE NEED TO TIMELY PREPARE CADRE AND PROJECT **PROPOSALS FOR DIRECT ACCESS TO EU FUNDS**

Photo: KEI



By: Ivana Glisević Djurovic

The author is Deputy Chief Negotiator, National IPA coordinator and Negotiator for Chapter 22 - Regional Policy and Coordination of Structural Instruments

Chapter 22 - Regional Policy and Coordination of Structural Instruments and the acquis related to this Chapter provide direct financial support to Montenegro upon the accession to the EU. EU Member States use this support to implement the policies of balanced regional development, which is particularly important for the new Member States. Overall measures to achieve these objectives, with the available financial instruments, represent the basis of the EU cohesion policy.

Direct access to the European Structural and Investment Funds (ESIF) will create an opportunity for Montenegro to use

funds for specific projects that, on the basis of the experience of other Member States in recent enlargement cycles, average up to 4% of the beneficiary country's gross domestic product on an annual basis.

Within the framework of the European Structural and Investment Funds (ESIF), which are the subject of this negotiation chapter, Montenegro will be entitled to receive funds from the European Regional Development Fund, the European Social Fund and the Cohesion Fund. The projects will be directed to support of the construction of local roads, railways, schools, kindergartens, hospitals, water and waste treatment plant



hydraulics, construction of the sewage network, renewable energy plants, but also projects that encourage innovation, credit schemes for SMEs, youth mobility, etc.

The subject of the negotiation process under this chapter is not the amount of EU financial support through ESI funds, but the establishment of the structure, systems and procedures for the management of these funds. The overall objective and vision we have with regard to the use of ESI funds is to create a simple institutional framework that will be in accordance with the size of the state, territorial organization, Montenegrin administration and the practices of states from previous enlargement cycles. Accordingly, it was decided to establish a centralized institutional structure composed of Managing Authority, Certifying Authority, Audit Authority and limited number of intermediary bodies.

In addition, adequate preparation of project proposals for funding is an extremely important prerequisite for successful use of EU funds. Therefore, timely strategic planning, including methodologically aligned strategic documents with defined

lists of projects and indicators, is extremely important for programming and implementation.

It is indisputable that EU Cohesion Funds offer significant opportunities for implementing development projects with EU financial support. However, our success in using these funds depends ultimately on the general development policy, the number of projects that will be ready for implementation and the inventiveness of all structures within Montenegrin society that will be included in the system of use of European funds.

Hence, the period before our accession to the EU should be used for the best possible preparation for the use of European funds, both in capacity building and adequate preparation of project proposals for financing.

Finally, it should be borne in mind that success in getting European funds upon EU membership also means an opportunity for substantial improvement of social processes, but also the long-term and sustainable implementation of European standards in various areas of development policy.

IT IS A PRIVILEGE TO STUDY IN EU, THE REAL LIFE STARTS HERE



Photo: CEP



By: Milo Radulović

*The author is the founder
of MARLEQ startup*



Illustration: freepik.com

I have spent five great years in the member states of the European Union - two in Slovenia, one in Lithuania and two in Sweden. I had the opportunity to live, study, but also to work in these beautiful countries. I started and completed my major studies at the Faculty of Economics in Podgorica, while I spent two years on exchange abroad. After graduation, I enrolled master studies in Slovenia, and then also received a European Commission scholarship for a second master's degree in Sweden.

Nowadays, there are many more scholarships and opportunities for young people in Montenegro than 10-15 years ago, when I was a student. From my EU experience, I know that there will be even more of opportunities, so we can already say that studying abroad is no longer a luxury as it used to be, and soon it will be the right of all Montenegrin students.

Being a student in Slovenia is a very privileged status. Firstly, the state subsidizes meals through student meal vouchers, so students are able to eat more healthily, at significantly lower prices, not only in student dining hall, but also in the best restaurants. Another benefit is that they have very well organized 'student jobs'. Thus, students have the opportunity to work during their studies, from various jobs to engagement within their respective profession. I had the opportunity, after passing the master's courses, to work full-time in an excellent company in Ljubljana and to personally experience this system, behind which is a serious organization.

Also, when I was living in a house in Ljubljana where international students lived, a girl from Ljubljana was living with us, 200m from her parents. She explained to me that her parents give her 200 euros allowance and that she earns about 200 euros more by doing student work on the weekends. She told me that with that

money she could make a decent living, and that it meant a lot to her to be with students from Brazil, Nigeria, Russia and the region.

On the other hand, the biggest disadvantage of this system is that students often do not want to lose their student status because their living expenses (accommodation, food and transportation) are immediately doubled. Hence, graduate students return to their parents, or they help them to overcome the gap of one or two years, until they become fully independent.

My international experiences from Slovenia and Lithuania have been very positive, but only when I came to study and work in Sweden I experienced for the first time what it meant to be on the global stage, to feel the global competition, as well as the perspectives.

The Swedes often work a year after high school, then they travel around the world for a year from the money they earned and then enroll college they are really interested in. In Sweden, you have a lot more to do, both in college and at work, if you want to be among the best, and that is the only way you can possibly extend your stay. The studies were very intensive, but my real challenge was getting a job. I sent 500 applications but did not get a single response. I was told that 'I need to know people' to get to work, so I started building a network of contacts, changed the strategy, and contacted directly directors of companies. I sent 400 emails, got 30 interviews and finally managed to get the job I wanted.

However, after a year of working, I could not find a company that would sponsor my work permit, so I returned to Montenegro and for several years now I have been helping young people to get scholarships to study abroad, build successful international career, and launch their startup.

YOUTH POLICY GUIDE

DON'T WAIT FOR THE SYSTEM AND SOCIETY, **TAKE ADVANTAGE OF THE YOUTH**



By: Ana Puljiz



Attitudes towards youth policies are mirror of each government's focus on this important group of people for the societal development. The new Youth Law was adopted in spring 2019, with an objective to improve the framework for ensuring better social status for young people, better conditions for supporting young people, as well as their greater engagement. According to the latest census, young people comprise almost a fifth of the entire Montenegrin population. This is one of the strong arguments that young people should be in the focus of decision makers, but also that young people should be motivated to be more active in decision-making processes, especially in making those decisions that have direct impact on them.

Montenegro is facing internal and external migration, which are fundamentally driven by economic reasons. Thus, all northern municipalities have negative migration rate, and researches indicate that there is an increasing number of young people who want to leave Montenegro. Only in recent years has been a discussion about the so-called brain drain. In addition to the economic reasons that burden them, young people find themselves hindered when it comes to freedom of expression and opinion, even within the family, especially when they express critical thinking. This has to be particularly addressed, because the development of a democratic society requires critical awareness of all citizens. On the other hand, the exclusion of young people excludes significant part of the population that has the potential to find new solutions and improve society. The development of Montenegro should follow the efforts of the EU member states on these issues, which have a clear policy that youth resources should not be ignored instead of being used for the society development.

In general, youth policies should provide equal chances and more opportunities for young people in education and job-search, as well as encourage young people to actively participate in decision-making. More specifically, the law and institutions should be at the service of creating favourable environment that facilitates learning, development of knowledge and competences from the earliest period of youth. In order to be productive, youth policy must be planned and continuously developed. Pursuant to the Law, the public interest in the field of youth policy is implemented by the Government of Montenegro, the state administration body in charge

of youth policy (i.e. Ministry of Sports and Youth), state administration bodies and other administrative bodies competent for particular areas of importance for young people, then local self-governments but also other legal entities, such as NGOs.

Youth participation in the process of youth policy development is an important initial step for later direct influence on the wider decision-making process. If young people, especially during adolescence, are directed and supported to participate in decision-making in their communities, they have the potential to end intergenerational inequalities, discrimination, violence etc. and to become agents of change and democratic development based on valid value system. Therefore, empowering young people has multiplicative positive effects, not only for themselves, but for the whole community.

Young people need to be motivated, from an early age, to participate in informal education programmes, but also to provide them with continuous support through education in order to find a job and adequate modalities to participate in decision-making processes.

Methods of designing and implementing youth policies are various, starting with participation in diverse events or campaigns organized by youth, non-governmental or international organizations, as well as institutions, but also through launching their own initiatives which are essential for young people. Informal education programmes provided by non-governmental organizations and volunteering are particularly useful, because it is a way to gain experience valuable for later managing actions and projects. There are several key outcomes of youth policy, from achieving economic and social security, access to higher quality education to improving the community in which we live.

It is crucial that all relevant actors engage to create not only a legal framework but also accompanying incentives to support young people to participate in public life. Building a strong, responsible and thinking community of young people contributes to an easier solution of current problems and overcoming emerging challenges.

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