

EU-28 WATCH



No. 10
July 2014

ISSN 1610-6458

www.EU-28Watch.org

EU-28 Watch

Contributing partners are

Austrian Institute of International Affairs, Vienna
Economic Policy Institute, Sofia
Center for European Studies / Middle East Technical University, Ankara
Centre international de formation européenne, Nice
Centre d'étude de la vie politique, Université libre de Bruxelles
Centre d'études et de recherches européennes Robert Schuman, Luxembourg
International Relations Research Centre, Ljubljana
Cyprus Institute for Mediterranean, European and International Studies, Nicosia
Danish Institute for International Studies, Copenhagen
Real Instituto Elcano de Estudios Internacionales y Estratégicos, Madrid
Romanian Centre for European Policies (CRPE), Bucharest
Federal Trust for Education and Research, London
Finnish Institute of International Affairs, Helsinki
Foundation for European Studies - European Institute, Łódź
Greek Centre of European Studies and Research, Athens

Institute of International Affairs and Centre for Small State Studies at the University of Iceland, Reykjavik
Institute for Development and International Relations, Zagreb
Institute of World Economics of the Hungarian Academy of Sciences, Budapest
Portuguese Institute of International Affairs, Lisbon
Institute of International and European Affairs, Dublin
Institute of International Relations, Prague
European Integration Studies Center (EISC), Vilnius
Istituto Affari Internazionali, Rome
Latvian Institute of International Affairs, Riga
Mediterranean Academy of Diplomatic Studies, University of Malta
Netherlands Institute of International Relations 'Clingendael', The Hague
Macedonian Centre for European Training (MCET), Skopje
Center for Civic Education, Podgorica
Slovak Foreign Policy Association, Bratislava
Royal Swedish Academy of War Sciences, Stockholm
Estonian Foreign Policy Institute (EVI), Tallinn

On the project

Euroscepticism and the European Parliament elections in 2014, the EU's Neighbourhood in light of the Ukraine crisis and power relations in the EU: The EU-28 Watch project is mapping out discourses on these issues in European policies all over Europe. Research institutes from all 28 member states as well as Iceland, Macedonia, Montenegro, Serbia and Turkey give overviews on the discourses in their respective countries.

This survey was conducted on the basis of a questionnaire that has been elaborated in March 2014. Most of the 33 reports were delivered in June 2014. This issue and all previous issues are available on the EU-28 Watch website: www.EU-28Watch.org.

The EU-28 Watch No. 10 receives significant funding from the **Otto Wolff-Foundation, Cologne**, in the framework of the *"Dialog Europa der Otto Wolff-Stiftung"*, and financial support from the **European Commission**. The European Commission is not responsible for any use that may be made of the information contained therein.

Dialog Europa Otto Wolff - Stiftung



Disclaimer

Institutes/authors are responsible for the content of their country reports. The publisher and editorial team cannot be held responsible for any errors, consequences arising from the use of information contained in the EU-28 Watch or its predecessors, or the content of external links on www.EU-28watch.org or in the EU-28 Watch. The content of the EU-28 Watch is protected under German copyright law. The articles of the EU-28 Watch can be printed, copied, and stored for personal, scientific, and educational use for free. Articles of the EU-28 Watch may not be used for commercial purposes. Any other reprint in other contexts is not allowed without prior permission from the publisher. For permission or any other question concerning the use of the EU-28 Watch please contact: info@EU-28watch.org.

Editorial Team

Publisher: Prof. Dr. Mathias Jopp
Executive Editor: Dr. Katrin Böttger
Managing Editors: Nicole Koenig, Marco Siddi
Editorial: Joris von Moltke
Layout: Juliane Eichblatt

Contact: info@EU-28watch.org
www.EU-28watch.org

iep Institut für
Europäische Politik
Bundesallee 23
D-10717 Berlin
Tel.: +49/30/88.91.34-0
Fax: +49/30/88.91.34-99
E-mail: info@iep-berlin.de
Internet: www.iep-berlin.de

Montenegro

Daliborka Uljarević and Vladimir Vučković

Centre for Civic Education

1. Euroscepticism and European Parliament elections

In the shadow of local elections

Montenegro is still predominantly dealing with its internal political issues, and thus even the issues that may have a significant impact on the country's accession to the EU remain overshadowed by domestic affairs. In this context, both the election campaign for the European Parliament, and the results of these elections, have been, to a great extent, eclipsed by the local elections held in 12 municipalities in Montenegro at the same time as the elections to the European Parliament (25 May 2014).

Montenegrin politicians, analysts, the media, and the overall political public were focused on the election campaign and the results of the local elections. The fact that the elections were held in the capital Podgorica, where a third of the electorate resides, created an atmosphere in which these elections, due to interesting realignments of political parties, carried some uncertainty and the possibility to influence the organization of early parliamentary elections. Accordingly, the stakes of all involved parties became much greater than is typically the case with local elections. All parties fully focused on trying to present their platform as the one that would be of key importance for further development of the country. From the ruling party and its partners we heard the statements that it is necessary to win the local elections in order to preserve the achievements of Montenegrin political independence, whereas opposition parties and coalitions emphasized the need for the establishment of the principle of democratic changes of the government, stressing the fact that over the last 25 years there has not been a change of government on the Montenegrin political scene.

Thus, the election campaign in the EU member states for the election of European parliamentarians went completely unnoticed in Montenegro. Even after the announcement of the results of the elections for the European Parliament, apart from a few short texts in the media, which gave an overview of the new situation, there was no analysis of these elections or public debate on the novelties they brought about.

A pro-European consensus

Although the identity issues, even eight years after restoration of independence, still represent a significant part of the rhetoric in all elections in Montenegro, and divide the political scene, the issue of European integration represents a positive example of the general consensus among all political parties, both as a foreign policy priority and as a means of democratization of the society. The commitment of all social factors (political parties, non-governmental organisations, media, academia, trade unions, etc.) in Montenegro to EU values is also mirrored in public opinion. According to the latest polls conducted by Ipsos Strategic Marketing, support for the integration process is at 67 percent, and this is in line with the variation ranging from 65 percent to 75 percent in the last 8 years. In Montenegro, there are no open or vocal eurosceptics, regardless of whether we are looking at political parties, civil society organizations, media, academic groups, etc. This cross-societal consensus contributes to the overall support of EU accession and helps mobilize all of the actors in moments when support is unstable.

Little discussion on results and turnout

European Parliament elections, which were held in the 28 EU member states, have proven that there is an increase in support of the citizens within the European Union for political groups with extreme right-wing or left-wing profiles. However, polarization did not cause any specific expressions of concern in Montenegro, in terms of the further development and functioning of European institutions, or the openness of the EU to the enlargement process. Additionally, there is no public debate on the increase of support for extreme right-wing or left-wing political parties in France, Great Britain, Greece, Austria, Hungary and Croatia, etc., or on the realignment of forces that the results of these elections brought forth.

In the previous years, from time to time there was discussion about the voter turnout in the European elections, but this year not even that question caught the attention of Montenegrin professionals and the general public, even though tendency of the decrease of turnout (43%) stopped which is certainly interesting for analysis, as well as the question of turnout in individual EU member states.

2. The EU's Neighbourhood

Close but difficult ties with Russia

The relations between Montenegro and Russia have an extensive historical background and continue to be very dynamic. These relations were strengthened after the restoration of independence in Montenegro. The Russian Federation was one of the first countries to recognize Montenegro as an independent and sovereign state (on 12 June 2006) following the Referendum on independence held in May 2006. Soon after, the Intergovernmental Committee on Trade, Economic and Scientific-Technical Cooperation between the Russian Federation and Montenegro was formed. Through this committee the relations in the field of economic cooperation became institutionalized. From that period until today, total financial investment of the Russian Federation in Montenegro amounts to around one billion Euros. In the period between 2010 and 2012, the Russian Federation ranked as one of the countries that invests the most in Montenegro: (in 2010: 90.2 million Euro, in 2011: 111.9 million Euro, in 2012: 161.54 million Euro) Additionally, over 250,000 citizens of the Russian Federation visit Montenegro each year, and a significant number of them own property in the territory of Montenegro.

At the same time, some of the most important Russian investments have been subject to controversy in the Montenegrin society. EU institutions have also expressed interest in the origin of the money and suspected that these investments in Montenegro are used for money laundering. Thus, the EP Directorate General External Policies of the Union of the Union prepared a report, at the request of the EP's Committee on Foreign Affairs, on the Russian direct investments in Montenegro entitled, "The Russian Economic Penetration in Montenegro." It states that Russian direct investments in Montenegro are the highest in comparison to other countries from the former socialist bloc, and that they are mostly directed towards the basic and hotel industries and real estate acquisition. The report emphasizes that, in the last two years, Russian investments have suddenly and significantly increased in Montenegro, and that Russian capital is coming to this country through companies with headquarters in the UK, Switzerland, the Netherlands, USA, Cyprus, Liechtenstein and the British Virgin Islands. Also, the data shows that from 2004, when Russian direct investments amounted to 1.7 million Euros, until today, there has been a 57-fold increase. According to these statistics, Montenegro is by far the most attractive country for Russian foreign investment, as the percentage of Russian investments in other former socialist countries is undoubtedly lower.

An important share of Russian capital in Montenegro is a product of the purchase of the Aluminium Plant Podgorica (KAP), Bauxite Mines Niksic and several hotels on the Montenegrin coast. Russians have also expressed interest in the privatization of the thermal power plant and coalmines in Pljevlja and Port of Bar. It is important to note that the major investments, such as those concerning KAP and Bauxite Mines Niksic failed, producing enormous debts at the expense of Montenegrin taxpayers. This was due to arrangements that governmental officials made with Russian companies, which did not adequately protect the Montenegrin public interest.

In addition, the intensification of relations between Montenegro and the Russian Federation is slowing down due to recent Montenegrin foreign policy activities related to the Ukrainian crisis. In spite of historical relations with Russia, during the Ukrainian crisis and the annexation of the Crimea Peninsula to the Russian Federation, Montenegro joined the EU member states in condemning such actions and imposing sanctions against Russia. The publics in both countries were surprised by the decision of the executive authorities of Montenegro. However, Podgorica officially explained its foreign policy decision to impose sanctions against the Russian Federation with the fact that, as a candidate state, Montenegro needs to align with the EU foreign policy. In addition, Montenegrin Government recalled upon the commitments undertaken by the official documents signed by the Government of Montenegro, pertaining to Stabilization and an Association Agreement. This has caused a very strong reaction by the Russian Federation, and effects are expected for the upcoming tourist season. In previous years, Russian tourists constituted a significant share in the total number of visitors.

Not all political actors shared the view of the Government concerning this issue. Specifically, some of the major opposition parties, such as the Democratic Front and the Socialist People's Party (SNP) strongly criticised this approach. The SNP leadership even went as far as to pay a visit to Russia in early May 2014 to explain its position to the Russian officials and their political actors.

To conclude, relations between Montenegro and Russia are good at this stage, but it is clear that Montenegro, when in position to choose between the EU and Russian sides, it will choose the EU stance, as it is fully in line with its foreign policy priorities.

Unchanged relations with Eastern Partnership countries

The events in Ukraine did not significantly change relations with any of the countries of the Eastern Partnership. Also, even though the diplomatic relations with Ukraine were established on 22 August 2006, direct investment from Ukraine has been rather limited (less than half a million per year). Trade exchange and the number of tourists from Ukraine to Montenegro have also been limited, even if there seems to be an increasing tendency in these areas.

The relations are so far most developed with Azerbaijan, with which there is an established political dialogue, as well as cooperation in the fields of economy, tourism and culture. Azerbaijan recognised Montenegro on 24 July 2006, and diplomatic relations were established on 15 April 2008, while their embassy in Montenegro was opened in 2010 and economic relations are showing an increasing tendency. Namely, the Azerbaijan oil company SOCAR has committed to invest 258 million Euro in the former military resort Kumbor in order to transform it into a luxury resort. This is currently the largest on-going foreign investment in Montenegro, even though not with planned progress. The agreement was signed on 12 July 2012 for a period of 90 years. In addition, the Azeri government invested as present app. 1 million Euro into the reconstruction of the King's Park in the Montenegrin capital Podgorica, at the initiative of its president, Ilham Aliyev. The project was developed by an Azerbaijan architect, and was opened officially in September 2013 by the mayor of Podgorica and Azerbaijan deputy Prime Minister. In addition, Azerbaijan donated nearly 2 million Euros for the construction of kindergartens in the northern Montenegrin city of Bijelo Polje.

Georgia officially recognised Montenegro on 29 October 2007, when diplomatic relations were also established. Foreign trade exchange and Georgian investment in Montenegro are at a low level.

Moldova officially recognised Montenegro on 21 June 2006, and diplomatic relations were established on 12 March 2007. Economic relations between the two countries have been limited to imports, with limited scope. However, the good relations are best mirrored through the regional cooperation mechanisms, such as the Central-European Initiative, the Southeast European Cooperative Initiative and the South-East European Cooperation Process.

Relations with Belarus are established, as well as with Armenia, with no specific cooperation, except for growing numbers of Belorussian tourists visiting Montenegro.

Exchanging lessons with Turkey

Turkey is still not part of the analyses or debates in Montenegro when it comes to issues related to further EU enlargement, partly due to the lack of quality academic discourse on the EU integration process in general, and partly due to the fact that Montenegrin decision-makers are more focused on Western Balkan countries, which are geographically closer, and with whom communication and cooperation in that respect is quite developed.

Overall, the relations between Montenegro and Turkey are good with growing cooperation in the fields of economy, education, culture, etc. Relations are particularly developed with regard to NATO, since Turkey is a strong supporter Montenegrin accession. Recently, on 10 June 2014, a protocol on cooperation in the field of European integration between Montenegro and Turkey was signed in Podgorica by the Montenegrin Deputy Prime Minister and Minister for Foreign Affairs Igor Luksic and the Turkish Minister of European Affairs and Chief Negotiator Mevlüt Çavuşoğlu. It is expected that this will trigger more discussion in Montenegro on Turkey's EU membership perspective and lead to the exchange of lessons learned.

Links:

- Ministry of Foreign Affairs and European Integration of Montenegro, [Bilateral Relations with Russian Federation](#), undated.
- Directorate General External Policies of the Union, [The Russian Economic Penetration in Montenegro](#), 7 December 2007.
- EU External Action, [Montenegro Stabilisation and Association Agreement](#), 15 October 2007.
- BETA, [Kasarnu Kumbor kupio SOCAR](#), 10 July 2012.

3. Power relations in the EU

Germany – partner and gatekeeper in the accession process

Relations between Germany and Montenegro are quite developed, with historical roots, dating from the opening of the first German diplomatic representation in 1906 in Montenegro. Once Montenegro regained its independence, Germany was the first country to send its ambassador on 14 June 2006.

Germany is strongly supportive of the political and economic reforms within the parallel accessions processes Montenegro to NATO and the EU. The entire trade exchange between the two countries in 2013 was 129.8 million Euro (imports: 116.5 and exports: 13.3), whereas direct investments from Germany amounted to 22.7 million Euro (which represents a significant increase compared to previous

years. Since 2009, the average was below 15 million Euro per year. Priority fields of cooperation are energy, energy efficiency, communal infrastructure and tourism. Development aid from Germany to Montenegro is allocated to the implementation of structural reforms, consolidating and advancing the financial sector, infrastructure projects, development of the economy (small and medium enterprises) and tourism. For the last 14 years, Germany has been conducting development projects in Montenegro, whose combined value is approximately 300 million Euro. These numbers make Germany Montenegro's largest bilateral donor. Furthermore, there was significant humanitarian aid pledged by the German humanitarian organisation HELP, as well as some support for civil society projects dealing with some of the most challenging issues in Montenegro. The number of German tourists is also increasing and represents an important income to this part of the Montenegrin economy.

It is important to note Germany's visible interest in Montenegro in terms of the establishment of the rule of law and European values. Overall, Germany is perceived as one of the most important decision-makers in the EU, supporting the Montenegrin efforts on the way to the EU but at the same time remaining very vocal in expressing concerns about major challenges to the country's democratisation.

Austerity vs. growth – following the French model

The economic crisis that occurred in 2009 and affected all countries worldwide inevitably also had strong effects on Montenegro. Therefore, European debates on austerity measures vs growth have spread to Montenegro as well, due to the tendency of a decreasing standard of life, deteriorating economic conditions and fear of authorities from social unrest. Therefore, in the Montenegrin political context, the dominant position is that, for the boosting of economic growth and the citizens' standard of living, moderate austerity measures should be applied. This would also address the need to respond to problems in the economy and decrease the current social instability.

Contrary to the German model aiming to ensure real growth through a strict austerity policy, Montenegro adopted the closer French economic and social model as its framework for action. Assuming that it will significantly improve the economic situation in the country and influence the implementation of internal and foreign policy activities, with the focus on balancing revenues and losses, public administration reform (especially in the consolidation of the public sector through a decrease of public spending), strengthening of capacities for functional rule of law, a reform of the judiciary system, as well as on the overall EU integration process.

Brexit – Little discussion about a potentially relevant ally

This topic is not present in Montenegrin public discourse and the UK remains one of the countries that strongly supports Montenegrin EU accession as well as the EU's support to civil society activities, although with a rather limited financial scope.