IMPORTANT EVENTS IN 2018

JANUARY

The Government adopted the Economic Reform Programme for Montenegro until 2020, which envisages a sustainable and inclusive economic growth that will contribute to reducing the developmental lag behind the EU average.

Instead of the general rate of 19 percent, VAT was increased to 21 percent, while the excise duty on cigarettes increased from 30 to 40 euro for 1,000 cigarettes.

Representatives of the Government of Montenegro and the World Bank signed the loan agreement for “Tax Administration Reform Project” valued 14 million euros that would contribute to improved work of the Tax Administration and more efficient service providing.

The Government adopted the Agro budget for 2018 in the amount of 39.95 million euro.

FEBRUARY

Representatives of the Government of Montenegro and the European Bank for Reconstruction and Development signed the Memorandum of Understanding in London. The Memorandum serves as the framework for developing and the implementation of the “Investment Climate and Governance Initiative”.

The Government adopted the supplemented Decree on Marking Tobacco Products and Alcoholic Beverages with Control Excise Stamps, which should contribute to more efficient pursuing of the determined excise duties policy.

On the list of global economic freedoms published by the US Heritage Foundation, Montenegro was ranked 68th of 186 ranked countries, improving its position by 15 places.

MARCH

The Government adopted the Law Amending the Budget Law for 2018, pursuant to which source revenues increased by 57 million euro, as well as total expenses by 82 million euro.

The representatives of the Government of Montenegro and the China Road and Bridge Corporation (CRBC) signed the Memorandum of Understanding for the project of constructing Bar-Boljare Highway based on the public-private partnership principle.
The Government adopted the Decision on Montenegro borrowing in 2018, whereby the state may borrow up to 440 million euros, of which up to 250 million euros will be dominantly used for debt repayment, and the remaining 190 million euros for the needs of financing the priority route of Bar-Boljare highway.

Representatives of the Government and the World Bank signed the loan agreement for the implementation of Montenegro Institutional Development and Agriculture Strengthening - MIDAS 2, valued at 30 million euros.

**APRIL**

Montenegro successfully finalised the international Eurobond issue in the amount of 500 million euros, enabling the refinancing of bonds maturing in 2019, 2020, and 2021 at the interest rate of 3.375%.

The Parliament adopted the Decision on acceptance of the agreement for the exercising of put option between the State of Montenegro and the Italian A2A Group, when the management of the national energy company (EPCG) is concerned. The agreement represents the put option reprogram, which means that instead of paying 35.7 million euros annually over the following seven years, the conditions had been created for Montenegro to pay a put option over two years in four instalments, partially from the state budget, and partially from EPCG’s own funds, starting as of May.

Montenegro became 150th member of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

**MAY**

Representatives of the Parliament of Montenegro and the State Audit Institution signed the Protocol on Cooperation, aimed at further promotion of effective budgetary control, as well as the control of borrowing and asset disposal.

**JUNE**

The Parliament adopted the Amendments to the Law on Voluntary Financial Restructuring of Debts towards Financial Institutions that provide for its extended validity for another year.


At the Intergovernmental Conference which took place in Luxembourg, Montenegro opened Chapter 17 – Economic and Monetary Policy.

Representatives of the Ministry of Finance signed a 1.41 million euro worth Twinning Agreement with the EU institution consortium aimed at supporting financial services regulation in Montenegro.

The Government adopted the Proposal of regulation on the conditions for deferred collection of tax and non-tax receivables, allowing taxpayers to defer the payment of their debt by up to six months, or reprogram it to a 24-instalment plan.
**JULY**

The Parliament adopted amendments to the Law on Excise Taxes and the Budget Law for this year, that is, a revision, which implies redefining measures in the collection of revenues from excise duties and changes in the expenditure structure.

The Government laid down the Proposal for Amendments to the Law on Budget and Fiscal Responsibility, which defines that expenditures for the purchase of securities are also treated as a part of financing transactions.

Representatives of the Investment and Development Fund and China Development Bank signed in Sofia an agreement on a first loan arrangement worth 19 million euros intended to support the liquidity of small and medium-sized enterprises.

The six million euro loan agreement for the second energy efficiency project (MEEP2), signed between Montenegro and the World Bank, will improve living conditions in 18 healthcare facilities.

The European Investment Bank approved a new 150 million euro worth loan to the Investment and Development Fund (the funds will be withdrawn in two tranches of 100 million euros and 50 million euros) intended to support and stimulate the development of the SME sector in Montenegro and the opening of new jobs.

**AUGUST**

Montenegro was ranked the second among countries in the region in terms of GDP per capita, according to the purchasing power standard for the last year.

**SEPTEMBER**

Montenegro opened its first solar farm, which started commercial electricity production in the first half of this month.

Credit rating agency Moody's reaffirmed Montenegro's B1 credit rating in a new report, with a significant change in the outlook from stable to positive.

**OCTOBER**

Montenegro advanced six positions to this year’s World Economic Forum’s competitiveness list and is ranked 71st of 140 ranked countries.

Representatives of the Electric Transmission System of Montenegro (CGES) and the German Development Bank (KfW) signed a loan agreement worth 20 million euros.

An analysis of the national legislation and a set of recommendations for harmonization with the EU acquis in the area of direct and indirect taxes was completed within the Twinning project "Support to Tax Administration", through intensive cooperation with Spanish experts.
November

The Parliament adopted the Law on the Execution of Budget of Montenegro for 2017, according to which total public spending totalled 2.01 billion euros and accounted for 47.48% of GDP.

The Parliament adopted amendments to the Law on Default Interest Rate, which increases it by one percent that is, from seven to eight percent, thus harmonizing with EU regulations.

The Government of Montenegro and the consortium Adriatic Marinas and Damen signed a Concession Agreement for commercial use of the shipyard in Bijela for a period of 30 years.

December

The Parliament adopted the Budget Law for 2019, which provided for a total amount of revenues and expenditures of 2.38 billion euros.

The Government adopted the proposed Decision on Montenegro Borrowings in 2019, which enables the government to borrow 370 million euros for the purpose of financing budget commitments, sections of the Bar - Boljare highway, and debt repayments.

Montenegro was granted additional 68.6 million euros from the European Union and bilateral donors from the Western Balkans Investment Framework to implement four transport and environmental investment projects and to prepare project documentation for two new ones.

The Central Bank of Montenegro introduced interim administration in Atlas Bank and IBM Bank. The decisions on the introduction of the interim administration were made on the basis of findings of supervision previously carried out in these two banks.