

# EXTERNAL SECTOR

07



## 7.1. Balance of payments

In the period January - September 2025, the current account deficit ran a deficit increase of 16.35% compared to the same period of the previous year (with which all comparisons in this part of the report were made), to the level of 909.08 million euros (table 7.1). It resulted mainly from the increase in goods deficit and surplus decline at the secondary income sub-account, since the services and primary income accounts recorded surplus. As a result of net inflows across all sub-accounts of the financial account, net capital inflows recorded an increase, i.e. a surplus, of which 45.86% related to foreign direct investment (FDI), 42.41% to portfolio and other investment, and the remaining 11.73% to financial derivatives and the reserves of the CBCG.

The goods deficit exceeding the surplus recorded on the other sub-accounts of the current account was the main reason for the overall deficit. The deficit on the goods account amounted to 2,762.65 million euros (an increase of 10.65%), resulting from a rise in imports and a decline in exports of goods. Visible imports amounted to 3,187.30 million euros and it was 226.80 million euros or 7.66% higher than in the comparative period, mainly due to increased import of electricity and road vehicles. Total visible exports amounted to 424.66 million euros, which represents a decline of 39.10 million euros or 8.43% year-on-year, mainly due to the decline in the export of other transport equipment and non-ferrous metals.

The services account recorded a surplus in the amount of 1,442.74 million euros, recording a y-o-y increase of 1.91%. It saw a 2.08% growth in revenues and 2.40% growth in expenditure, which resulted in the total volume of service trade of 3,019.31 million euros, which is 2.16% more year-over-year.

The primary and secondary income accounts ran a surplus. The surplus on primary income sub-accounts amounted to 106.07 million euros (unlike the 18.58 million euros deficit recorded in the comparable period), resulting from an increase in revenues from international investments and compensations to employees and the simultaneous decline in outflow from paid dividends. The secondary income account recorded a surplus of 304.76 million euros, which represents an annual decrease of 4.24%, and is largely the result of a decrease in income from received donations and grants and increased expenditures of other sectors. Inflow based on remittances<sup>62</sup> amounted to 650.05 million euros recording a 23.59 million euros or 3.77% growth.

The financial account saw decreased net FDI inflow based and portfolio investments, while other investments recorded net inflow. Total net FDI inflow amounted to 366.13 million euros, showing a decrease of 1.69%, due to the increased outflow by 50.01 million euros or 17.50%. Portfolio investments saw a net inflow of 184.66 million euros while the other investments account registered a net inflow of 153.99 million euros.

<sup>62</sup> Remittances are formed partly in the primary income account (compensation of employees) and partly in the secondary income account (personal transfers and social benefits).

Table 7.1

Balance of Payments of Montenegro, in thousand euros <sup>63</sup>				
No.	Item name	January – September 2024	January – September 2025	Change in %
1	CURRENT ACCOUNT	-781,342.06	-909,080.59	16.35
1.A	GOODS AND SERVICES BALANCE	-1,080,997.16	-1,319,907.72	22.10
1.A.a	Goods	-2,496,742.70	-2,762,646.32	10.65
1.A.a.1	Exports f.o.b.	463,756.05	424,657.34	-8.43
1.A.a.2	Imports f.o.b.	2,960,498.75	3,187,303.66	7.66
1.A.b	Services	1,415,745.54	1,442,738.59	1.91
1.A.b.1	Revenues	2,185,579.57	2,231,023.74	2.08
1.A.b.2	Expenditures	769,834.03	788,285.15	2.40
1.B	Primary income	-18,583.44	106,071.40	
1.B.1	Revenues	345,326.83	419,103.60	21.36
1.B.2	Expenditures	363,910.27	313,032.20	-13.98
1.C	Secondary income	318,238.54	304,755.74	-4.24
1.C.1	Revenues	422,103.41	416,204.25	-1.40
1.C.2	Expenditures	103,864.87	111,448.51	7.30
2	CAPITAL ACCOUNT	-13,609.72	-1,120.39	8,132.26
2.A	Revenues	0.00	0.00	
2.B	Expenditures	13,609.72	1,120.39	8,132.26
	CURRENT AND CAPITAL ACCOUNT BALANCE	-781,355.67	-910,200.98	16.49
3	FINANCIAL ACCOUNT, net	-668,039.85	-798,426.54	19.52
3.A	Financial assets net increase	114,606.57	-226,062.92	
3.B	Liabilities net increase	782,646.42	572,363.62	-26.87
3.1	Direct investments, net	-372,409.04	-366,131.04	-1.69
3.1.1	Financial assets net increase	50,701.24	48,044.57	-5.24
3.1.2	Liabilities net increase	423,110.28	414,175.61	-2.11
3.2	Portfolio investments, net	-406,600.69	-184,659.47	-54.58
3.2.1	Financial assets net increase	252,713.44	125,196.13	-50.46
3.2.2	Liabilities net increase	659,314.13	309,855.60	-53.00
3.3	Financial derivatives, net	-18,130.53	-14,385.49	-20.66
3.3.1	Financial assets net increase	-11,139.03	-13,805.79	23.94
3.3.2	Liabilities net increase	6,991.50	579.70	-91.71
3.4	Other investments, net	-92,562.63	-153,985.20	66.36
3.4.1	Financial assets net increase	-399,332.12	-306,232.49	-23.31
3.4.2	Liabilities net increase	-306,769.49	-152,247.29	-50.37
3.5	CBCG reserves (changes)	221,663.04	-79,265.34	
4	NET ERRORS AND OMISSIONS (3-2-1)	113,315.82	111,774.44	-1.36

Source: CBCG

<sup>63</sup> Montenegro's balance of payments' data published in accordance with the new IMF methodology (IMF Balance of Payment and International Investment Position Manual, sixth edition - BMP 6), 2009.

## 7.1.1. Current and capital accounts

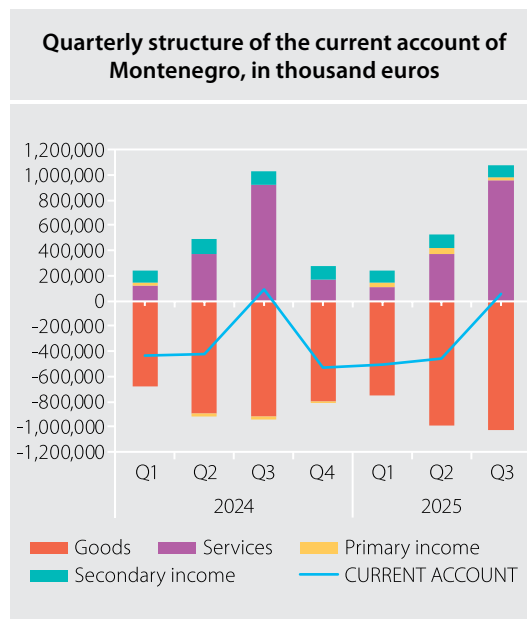
In the period January - September 2025, a deficit on the current and capital account of Montenegro amounted to 910.20 million euros and this is the result of a deficit on the goods account, while all other accounts recorded surplus (graph 7.1). The foreign trade deficit amounted to 2,762.65 million euros, while the deficit in the visible and invisible trade amounted to 1,319.91 million euros and increased by 238.91 million euros compared to the previous year, as a result of a larger deficit on the goods account (by 265.90 million euros) and the slight increase in surplus on the services account (by 26.99 million euros). The degree of coverage of import by visible and invisible exports was 66.80%, which represents a decline of 4.22 pp year-over-year. A surplus of 410.83 million euros was realised on the primary and secondary income accounts (an increase of 37.10%).

### 7.1.1.1. Visible trade<sup>64</sup>

According to preliminary MONSTAT data, the total international visible trade amounted to 3,692.50 million euros or 6.05%, as a result of growth in imports by 231.02 million euros or 7.58% despite the decline in exports (by 20.26 million euros or 4.68%).

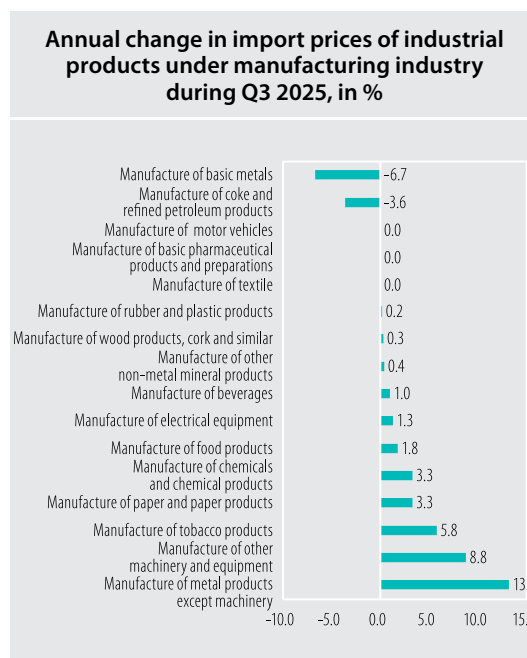
The higher value of imports resulted partly from an increase in import prices of manufactured industrial products which was relatively modest in Q3 of the current year and amounted to 0.6% on an annual basis (owing to unchanged prices of certain types of products), yet was considerably higher for some categories of goods with a significant share in the structure of Montenegro's visible imports (graph 7.2)<sup>65</sup>. As a result, when observed by consumption purpose, prices of durable consumer goods increased by 2.3%

Graph 7.1



Source: CBCG

Graph 7.2

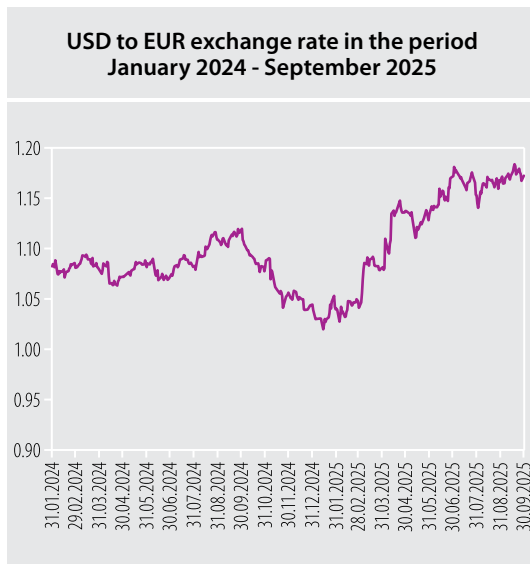


Source: MONSTAT, preliminary data

<sup>64</sup> **Methodological remarks:** Data on foreign trade and balance of payment of Montenegro are shown according to the special trade system. The CBCG performs adjustments of data received from MONSTAT for the purposes of compiling the balance of payments in line with the IMF methodology (*Balance of Payments and International Investment Position Manual, Sixth Edition*, IMF, 2009). Data on visible imports and exports are presented per f.o.b. The adjustments made by the CBCG are the reason for the difference in the data presented in table 7.1 and the data analysed in this chapter.

<sup>65</sup> Note: The classification of goods in graph 7.2 is not identical to the classification of goods according to the SITC, under which the import structure is presented in the remainder of this section of the report.

**Graph 7.3**

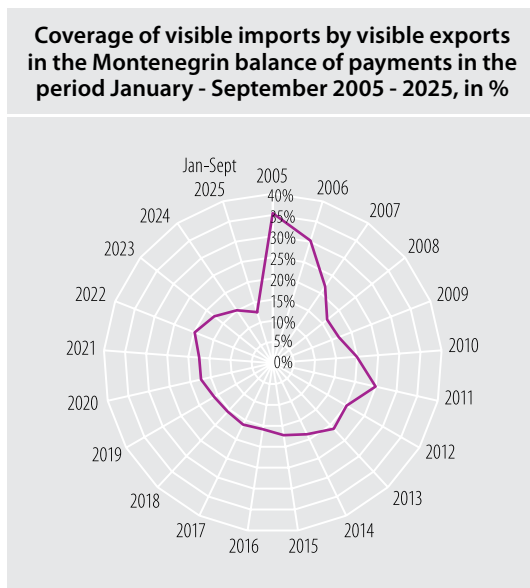


Source: ECB

year-on-year, while prices of non-durable consumer goods rose by 2.1%.

The increase in import prices was partly the result of the euro’s appreciation against some of the world’s most important trading currencies during the period January – September 2025 (USD +12.25%, Swiss franc +5.16%). The euro’s appreciation was driven by rising uncertainty caused by contradictory changes in the United States’ tariff policy and the continuation of the war in Ukraine. Given that Montenegro effects the vast majority of its foreign trade payments in euros (approximately 96% according to data from the ITRS) due to euroisation, the euro’s appreciation did not have a direct impact on the rise in Montenegro’s import prices. Nevertheless, an indirect effect was present, as the euro’s appreciation increased producers’ import prices in the countries from which a significant share of Montenegro’s total imports originates, as explained below (graph 7.3).

**Graph 7.4**



Source: MONSTAT and CBCG calculations

The coverage of imports by visible exports declined to 12.59% (by 1.62 pp) compared y-o-y (graph 7.4).

Total visible exports reached 412.87 million euros or 4.68% less. Observed by categories of the SITC<sup>66</sup> (table 7.2), the decline in total export was primarily affected by the decline in the category *machinery and transport equipment*<sup>67</sup>. Its exports amounted to 52.44 million euros, and it was 22.66 million euros or 30.17% lower. The recorded trend is the result of a decrease in exports in the subcategory other transport equipment, where the value of visible exports amounted to 24.24 million euros, which represents a decrease of 16.35 million euros or 40.29%, compared to the previous year.

<sup>66</sup> Standard International Trade Classification.

<sup>67</sup> The largest portion of exports under the category machinery and transport equipment referred to temporary export for the purpose of outward processing.

In the visible exports structure, the category *mineral fuels and lubricants* accounted for the largest share of 25.60%, recording a y-o-y growth of 2.93 pp. Within this category, the largest individual share was in export of electric current with 18.25% of total visible exports and it was 8.70%. The second highest share in visible exports was the category *raw materials, except fuels* with 17.36% the export of which declined by 5.09%. Under this category, the most common products were metalliferous ores and metal scrap and cork and wood. A significant share of exports (13.05%) was accounted for by the category of *chemical products*, whose exports increased. By contrast, exports of the category *machinery and transport equipment*<sup>68</sup>, although still representing a high share (12.70%), declined by 30.17% year-over-year and had the greatest impact on the reduction in total merchandise exports.

**Table 7.2**

Structure of visible exports from Montenegro, in thousand euros							
				Share		Change	Nominal difference
		January - September 2024 (in 000 euros)	January - September 2025 (in 000 euros)	January - September 2024 (in %)	January - September 2025 (in %)	January - September 2025 (in %)	January - September 2025 (in 000 euros)
0	Food and live animals	35,465.27	40,116.12	8.19%	9.72%	13.11%	4,650.85
1	Beverages and tobacco	28,217.99	23,562.95	6.51%	5.71%	-16.50%	-4,655.04
2	Raw materials, except fuels, of which:	75,534.04	71,686.79	17.44%	17.36%	-5.09%	-3,847.25
	Cork and wood	26,129.34	23,698.12	18.52%	16.48%	-9.30%	-2,431.23
	Mineral ores and metal scrap	45,197.72	44,335.15	32.04%	30.84%	-1.91%	-862.57
3	Mineral fuels and lubricants, of which:	98,213.76	105,703.11	22.68%	25.60%	7.63%	7,489.35
	Electric current	69,306.41	75,334.70	49.13%	52.40%	8.70%	6,028.29
4	Animal and vegetable oils and fats	1,628.89	1,465.37	0.38%	0.35%	-10.04%	-163.52
5	Chemical products	43,518.19	53,900.20	10.05%	13.05%	23.86%	10,382.01
6	Manufactured goods classified chiefly by material	44,066.78	35,068.49	10.17%	8.49%	-20.42%	-8,998.29
7	Machinery and transport equipment	75,098.14	52,442.13	17.34%	12.70%	-30.17%	-22,656.01
8	Miscellaneous manufactured articles	27,190.39	25,127.37	6.28%	6.09%	-7.59%	-2,063.02
9	Products and transactions, otherwise not mentioned	4,200.03	3,800.00	0.97%	0.92%	-9.52%	-400.03
	<b>TOTAL:</b>	<b>433,133.48</b>	<b>412,872.53</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-4.68%</b>	<b>-20,260.95</b>

Source: MONSTAT and CBCG calculations

Total visible imports, according to the SITC, amounted to 3,279.62 million euros and it rose 7.58% year-over-year. The increase in imports, analysed by SITC categories (table 7.3), was most influenced by the rise in imports of the *machinery and transport equipment* category, which grew by 61.83 million euros, or 8.40%, mainly driven by the increase in imports of the subcategory *road vehicles*, which rose by 31.42 million euros, or 11.33%, reaching a total of 308.65 million euros.

Imports of products under the *machinery and transport equipment* category also accounted for the largest share of total imports according to SITC (24.33%), as was the case in the corresponding period. The second-largest share of visible imports (of 19.07%), was the *food and live animals* category, which also recorded the second-highest nominal increase, exceeding 50 million euros. Within this category,

<sup>68</sup> The largest portion of exports under the category machinery and transport equipment referred to temporary export for the purpose of outward processing.

the most prominent subcategories were *meat and meat preparations*, and *vegetables and fruit*. A significant share of imports (14.84%) was held by the category of *manufactured goods classified chiefly by material*, with the largest contributions coming from the subcategories of *non-metallic mineral manufactures* and *manufactures of metals*, which recorded import value increases of 8.92% and 7.97%, respectively. The category of *miscellaneous manufactured articles* (which also included imports of clothing and footwear worth 164.69 million euros, increasing by 21.17 million euros) also had a substantial share and recorded the third-highest nominal growth.

Table 7.3

Structure of visible imports in Montenegro, in thousand euros							
				Share		Change	Nominal difference
		January - September 2024 (in 000 euros)	January - September 2025 (in 000 euros)	January - September 2024 (in %)	January - September 2025 (in %)	January - September 2025 (in %)	January - September 2025 (in 000 euros)
0	Food and live animals, of which:	574,722.12	625,323.22	18.85%	19.07%	8.80%	50,601.10
	Meat and meat preparations	129,651.59	131,714.51	28.07%	26.66%	1.59%	2,062.92
	Vegetables and fruit	91,226.38	101,027.26	19.75%	20.45%	10.74%	9,800.88
1	Beverages and tobacco	127,569.87	140,176.35	4.18%	4.27%	9.88%	12,606.48
2	Raw materials, except fuels	25,134.71	23,437.36	0.82%	0.71%	-6.75%	-1,697.35
3	Mineral fuels and lubricants	332,566.54	347,777.67	10.91%	10.60%	4.57%	15,211.13
4	Animal and vegetable oils and fats	15,605.81	17,469.46	0.51%	0.53%	11.94%	1,863.65
5	Chemical products	350,930.58	375,703.59	11.51%	11.46%	7.06%	24,773.01
6	Manufactured goods classified chiefly by material, of which:	462,934.83	486,707.95	15.19%	14.84%	5.14%	23,773.12
	Non-metallic mineral manufactures	122,622.65	133,566.48	26.55%	27.04%	8.92%	10,943.84
	Products from metal	115,265.55	124,451.58	24.96%	25.19%	7.97%	9,186.04
7	Machinery and transport equipment	736,014.08	797,844.22	24.14%	24.33%	8.40%	61,830.14
8	Miscellaneous manufactured articles	417,884.73	458,849.71	13.71%	13.99%	9.80%	40,964.98
9	Products and transactions, otherwise not mentioned	5,236.20	6,334.38	0.17%	0.19%	20.97%	1,098.18
	TOTAL:	3,048,599.47	3,279,623.91	100.00%	100.00%	7.58%	231,024.44

Source: MONSTAT and CBCG calculations

When we talk about exports by region, the main foreign trade partners of Montenegro were the CEFTA<sup>69</sup> countries, where 48.50% of goods were exported and the EU countries with the share of 29.64% (with electric current mainly exported to these two groups), as well as the EFTA<sup>70</sup> (6.44%) and other countries (15.42%).

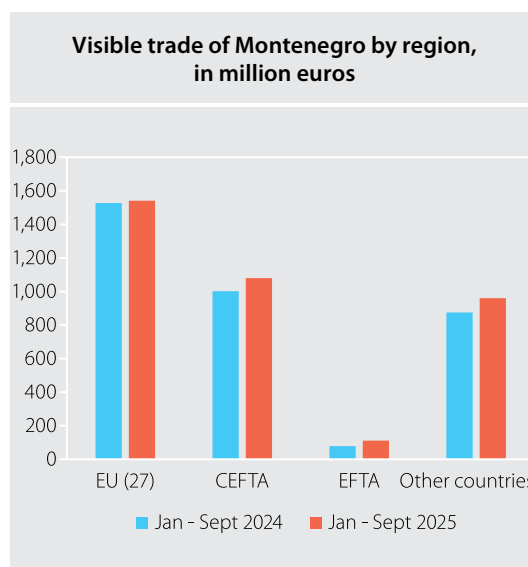
<sup>69</sup> The Central European Free Trade Agreement (CEFTA) is a trade agreement between Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Moldova, Serbia, the Republic of Kosovo and Montenegro.

<sup>70</sup> The European Free Trade Association (EFTA) is international governmental organization consisting of Iceland, Liechtenstein, Norway and Switzerland.

Most goods were imported from the EU (43.27%), then CEFTA and EFTA countries (26.82% and 2.59%, respectively), while 27.32% of goods were imported from other countries (graph 7.5). Observed by types of goods, mostly imported goods from the EU were oil and oil derivatives and road vehicles. The largest imports from the CEFTA countries were electric current, cement, and water, and live animals, whose imports, together with food, represent the highest from this group of countries.

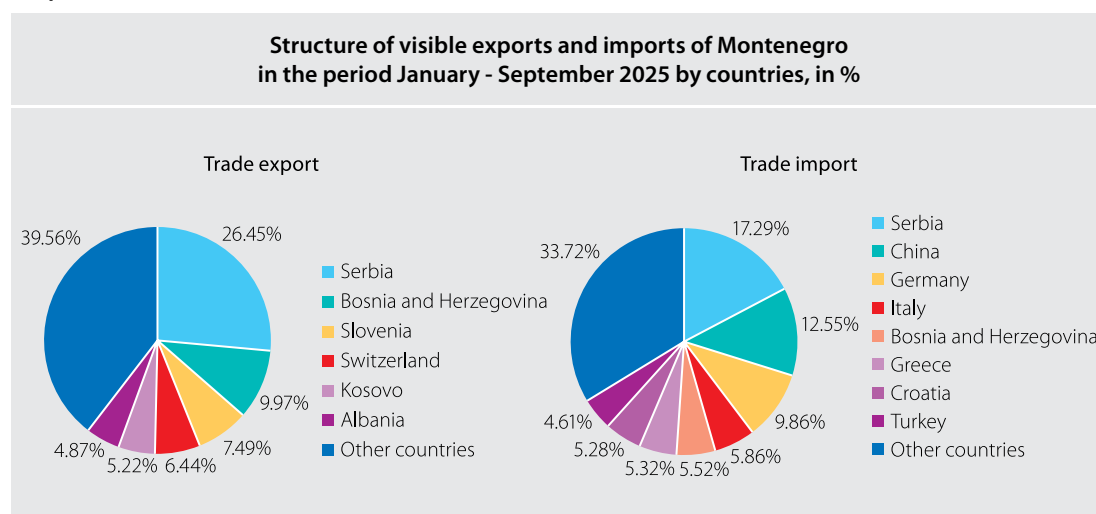
In consideration of individual countries, the biggest export partners were: Serbia (109.22 million euros), Bosnia and Herzegovina (41.18 million euros) and Slovenia (30.91 million euros). In terms of imports, most goods were imported from Serbia (566.94 million euros), followed by China (411.45 million euros) and Germany (323.53 million euros) (graph 7.6).

**Graph 7.5**



Source: MONSTAT

**Graph 7.6**



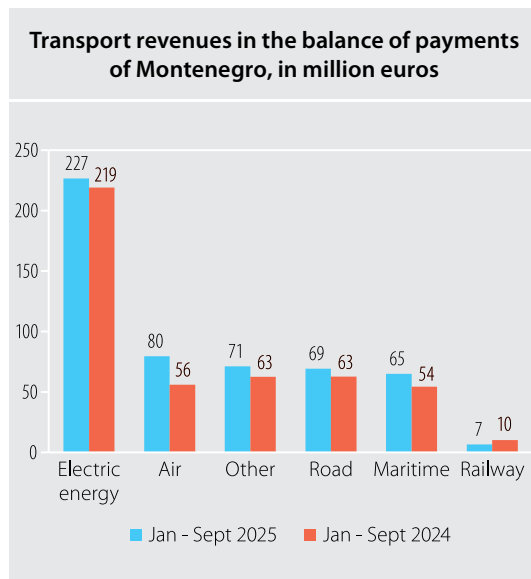
Source: MONSTAT and CBCG calculations

### 7.1.1.2. Services

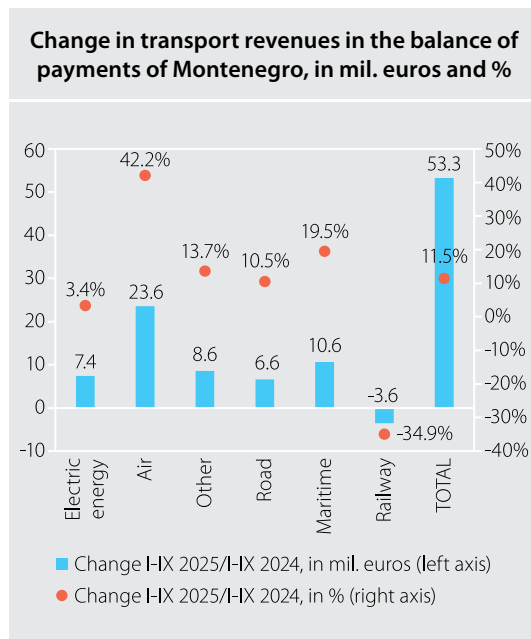
In the period January - September 2025, Montenegro recorded a surplus of 1,442.74 million euros in international invisible trade. Total export of goods amounted to 3,019.31 million euros, showing an increase of 2.16%.

Total revenues from services amounted to 2,231.02 million euros (2.08% increase) and they primarily came from travel-tourism, while other revenues were from transport, other business services and telecommunication, computer and information services.

Expenditures for services amounted to 788.29 million euros and recorded a growth of 2.40%. In the structure of expenditures, the largest share (51.64%) was recorded by expenditures for transport in the amount of 407.03 million euros (mainly for the electric current transport), followed by expenditures for other business services (14.62%) which amounted to 115.23 million euros. Within these services, most of the expenditures were for professional and consulting services and management (74.47 million euros) followed by technical, trade and other business services with 36.37 million euros.

**Graph 7.7**


Source: CBCG

**Graph 7.8**


Source: CBCG

During the reporting period, the transport services account recorded a surplus in the amount of 111.20 million euros, which is 46.74 million euros or 72.52% more than in the comparative period due to the increase in revenues from air and maritime transport. The largest invisible trade was recorded on the basis of freight transport, 292.94 million euros for imports and 290.66 million euros for exports, mainly due to the pipeline transport and electric current transmission. These flows (from electric current transport) accounted for 43.72% of total revenues and 44.34% of expenditures from transport services.

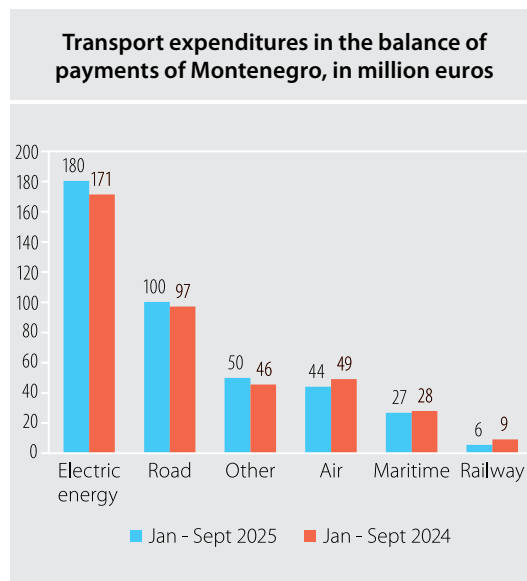
Total transport revenue amounted to 518.23 million euros or 11.46% more year-over-year (graph 7.7). After electric current transport, which prevailed in the structure of revenues from transport services during the reporting period, air transport accounted for the largest share of 15.35%, road transport for 13.37%, and maritime transport for 12.55%, while railway transport revenues had the lowest share of 1.28%. Revenues generated from assistance and support related to transport accounted for 12.96%, mostly representing vehicle rental with crew for a specified period, freight forwarding services, and other transport-related services. The remaining 0.77% were postal and courier services and inland water transport. The highest revenue growth was recorded in air transport (graph 7.8).

Total transport expenditures amounted to 407.03 million euros, which is 6.54 million euros or 1.63% more y-o-y. In the structure of transport expenses, the largest share (24.62%), related to expenditures for electric current transport (graph 7.9), followed by air transport at 10.82% and maritime transport at 6.60%, while the lowest share was for railway transport expenses, of 1.35%. Expenditures for transport services, mainly related to assistance, support, and other transport services, accounted for 11.63%, while the remaining 0.64% pertained to postal and courier services and inland water transport. The highest growth in expenditures was recorded for electric current transmission (graph 7.10), as a result of regulatory adjustments, specifically the increase in transport fees in Montenegro.

Construction services account recorded total revenues in the amount of 28.47 million euros (a 8.15% decline year-over-year), while the expenditures for hiring non-resident construction workers amounted to 13.14 million euros (a 3.18% decrease). As a result, the construction services account recorded a surplus in the amount of 15.34 million euros, which is the y-o-y decrease of 12.02%.

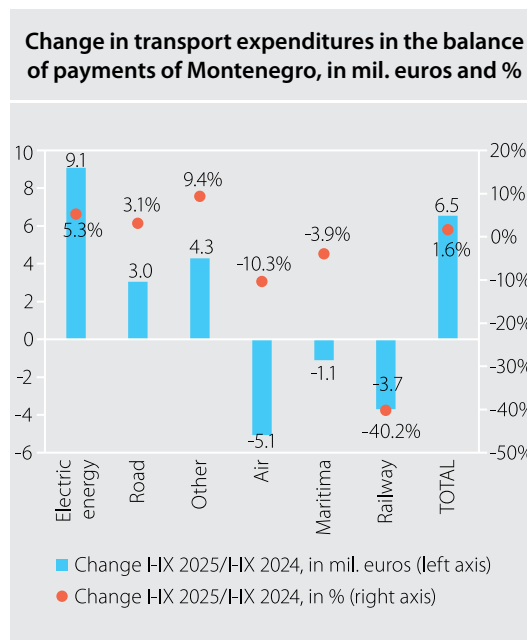
Revenues from other business services amounted to 150.83 million euros, with the main share of 101.03 million euros arising from the provision of various business, professional and consulting services. Expenditures for other business services amounted to 115.23 million euros or 13.63% less, due to the reduction in expenses related to technical, trade, and other business services, as well as professional and management consulting services, (by 12.95% and 12.89%, respectively). Expenditures on import side, followed by the decline in revenues on this basis of 3.11%, led to a surplus of 35.60 million euros (22.73 million euros increase).

Graph 7.9



Source: CBCG

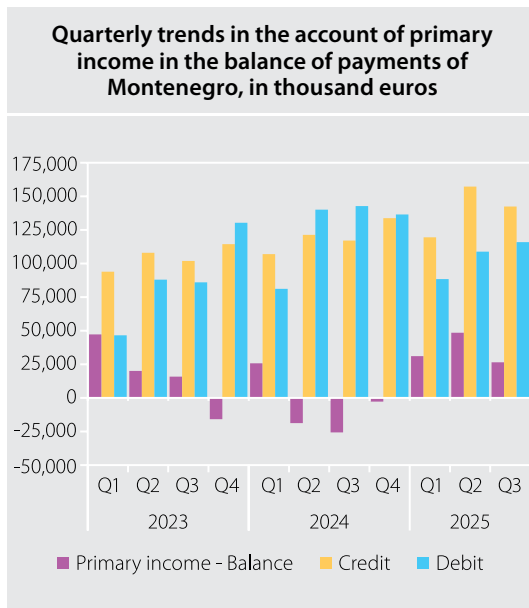
Graph 7.10



Source: CBCG

### 7.1.1.3. Primary income

Graph 7.11



Source: CBCG

In the period January - September 2025, primary income account recorded a surplus in the amount of 106.07 million euros, while there was a deficit of 18.58 million euros in the corresponding period of the previous year (graph 7.11).

The increase in the surplus on the primary income account was the result of both higher revenues and lower expenses, with the largest nominal growth in both revenues and expenditures recorded under international investment, specifically in interest received and paid (table 7.4). Annual revenue growth was observed across all categories of primary income, while an increase on the expenditure side was recorded only in compensation of employees, with all other expenditures declining. During the reporting period, the highest revenues were generated from compensation of employees, whereas the largest expenses were related to dividend payments.

Table 7.4

Structure and annual changes in revenues and expenditures on the primary income account, in the period January - September 2025							
	REVENUES			EXPENDITURES			Net primary income, in mil. euros
	In mil. euros	Change in mil. euros	Annual growth rate	In mil. euros	Change in mil. euros	Annual growth rate	
Total based on primary income:	419.10	73.78	21.36%	313.03	-50.88	-13.98%	106.07
1. Compensations to employees	294.27	15.62	5.61%	96.73	14.75	17.99%	197.54
2. Income from international investments, of which:	124.83	58.16	87.22%	216.30	-65.63	-23.28%	-91.47
2.1. Based from paid dividends	66.19	5.37	8.83%	153.28	-4.48	-2.84%	-87.09
2.2. Based from collected interest	47.52	41.82	733.42%	62.88	-61.30	-49.36%	-15.36
2.3. From other bases	11.12	10.97	98.65%	0.14	0.15	107.14%	10.98

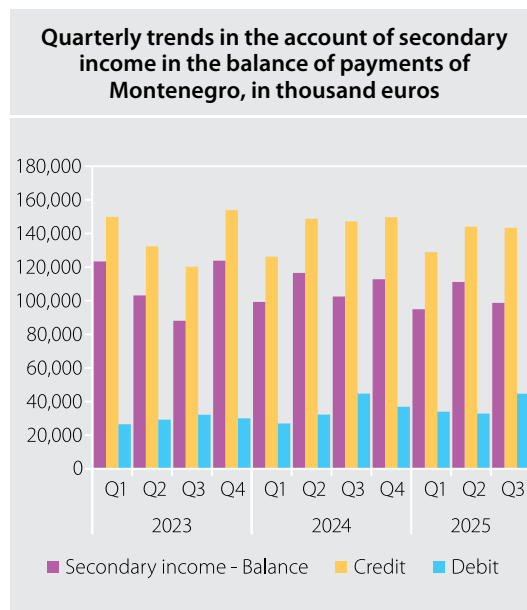
Source: CBCG

### 7.1.1.4. Secondary income

In the period January - September 2025, the secondary income account ran a surplus of 304.75 million euros, which is 13.48 million euros less than in the previous year (graph 7.12).

The decline in the surplus resulted from reduced inflows and increased outflows on the secondary income account, with the fall in inflows recorded in government and other current transfers, while personal transfers and social benefits increased (table 7.5). The expenditure side recorded an increase in most categories (the largest in personal transfers abroad), except for the category of other current transfers.

Graph 7.12



Source: CBCG

Table 7.5

	INFLOW			OUTFLOW			Net inflow/outflow, in mil. euros
	In mil. euros	Change in mil. euros	Annual growth rate (%)	In mil. euros	Change in mil. euros	Annual growth rate (%)	
Total inflow based on secondary income:	416.20	-5.90	-1.40%	111.45	7.58	7.30%	304.75
1. Government	34.34	-7.82	-18.54%	23.49	1.92	8.90%	10.85
2. Other sectors, of which:	381.86	1.92	0.50%	87.96	5.66	6.88%	293.90
2.1. Personal transfers	313.77	4.72	1.53%	54.38	7.27	15.43%	259.39
2.2. Other current transfers, of which:	68.09	-2.80	-3.95%	33.58	4.48	-4.57%	34.51
2.2.1. Social benefits (pensions)	42.01	3.25	8.39%	13.15	1.28	10.79%	28.86
2.2.2. Other	26.08	-6.05	-18.84%	20.43	-2.89	-5.18%	5.65

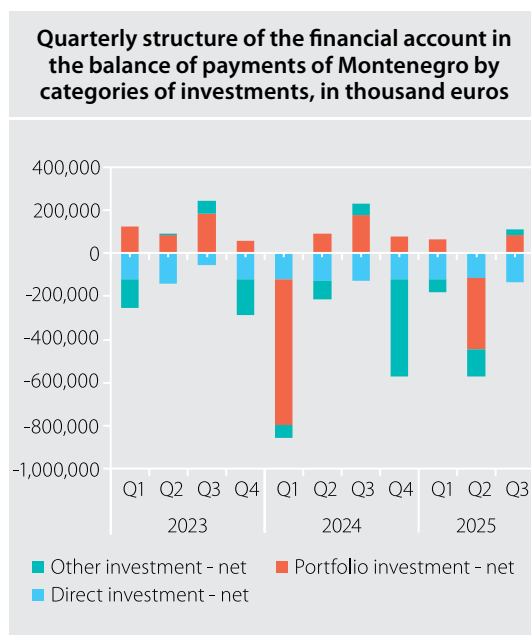
Source: CBCG

## 7.1.2. Financial Account

The financial account recorded a net inflow of capital of 798.43 million euros in the period January - September 2025, which is 130.39 million euros increase y-o-y. Developments in the financial account were characterised by decreased net inflows on the foreign direct investment account and the portfolio investment account, while an increase in net inflows was recorded on the other investment account (graph 7.13), as a result of the growth in loan liabilities of banks, the government and other sectors vis-à-vis non-residents.

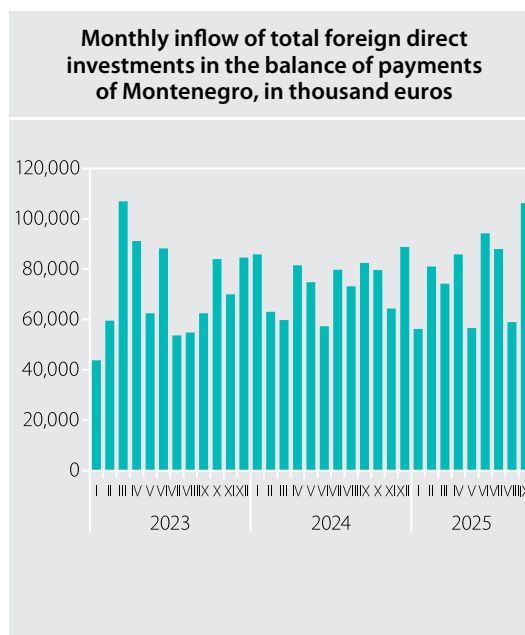
Net FDI inflow amounted to 366.13 million euros or 1.69% less compared y-o-y resulting from lower growth in income than the FDI outflow. Total FDI inflow amounted to 701.89 million euros and it increased by 43.74 million euros or 6.65% (table 7.6), and it was realised at a slightly higher timeline year-on-year (graph 7.14).

Graph 7.13



Source: CBCG

Graph 7.14



Source: CBCG

Table 7.6

FDI inflow structure in the period January - September 2025				
FDI inflow structure	In mil. euros	Share in FDI inflow structure, in %	Annual change in million euros	Annual change in %
1. Intercompany debt	221.68	31.58%	4.82	2.22%
2. Equity investments, of which:	448.11	63.84%	27.82	6.62%
2.1. Real estate	361.78	51.54%	41.54	12.97%
2.2. Companies and banks	86.33	12.30%	-13.72	-13.71%
3. Other investments (withdrawal of investments from abroad)	32.10	4.58%	11.10	52.85%
<b>TOTAL</b>	<b>701.89</b>	<b>100.00%</b>	<b>43.74</b>	<b>6.65%</b>

Source: CBCG

Growth was recorded in all three FDI segments. Inflows on the basis of debt instruments (intercompany debt) amounted to 221.68 million euros, while equity investment totalled 448.11 million euros and recorded the largest nominal increase, driven by a rise in investment in real estate. Other investments (withdrawals of investments abroad) amounted to 32.10 million euros and recorded the largest relative increase. The structure of total inflows did not change significantly, with real estate investment continuing to prevail during the reporting period, accounting for 51.54% (graph 7.15).

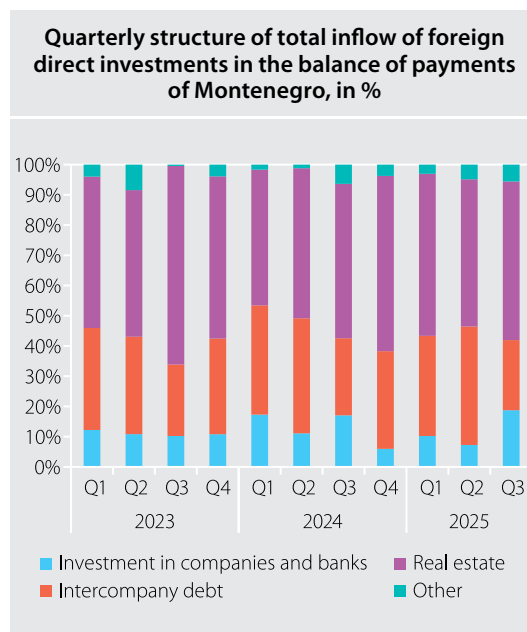
At the same time, the total visible exports amounted to 335.76 million euros and it rose 50.01 million euros or 17.50% y-o-y. In the total FDI outflow structure, the outflow arising from residents' investments abroad amounted to 80.15 million euros, while the withdrawal of non-residents' funds invested in Montenegro amounted to 255.61 million euros.

In the reporting period, the portfolio investment account recorded a net outflow in the amount of 184.66 million euros, or 54.58% y-o-y decline from 406.60 million euros recorded in the same period of 2025. The recorded decrease resulted from a higher amount of principal and interest repayments on previously issued bonds than the inflows generated by the issuance of government bonds on the international capital market.

At the end of the reporting period, net inflow on other investments account amounted to 153.99 million euros and it rose 61.42 million euros or 66.36% year-on-year. In the loans category, which represents the prevailing instrument within this investment account, the largest inflow from loan withdrawal was recorded by other sectors<sup>71</sup>, amounting to 220.85 million euros (y-o-y increase of 143.20%), of which outflows on account of principal repayments also increased by 8.47%, reaching 191.26 million euros. At the same time, the inflow based on the withdrawal of loan funds by the government amounted to 165.39 million euros (y-o-y increase of 178.07%), while an outflow based on the principal repayment amounted to 238.06 million euros (a decrease of 5.15%). At the same time, inflow from banks' foreign borrowings amounted to 58.72.

At end-September 2025, the CBCG's monetary assets in foreign accounts and the vault decreased by 79.27 million euros compared to their balance at 31 December 2024, mainly due to decrease in deposits and investments in securities.

Graph 7.15



Source: CBCG

<sup>71</sup> It refers to all other financial institutions, as well as non-financial corporations, households and non-profit institutions serving households.

## 7.2. External debt

Preliminary data indicate that the gross external debt of Montenegro amounted to 9,793.19 million euros at end of Q3 2025<sup>72</sup> which is 114.31 million euros more than at the end of the previous year, mainly as a result of the increase in the external debt of the public sector.

In the structure of Montenegro's external debt, the public sector debt accounted for 46.11% and the private debt accounted for the remaining 53.89% (table 7.7).

**Table 7.7**

The structure of the external debt of Montenegro, in million euros and in % <sup>73</sup>							
	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Q1-2025	Q2-2025	Q3-2025
Public sector debt	4,259.25	4,194.30	4,147.60	4,288.64	4,232.71	4,556.56	4,515.56
<i>General government</i>	4,156.65	4,091.32	4,046.07	4,183.48	4,129.75	4,458.30	4,417.70
<i>Central bank</i>	102.59	102.98	101.53	105.17	102.96	98.25	97.86
Private sector debt	5,530.03	5,536.32	5,383.69	5,390.23	5,340.57	5,394.32	5,277.63
<i>Depository institutions</i>	1,518.32	1,530.78	1,411.71	1,539.86	1,555.34	1,596.41	1,436.26
<i>Other sectors</i>	1,707.52	1,701.95	1,678.81	1,668.63	1,674.16	1,695.13	1,810.01
<i>Intercompany borrowings</i>	2,304.19	2,303.59	2,293.16	2,181.75	2,111.06	2,102.77	2,031.36
<b>Total external debt</b>	<b>9,789.28</b>	<b>9,730.62</b>	<b>9,531.29</b>	<b>9,678.88</b>	<b>9,573.28</b>	<b>9,950.87</b>	<b>9,793.19</b>
Structure of external debt, in %							
Public sector debt	43.51	43.10	43.52	44.31	44.21	45.79	46.11
<i>General government</i>	42.46	42.05	42.45	43.22	43.14	44.80	45.11
<i>Central bank</i>	1.05	1.06	1.07	1.09	1.08	0.99	1.00
Private sector debt	56.49	56.90	56.48	55.69	55.79	54.21	53.89
<i>Depository institutions</i>	15.51	15.73	14.81	15.91	16.25	16.04	14.67
<i>Other sectors</i>	17.44	17.49	17.61	17.24	17.49	17.04	18.48
<i>Intercompany borrowings</i>	23.54	23.67	24.06	22.54	22.05	21.13	20.74
<b>Total external debt</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: CBCG and Ministry of Finance

<sup>72</sup> Data on the debt balance at the quarterly level is published for the first time in September 2022 in accordance with the Calendar of publication of statistical data, <https://www.cbmg.me/en/statistics/release-calendar>.

<sup>73</sup> Due to rounding to two-digit figures, the sum of items may differ from the total amount insignificantly.

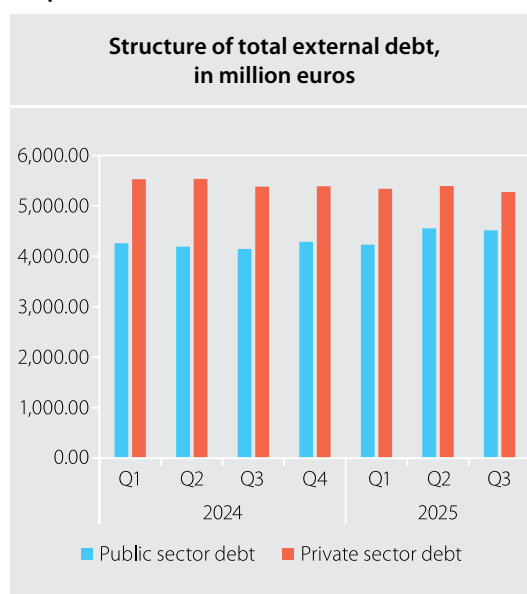
The external debt of the public sector amounted to 4,515.56 million euros (226.91 million euros or 5.29% more compared to end-2024), of which the general government category accounted for the prevailing share of 4,417.70 million euros or 97.83%. In the structure of the general government category, the debt balance based on loan liabilities amounted to 1,629.94 million euros while 2,787.76 million euros related to debt based on issued bonds, which accounted for the respective shares of 36.10% and 61.74% of the public sector's external debt. In its structure, the CBCG, i.e. the allocation of SDRs with the IMF, accounted for 97.86 million euros or 2.17%.

The external debt of the private sector<sup>74</sup> amounted to 5,277.63 million euros, which is 112.60 million euros less compared to the same period of the previous year (graph 7.16). The largest part of private sector debt was related to loans, 4,105.69 million euros or 77.79%, of which intercompany borrowings amounted to a significant share of 2,031.36 million euros.

The debt of other sectors amounted to 1,810.01 million or 34.30% of the total external debt of the private sector. The liabilities of depository institutions abroad amounted to 1,436.26 million euros or 27.21% of the total debt of the private sector, of which the largest part related to deposits of 1,142.94 million euros.

The currency structure of the total external debt was dominated by the euro with 95% participation, which makes the country's risk relatively low considering that the euro is the official means of payment in Montenegro. The structure of the external debt of the private sector according to maturity is favourable considering that about 95% is of a long-term nature (deposits excluded).

**Graph 7.16**



Source: CBCG and Ministry of Finance

<sup>74</sup> The private sector includes: deposit institutions except the central bank (commercial banks) and other sectors (all financial institutions except banks, non-financial corporations, non-profit institutions that provide services to households and households, including entrepreneurs and natural persons) and direct investments (intercompany borrowings). Data on private sector debt include estimates of the debt of natural persons, as well as estimates of the debt of companies that have not submitted reports, based on net flows from the balance of payments (ITRS).

## 7.3 International investment position

At the end of Q3 2025, the net international investment position (IIP) of Montenegro was -8,214.27 million euros. Total foreign claims of residents amounted to 6,018.32 million euros, and liabilities amounted to 14,232.59 million euros.

**Table 7.8**

Structure of the international investment position of Montenegro, in million euros <sup>75</sup>								
	Net IIP Q4-2024	Share in %	Net IIP Q1-2025	Share in %	Net IIP Q2-2025	Share in %	Net IIP Q3-2025	Share in %
1. International investment position, net	- 7,976.96		- 8,277.91		- 8,346.20		- 8,214.27	
2. ASSETS	5,840.03	100.00%	5,509.28	100.00%	5,950.40	100.00%	6,018.32	100.00%
2.1. Direct investments	305.71	5.23%	313.70	5.69%	341.91	5.75%	353.44	5.87%
2.2. Portfolio investments	1,468.98	25.15%	1,532.33	27.81%	1,507.13	25.33%	1,596.08	26.52%
2.3. Financial derivatives	0.03	0.00%	0.02	0.00%	0.00	0.00%	0.02	0.00%
2.4. Other investments	2,396.42	41.03%	2,408.50	43.72%	2,566.80	43.14%	2,488.16	41.34%
2.5. CBCG reserves	1,668.88	28.58%	1,254.73	22.77%	1,534.56	25.79%	1,580.62	26.26%
3. LIABILITIES	13,816.99	100.00%	13,787.19	100.00%	14,296.60	100.00%	14,232.59	100.00%
3.1. Direct investments	6,317.40	46.76%	6,322.81	45.86%	6,446.14	45.09%	6,468.83	45.45%
3.2. Portfolio investments	2,442.21	18.08%	2,442.15	17.71%	2,792.28	19.53%	2,794.99	19.64%
2.3. Financial derivatives	2.46	0.02%	2.16	0.02%	2.36	0.02%	1.93	0.01%
2.4. Other investments	5,054.92	37.42%	5,020.06	36.41%	5,055.82	35.36%	4,966.83	34.90%

Source: CBCG

Net IIP deteriorated due to the significant growth in financial liabilities abroad, while financial assets abroad grew at significantly lower pace. Compared to the end of 2024, the negative net international investment position at the end of Q3 2025 increased by 237.31 million euros. The key factor to deteriorate was an increase in liabilities (by 415.60 million euros), the impact of which was somewhat offset by a mild increase in financial assets (by 178.29 million euros). This points to the country's increased net financial exposure abroad.

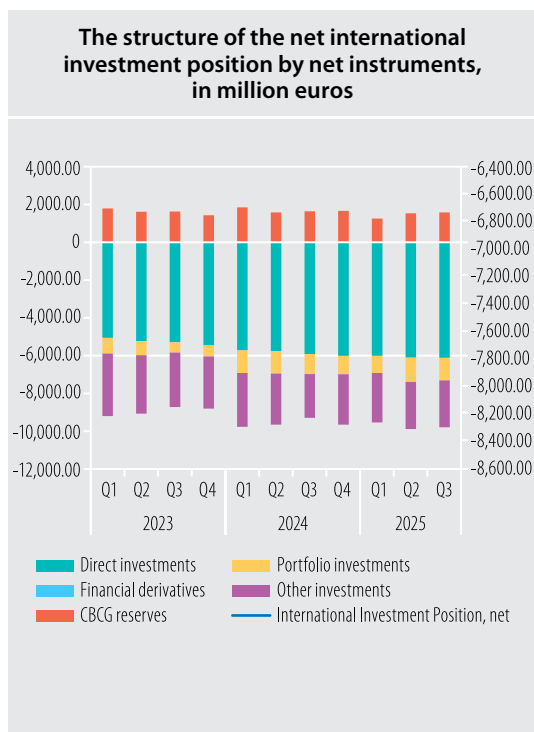
Preliminary data show that, compared to the end of 2024, if we look at the negative net positions (assets minus liabilities) by investment instruments<sup>76</sup>, the most significant increase was recorded with portfolio investments and FDUs with 225.69 and 103.71 million euros, respectively, while negative net positions of other investments decreased 179.82 million euros.

Decline on the assets side during the third quarter of 2025 compared to the end of 2024 was mainly generated by the growth of portfolio investment and other investments positions. Analysing the structure of assets by financial instruments, other investments accounted for 41.34%, portfolio investments accounted for 26.52% of total assets, while the CBCG reserves account for 26.26% of total assets.

<sup>75</sup> Due to rounding to two-digit figures, the sum of items may differ from the total amount insignificantly.

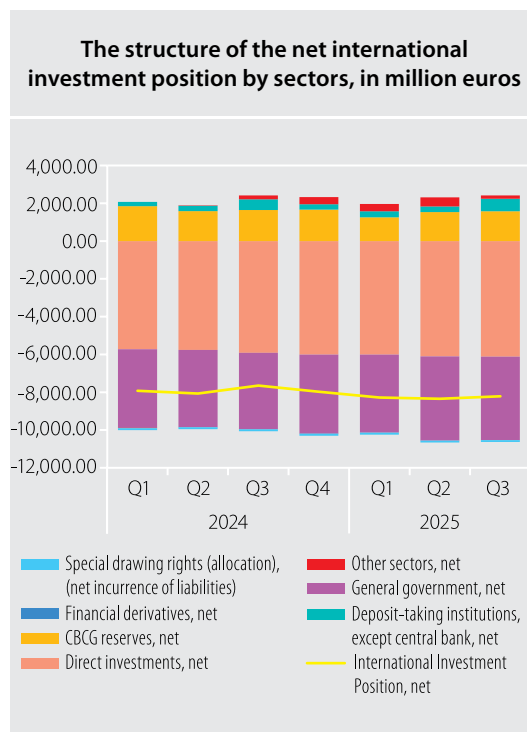
<sup>76</sup> Investment instruments: direct investments, portfolio investments, financial derivatives, other investments and reserves.

Graph 7.17



Source: CBCG

Graph 7.18



Source: CBCG

Analysis of the structure of Montenegro's total financial liabilities abroad shows that the largest share is direct investments, 45.45% (6,468.83 million euros), which represents an increase of 151.43 million euros compared to the end of the previous year. Equity investments recorded the largest share, 68.60% (4,437.48 million euros), while debt instruments accounted for 31.40% (2,031.36 million euros).

At the end of Q3 2025, other investments on the financial liabilities side of Montenegro decreased by 88.09 million compared to the end of 2024. They amounted to 4,966.83 million euros and had the share of 34.90% in total liabilities.

With the quarterly decrease of 84.32 million euros, loans were the main financial instrument on the liabilities side with 3,704.27 million euros (a share of 26.03% in total liabilities).

The share of liabilities for portfolio investments reached 2,794.99 million euros or 19.64% of total liabilities at the end of Q3 2025 (main share was of liabilities for issued Eurobonds).