

2018 Commission report on Montenegro

2018/2144(INI) - 19/04/2018 - Non-legislative basic document

PURPOSE: to present a Commission staff working document on the Montenegro 2018 report in the context of EU enlargement.

BACKGROUND: Montenegro is currently the most advanced in the negotiation process. Accession negotiations with Montenegro were opened in June 2012. To date 30 negotiating chapters, including the chapters on the rule of law, have been opened, three of which, i.e. science and research, education and culture and external relations, have been provisionally closed.

In June 2017, Montenegro became a member of NATO. Montenegro continued to broadly implement its obligations under the Stabilisation and Association Agreement. Progress towards **meeting the interim benchmarks set in the rule of law chapters** will be **key for further progress** in the accession negotiations.

CONTENT: concerning Montenegro's ability to **assume to the obligations of membership**, important work on alignment and preparation for the implementation of the *acquis* has taken place in most areas. The country has a good level of preparation in areas such as company law and foreign, security and defence policy. It is **moderately prepared** in many chapters, such as free movement of goods, agriculture, food safety, veterinary and phytosanitary policy. It is at an early stage of preparation regarding fisheries and budgetary and financial provisions, and at some level of preparation in the area of environment and climate change, statistics, social policy and employment.

Good progress has been made in the areas of company law, agriculture and rural development, food safety, veterinary and phytosanitary policy.

Looking ahead, Montenegro should focus in particular on competition policy, environment and climate change and public procurement.

Strengthening the administrative capacity for ensuring the application of the *acquis* remains a substantial challenge for Montenegro. Montenegro has continued to align with all EU common foreign and security policy positions and declarations

IPA II: Montenegro is currently benefitting from pre-accession assistance with an indicative allocation of EUR 270.5 million for the period 2014-2020.

A summary of the main chapters of the report is as follows:

Political and economic dialogue: regular political and economic dialogue between the EU and Montenegro has continued through the SAA structures. However, the reporting period has been marked by the **low level of trust** towards the electoral framework. The political scene remains **fragmented, polarised and marked by lack of political dialogue**, notably in the democratic institutions. The parliamentary legislative capacity and the oversight of the executive needs to be further enhanced.

As regards **governance**, there is a need to strengthen transparency, stakeholders' participation, and the government's capacity to implement reforms.

As regards the **economic criteria**, Montenegro has made some progress and is moderately prepared in developing a functioning market economy. Macroeconomic and fiscal stability were strengthened but

further efforts are required to address persistent challenges, especially the high public debt burden. The financial sector has improved its solvency and liquidity. However, the export base needs to improve in scope and in quality to reduce the trade deficit. Rule of law weaknesses, including unfair competition from the informal economy, negatively impact on the business environment. The labour market faces structural challenges, reflected in low participation and high unemployment rates. SMEs remain confronted with numerous challenges, such as access to finance or regulatory complexity.

Visa liberalisation: further to the adoption of the Schengen action plan in February 2017, Montenegro continued to align its legislation with the EU *acquis* on visas. Amendments to the Decree on the visa regime were adopted in March 2017, waiving short-stay visa requirements for stays of up to 90 days for nationals of seven Pacific nations that are included in the EU visa-free list. Montenegro needs to **align its visa policy** progressively with the EU's.

The Commission has been regularly assessing the progress made by the country in implementing reforms introduced under the visa roadmap. The monitoring mechanism also includes an alert mechanism to prevent abuses, coordinated by the European Border and Coast Guard Agency. The Commission has regularly submitted its post-visa liberalisation monitoring reports to the European Parliament and the Council. A readmission agreement between the European Union and Montenegro has been in force since 2008.

Judicial system and corruption: Montenegro's judicial system is moderately prepared and some progress has been made. The legislative framework on the judiciary aimed to increase its independence and professionalism has yet to be fully implemented. Institutional capacity has been strengthened. Montenegro has achieved some level of preparation in the fight against corruption. Despite some progress, corruption is prevalent in many areas and remains an issue of concern. Financial investigations and seizure and confiscation of assets remain to be improved.

In the fight against **organised crime**, there is an initial track record of prosecutions in the fight against smuggling of migrants and against drug trafficking. However, further results are needed to produce a convincing track record, in particular in the fight against money laundering and trafficking in human beings.

Fundamental rights: Montenegro further aligned its legislation with EU standards. Following the progress made on anti-discrimination legislation, Montenegro now needs to ensure that adequate institutional mechanisms are in place to protect vulnerable groups from discrimination. Implementation of the legislation remains weak and institutional capacity on human rights needs to be increased. The Roma minority remains the most vulnerable and most discriminated community. Gender-based violence and violence against children remains a serious concern in the country.

Freedom of expression: Montenegro has achieved some level of preparation on freedom of expression, but **no progress** was made in the reporting period. There have been no notable developments regarding investigations into old cases of violence against journalists. Recent political interference in the national public broadcaster Council and the Agency for Electronic Media are a matter of serious concern. The media scene remains highly polarised and challenges in understanding the role of free media persists.