

Pursuant to the Article 3 of the Economy Privatization Law (Official Gazette of the Republic of Montenegro, No. 23/96, 6/99, 59/00 and 42/04), the Government of Montenegro, at the session held on March 6, passed the

## **DECISION ON PRIVATIZATION PLAN FOR 2008**

### **I MAIN PRIVATIZATION OBJECTIVES**

This Decision establishes main privatization objectives and other aspects of this process, methods and principles of privatization, together with defined lists of companies and a percentage of joint-stock capital to be privatized.

The main privatization objective is to increase competition and efficiency of company operations, to encourage foreign investments and entrepreneurship in all fields, to increase employment and to improve standards of living.

### **II METHODS AND PRINCIPLES OF PRIVATIZATION**

The privatization in 2008 will be based on privatization methods and principles adjusted to free market requirements.

#### **1. Sale of shares and assets by public tender**

1.1. Implementation of announced tenders for the following companies will continue:

- 1.1.1. "Jadransko brodogradilište" AD Bijela (Joint Stock Company Bijela),
- 1.1.2. "N.I.G. Pobjeda" AD Podgorica (Joint Stock Company Podgorica),
- 1.1.3. "Montepranzo-Bokaprodukt" AD Tivat (Joint Stock Company Tivat).

1.2. Pursuant to the decisions adopted by the Privatization Council, the preparation of tenders for the following companies will continue:

- 1.2.1. "Duvanski kombinat" AD Podgorica (Joint Stock Company Podgorica),
  - 1.2.2. "Institut Dr Simo Milošević" AD Igalo (Joint Stock Company Igalo),
  - 1.2.3. "Elektroprivreda Crne Gore" AD Nikšić – small hydro-electric power plants,
  - 1.2.4. Electric industry "Obod" AD Cetinje (Joint Stock Company Cetinje).
- 1.3. Privatization procedure of the following companies will be initiated:
- 1.3.1. "HTP Budvanska rivijera" AD Budva (Joint Stock Company Cetinje),
  - 1.3.2. "HTP „Ulcinjaska rivijera“ AD Ulcinj (Joint Stock Company Ulcinj),
  - 1.3.3. "Institut crne metalurgije" AD Nikšić (Joint Stock Company Nikšić),
  - 1.3.4. AD "Marina" Bar (Joint Stock Company Bar),
  - 1.3.5. "Barska plovidba" Bar,
  - 1.3.6. DOO "Montenegro bonus" Cetinje (Limited Liability Company Cetinje),
  - 1.3.7. "Zora" DOO Berane (Limited Liability Company Berane).
- 1.4. Pursuant to the previously adopted restructuring programme, the privatization procedure of the following companies will be initiated:
- 1.4.1. "Luka Bar" Bar,
  - 1.4.2. "Željeznice Crne Gore" AD Podgorica (Joint Stock Company Podgorica),
  - 1.4.3. "Montenegro airlines" DOO Podgorica (Limited Liability Company Podgorica).
- 1.5. For the purpose of ensuring necessary investment resources for the electric-power industry of Montenegro "Elektroprivreda Crne Gore" ad Nikšić (joint stock company Nikšić), a combined engagement in privileged and commercial borrowings together with recapitalization or sale of minority block of shares to strategic partner will be applied under the condition of retaining majority state ownership of this company.

The companies from the Annex 1, which is enclosed within this Decision and which forms its integral part, will be privatized by public tender.

## **2. Sale of shares and assets by public auction**

Part of assets, shares, i.e. share in a company will be sold by public auction on the basis of owners' decisions.

In companies, where the state is majority owner, Privatization Council shall give the approval for the decision on sale of assets whose value exceeds € 50.000. Companies from Annex 2c), which is enclosed with this decision and represents its integral part, shall be privatized through auction sale, based on the prior owners' decision.

### **3. Sale of shares on stock exchange**

Following the owners' decision, companies from Annex 2a), which is enclosed with this decision and represents its integral part, shall be privatized on stock exchange with the approval of the Privatization Council.

### **4. Privatization of companies from forestry industry**

Companies from forestry industry, Annex 2b), which is enclosed with this decision and represents its integral part, shall be privatized according to methods set by the competent ministry, at the owners' request and with the prior approval of the Privatization Council.

### **5. Valorization of touristic localities through public-private partnership**

Based on decisions of Privatization Council, the competent tender commissions shall, through public international tender, undertake the public tender procedure for valorization of touristic localities: Ada Bojana, Velika Plaža, Buljarica and Jaz.

### **6. Sale and valorization of military assets**

For the purpose of selling and valorizing the former military assets, Privatization Council established competent tender commissions to perform the public tender procedure for selling that is valorizing former military assets (Annex 3).

### **7. Privatization of public utilities companies**

The initiative for amendments to the regulation on economy privatization shall be launched, establishing models for restructuring public utilities companies.

## **8. Privatization of companies in bankruptcy**

Share sale in companies in bankruptcy may be performed in the course of a bankruptcy procedure.

## **9. Companies or assets not included in the Plan**

In the event a company or an asset is not included in the Plan or a need occurs for changing a privatization method or principle, the Privatization Council shall decide on privatization method and principle in accordance with the Economy Privatization Law.

## **III SOCIAL ASPECTS OF PRIVATIZATION**

During the privatization of companies by public tender, it is necessary to include the settlement of social issues as a contractual obligation and provide credible guarantees and termination clauses in case of a failure to meet contractual obligations. With respect to other methods and principles of privatization, it is necessary to include the settlement of social issues as well, with the exception of stock exchange.

## **IV IMPROVEMENT OF LEGISLATION**

The Privatization Council shall initiate the proposal of amendments to normative solutions for the purpose of more efficient privatization.

## **V FINAL PROVISION**

This Decision shall enter into force on the eight day upon its publication in the "Official Gazette of Montenegro".

No: \_\_\_\_\_

Podgorica, \_\_\_\_\_

**The Government of Montenegro**  
**Prime Minister**  
**Milo Đukanović**