

Pursuant to Article 3 of the Law on Privatization of Economy («Official Gazette of the Republic of Montenegro», numbers 23/96, 6/99, 59/00 and 42/04), at its meeting held on 6th March 2008, the Government of Montenegro adopted

DECISION ON THE PRIVATIZATION PLAN FOR 2008

I MAIN OBJECTIVES OF PRIVATIZATION

This Decision shall set forth the main objectives of the privatization and other aspects of this process, methods and manner of privatization, defined lists of companies and percentages of share capital to be privatized.

The main objective of the privatization is the increase of competitiveness and efficiency of companies, promotion of foreign investments and entrepreneurship in all areas, increase in employment and improvement of living standard.

II METHODS AND MANNER OF PRIVATIZATION

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

1. Sale of Shares and Assets by Public Tender

- 1.1. Activities related to the implementation of published tenders for the following companies will be continued:
 - 1.1.1. "Adriatic Shipyard", JSC Bijela;
 - 1.1.2. "Pobjeda" JSC Podgorica, newspaper, publishing and printing company;
 - 1.1.3. "Montepranzo-bokaprodukt" JSC Tivat;
- 1.2. On the basis of decisions adopted by the Privatization Council, preparations for tenders will be continued for the following companies:
 - 1.2.1. "Tobacco Company" JSC Podgorica;
 - 1.2.2. UTIP »Crna Gora« JSC Podgorica;
 - 1.2.3. Institute "Dr Simo Milošević" JSC Igalo;
 - 1.2.4. "Electric Power Industry of Montenegro" JSC Nikšić – small hydro power plants;
 - 1.2.5. "Obod" JSC Cetinje (electrical appliances);
- 1.3. Privatization process will be initiated for the following companies:
 - 1.3.1 HTP "Budvanska Rivijera" JSC Budva;
 - 1.3.2 HTP "Ulcinjaska Rivijera" JSC Ulcinj;
 - 1.3.3 Institute of Ferrous Metallurgy JSC Nikšić;
 - 1.3.4 JSC "Marina" Bar;

- 1.3.5 "Barska Plovidba" Bar;
- 1.3.6 LLC "Montenegro bonus" Cetinje;
- 1.3.7 "Zora" LLC Berane.

1.4. Privatization process will be initiated, based on the previously adopted restructuring programs, for the following companies:

- 1.4.1. "Port of Bar" Bar;
- 1.4.2. "Railways Company of Montenegro" JSC Podgorica;
- 1.4.3. "Montenegro Airlines" LLC Podgorica.

1.5. The process of combined engagement of preferential and commercial borrowings will be entered as part of the provision of necessary investment funds for the "Electric Power Industry of Montenegro", JSC Nikšić, along with the increase of capital or sale of the minority package of shares to a strategic partner provided that the majority State ownership in this company is maintained.

The companies stated in Addendum 1 herein, printed together with this Decision and forming an integral part hereof, will be privatized by public tender.

2. Sale of Shares and Assets by Public Auction

Public auction procedure will be applied for the sale of part of assets, shares or stakes in companies, on the basis of decisions of their owners.

Decisions on the sale of assets exceeding €50,000 shall be subject to the approval of the Privatization Council in cases when the State or the State Funds are majority owners. The companies stated in Addendum 2c) herein, printed together with this Decision and forming an integral part hereof, will be privatized by auction sale subject to prior decision of their owners.

3. Sale of Shares through the Stock Exchange

The companies stated in Addendum 2a) herein, printed together with this Decision and forming an integral part hereof, will be privatized by sale on stock exchange subject to prior decision of their owners and with the consent of the Privatization Council.

4. Privatization of Companies in the Forestry Area

The companies in forestry area stated in Addendum 2b) herein, printed together with this Decision and forming an integral part hereof, will be privatized by applying the methods to be determined by relevant ministries upon the proposal of their owners and with the consent of the Privatization Council.

5. Valorization of Tourism Sites Through Public-Private Partnership

Competent Tender Commission shall, based on the decision of the Privatization Council, conduct a procedure through the public international tender for the valorization of tourism sites: Ada Bojana (River Bojana eyot), Velika Plaža, Buljarica and Jaz.

6. Sale and Privatization of the Military Assets

Privatization Council has established competent tender commissions for the sale and valorization of former military assets, which will conduct a procedure for public tender for sale or valorization of former military assets (Addendum 3).

7. Privatization of Companies in the Area of Public Utility Business Activities

An initiative for making amendments to the regulations on privatization of economy will be initiated that will use the restructuring model for companies in the area of public utility business activities.

8. Privatization of Companies under Bankruptcy

Sale of shares of companies under bankruptcy may also be performed during the bankruptcy proceeding.

9. Companies or Assets that are not covered by the Plan

If a company or asset is not covered by this Plan or if there is a need for a privatization method and manner to be modified, the Privatization Council will decide on the privatization method and manner in accordance with the Law on Privatization of Economy.

III SOCIAL ASPECTS OF PRIVATIZATION

In case of the privatization of companies by public tender, the resolution of social issues should be included as contractual obligation and credible guarantees and termination clauses for breaches of contractual obligations should be provided for. Furthermore, in case of other privatization methods and manners, excluding the stock exchange, it is also necessary to include resolution of social issues.

IV IMPROVEMENT OF LEGISLATION

The Privatization Council will initiate a proposal of amendments of regulations in order to achieve more efficient privatization.

V FINAL PROVISION

This Decision shall become effective on the eighth day upon its publication in the "Official Gazette of Montenegro".

No: 03-931
Podgorica, 6th March 2008

Government of Montenegro
Prime Minister
Milo Đukanović

Addendum 1: Companies to be privatized by public tender**1.a) Companies for which the public tender realization is in process**

No	Company	% capital for privatization	Structure of the capital for privatization			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	"Adriatic Shipyard", JSC Bijela	61.5749%		22.4311%	7.4770%	31.6668%
2	"Pobjeda" JSC Podgorica	51.0000%	51.0000%			
3	"Montepranzo-Bokaprodukt" JSC Tivat	75.0557%		17.7459%	5.9088%	51.4010%

1.b) Companies for which the public tender will be launched

No	Company	% capital for privatization	Structure of the capital for privatization			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	"Tobacco Company" JSC Podgorica	51.1046%		18.4179%	4.3409%	28.3458%
2	Institute "Dr Simo Milošević" JSC Igalo	56.4806%	29.4243%		3.4102%	23.6461%
3	"EPCG" JSC Nikšić –small hydro power plants					
4	EI "Obod" JSC Cetinje	51.8013%	22.7870%	15.1170%	5.0390%	8.8583%

1.c) Companies to be privatized in accordance with the item 1.3 of the Decision on Privatization Plan

No	Company	% capital	Structure of the capital			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	HTP "Budvanska rivijera" JSC Budva	58.7334%	41.6353%	12.8236%	4.2745%	
2	HTP "Ulcinjaska rivijera" JSC Ulcinj	60.7311%	9.6954%	24.1827%	8.0610%	18.7920%
3	Institute of Ferrous Metallurgy JSC Nikšić	51.1159%	20.4270%	19.0368%	6.3456%	5.3065%
4	JSC "Marina", Bar	52.2831%	18.3953%	12.6664%	4.2222%	16.9992%
5	"Barska plovdba", Bar	51.4400%	18.3953%	12.6664%	4.2221%	16.1562%
6	LLC "Montenegro bonus" Cetinje					
7	"Zora" LLC Berane					

1.d) Companies to be privatized in accordance with the item 1.4 of the Decision on Privatization Plan

No	Company	% capital	Structure of the capital			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	"Port of Bar" JSC Bar	54.0527%	54.0527%			
2	"Railways of Montenegro" JSC Podgorica	68.9518%	63.7523%	3.8305%	1.2768%	0.0922%
3	"Montenegro airlines", LLC Podgorica					

Addendum 2:**2a) Companies to be privatized through auction sale or stock exchange sale**

No	Company	% capital for privatization	Structure of the capital for privatization			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	JSC Papir, Podgorica	23.9865%		17.9730%	6.0135%	
2	Agrotransport Podgorica, Podgorica	74.8762%		22.4623%	7.4893%	44.9246%
3	JSC Crnagoracoop, Danilovgrad – under bankruptcy	13.8026%		2.3793%	0.7939%	10.6294%
4	Dekor, Rožaje	22.5948%		16.9461%	5.6487%	
5	Građevinar JSC, Pljevlja - under bankruptcy	39.4297%				39.4297%
6	HTP Berane JSC, Berane	33.3529%		17.9985%		15.3544%
7	JSC Rudnici Boksita, Nikšić	0.0163%				0.0163%
8	Konfekcija Jekon DD, Bijelo Polje	72.2603%		19.7612%	6.5945%	45.9046%
9	Koni konfekcija JSC, Nikšić	0.9058%	0.9058%			
10	Kooperacija, Podgorica	76.4144%		22.9296%	7.6719%	45.8129%
11	JSC Port of Kotor	23.3767%		17.5053%	5.8714%	
12	Metalprodukt JSC, Podgorica	8.8178%		2.2007%	6.6171%	
13	Montenegrosport JSC, Bijelo Polje	6.5164%		0.5149%	6.0015%	
14	JSC Nova trgovima, Rožaje	2.8969%	2.8969%			
15	JSC Opštegrađevinsko Gorica, Podgorica	30.5837%		22.8331%	7.6100%	0.1406%
16	Pekara JSC, Nikšić	26.4199%		19.7830%	6.6369%	
17	Radoje Dakic JSC	50.5796%	30.6623%	14.9379%	4.9793%	0.0001%
18	SI promet - L, JSC Podgorica	29.2484%				29.2484%
19	Sokara JSC Nikšić	26.3158%		19.6881%	6.6277%	
20	Trgokoop JSC, Podgorica	6.0069%			6.0069%	
21	Velepromet, Podgorica	6.0990%			6.0990%	
22	Vunko, Bijelo Polje	14.2985%				14.2985%
23	AD "Optel" Pljevlja - under bankruptcy	81.4341%	53.5739%	8.3582%	2.7855%	16.7165%
24	"Poliex" JSC, Berane	46.4052%	46.4052%			
25	"Lovcen osiguranje" Podgorica	41.1402%	0.6817%	12.1371%	4.0463%	24.2751%
26	"Novi Prvoborac" Herceg Novi	7.5705%	4.4596%	3.1109%		
27	"Preduzeće za izgradnju Podgorice" AD Podgorica - under bankruptcy	52.7915%		18.0034%	5.9978%	28.7903%
28	"Primorka" JSC Bar	4.1134%				4.1134%
29	HTP "Velika Plaža" JSC Ulcinj	9.8177%				9.8177%
30	"Ritam Trade" Podgorica - under bankruptcy	14.3695%				14.3695%
31	Plodovi Crne Gore JSC Podgorica	24.4699%	24.4699%			
32	"Željezara Nikšić" JSC Nikšić	7.0557%	7.0557%			

2b) Companies in the forestry area to be privatized in accordance with the item 4 of the Decision on Privatization Plan

No	Company	% capital for privatization	Structure of the capital for privatization			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	Forestry Enterprise "Kolašin" JSC – under bankruptcy	68.1091%		20.4327%	6.8109%	40.8655%
2	Forestry Enterprise "Pljevlja" JSC	81.8200%		24, 5460%	8.1820%	49.0920%
3	Forestry Enterprise "Podgorica" JSC	75.0900%		22.5270%	7.5089%	45.0541%

2c) Limited Liability Companies to be privatized in accordance with the item 2 of the Decision on Privatization Plan

No	Company		Structure of the capital (share)			
			State	PIO Fund	Employ. Bureau	Develop. Fund
1	"Duklja Biba Kings" LLC, Podgorica			3.9400%	1.3100%	7.8700%
2	"Petoljetka stan" LLC, Bijelo Polje			8.6500%		
3	Drvoimpex LLC, Kosovska Mitrovica			18.2400%	6.0200%	36.3200%
4	"Fenix" LLC, Pljevlja					3.1700%
5	Drvoimpex - Podujevo LLC, Podujevo			18.2000%	5.9900%	36.4100%
6	LLC "Sekas", Podgorica		100.0000 %			

Addendum 3: List of Military Assets

No	Company
1	Military-tourism complex "Valdanos" – Ulcinj
2	Military-tourism complex "Ostrvo cvijeće" - Tivat
3	Land "Prevlaka" - Tivat
4	Military-tourism complex "Bigovo" - Trašte, Kotor
5	Barracks "Orjenski bataljon" - Kumbor
6	Barracks "Radovići-Radiševići" - Tivat
7	Training ground "Kočište" - Tivat
8	Military-tourism complex "Mediteran" - Žabljak
9	Barracks "Gornji Klinci" - Herceg Novi
10	Lalovina headquarters – PKL, Herceg Novi
11	Lalovina – above the arterial road - Meljine, Herceg Novi
12	Building Facility UPT Dizdarica - Herceg Novi
13	Technical Workshop Kapino polje – garage, Nikšić
14	Warehouse Trubjelo - 1, Nikšić
15	Warehouse Trubjelo - 2, Nikšić
16	Warehouse Trubjelo - 3, Nikšić
17	Warehouse "Vodni do" - Kočani, Nikšić
18	Warehouse "Studeničke glavice" - Nikšić
19	Site "Grudska mala" – bakery, Nikšić
20	Warehouse "Močevac" - Mali logor, Pljevlja
21	Warehouse "Kopita" - Kolašin
22	Building Facility UPT "Crnci" - Podgorica
23	Barracks "Masline" - Podgorica
24	Island Mamula – Herceg Novi
25	Warehouse "Rakite" - Herceg Novi
26	Barracks "Krivače" - Andrijevica
27	Kuside 1 – Nikšić
28	Kuside 2 – Nikšić
29	Officers Club of the Army of Montenegro - Pljevlja
30	Barracks "Stari aerodrom" - Podgorica
31	Warehouse "Kožara" - Nikšić
32	Shooting Range "Kunovo-Lukovo" - Nikšić
33	Old Canteen - Herceg Novi
34	Seljanovo – Tivat
35	Motel Šas with Vladimir farm - Ulcinj