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Montenegro's accession to European Union

Master Thesis

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Topic Characteristics:

The aim of this paper is to indicate the position of Montenegro in the context of European integration, i.e. that Montenegro is already on the way to integration into the European area and that it should continue with its development, by the improvement of institutions and harmonization of standards according to European standards in the purpose of general development, based on theoretical concept of institutionalism.

Working hypotheses:

The first hypothesis of this study is that Montenegro has already started creating relevant institutions and harmonizing standards according to European standards, in order to join the EU. The second hypothesis is that Montenegro should take concrete steps to implement institutional reforms, so as not to call into question the success of future negotiations with the EU and building society of the rule of law, economic and security. On the theoretical concept of institutionalism, political and social areas of the changes are being analysed, which are or are not happening in Montenegro on its path to full European Union membership. The conclusions arising from this are that the state should use the accession process to encourage institutional prerequisites of economic development, regardless of formal integration, as well as to ensure the actual implementation of institutional reforms and to take concrete actions in order to provide their functioning.

Research question:

In order to define the position of Montenegro in the context of European integration, it is necessary to analyse whether and to what extent Montenegro uses the process of accession to encourage institutional prerequisites for economic growth and national prosperity?

Methodology:

The paper relies primarily on qualitative analysis of the secondary data, the EU documents and other academic sources. SWOT analysis and interviews with Montenegrin leading experts in EU accession will be applied with focus on the research question. The method of comparative analysis focusing on the current and previous inner transformation will also be applied. Induction and deduction will be applied for examination and test hypothesis.

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INTRODUCTION

The strategic goal of this paper is to indicate the position of Montenegro in the context of European integration, i.e. that Montenegro is already on the way to integration into the European area and that it should continue with its development, by the improvement of institutions and harmonization of standards according to European standards in the purpose of general development, based on theoretical concept of institutionalism. This will be achieved by proving the hypothesis that Montenegro has already started creating relevant institutions and harmonizing standards according to European standards, in order to join the EU and by discussing the hypothesis that Montenegro should take concrete steps to implement institutional reforms, so as not to call into question the success of future negotiations with the EU and building society of the rule of law, economic and security. On the theoretical concept of institutionalism, political and social areas of the changes are being analysed, which are or are not happening in Montenegro on its path to full European Union membership. Firstly, the state should use the accession process to encourage institutional prerequisites of economic development, regardless of formal integration. Secondly, the state should ensure the actual implementation of institutional reforms and take concrete steps in order to provide a practical realization of the declared objectives.

This paper comprises of three sections. The first section discusses theoretical analysis of the concept of European integration. This review is important because it is important to understand the idea of integration, for which has been used an analysis of the most important EU documents along with academic sources. To better understand the idea of European integration, the EU will be shown as a model of regional integration, and for understanding the concept of integration, a

brief overview of theories and concepts of the European integration will be shown, especially the concept of institutionalism based on the relevance of institutions.

Following the first section, the second one focuses on Montenegro's readiness to respond to the challenges of negotiations. Analysis of changes in social and political changes, which are or are not happening in Montenegro, will be carried out in this section, as hesitation in institutional reforms may affect the further course of negotiations between Montenegro and the EU, but also the transformation of the Montenegro into an efficient state, built on the rule of law, economic and security.

Finally, the third section focuses on key challenges in the process of Montenegro's accession to the EU, which determine institutional preconditions for economic development and prosperity of the country. In order to analyse the question of the extent to which Montenegro uses the process of accession to encourage institutional prerequisites for economic growth and national prosperity, it discusses that Montenegrin economy can respond to these challenges and strengthen during the accession negotiations, through EU projects and EU funds predicted for countries candidates for membership. In addition, it is necessary to take into account the role of the citizens of Montenegro in achieving economic development, by analysing their understanding of the accession process, considering their expectations and willingness to change for a better quality of life.

The concluding section of the paper takes out a personal opinion and recommendations for further actions in the process of integration, identified by this analysis.

I THEORETICAL ANALYSIS OF CONCEPT OF EUROPEAN INTEGRATION

Immediately after the end of the Second World War, many European movements occurred, which resulted in their gathering in The Hague from 7th to 10th May 1948. Some of the most important conclusions of the Congress¹ were:

- accented is the need for creating an economic and political unification of Europe with the aim of ensuring safety and social progress;
- expressed is the willingness of European countries to transfer part of their sovereignty to the supranational level, which would ensure a common economic and political activities;
- stressed is the need for the development of democratic governance and the need of creation of the European Parliament;
- stressed is the need for further development in the field of human rights protection, and for this purpose the establishment of the Court of Justice.²

The main goal was to, in war-torn Europe, ensure peace and stability, completely eliminate the possibility of new conflicts, reconcile winners and the defeated and to prevent the risk of threatening expansion of communism. Europe should provide the opportunity of getting a new sense of belonging: democratically regulated continent as an alternative to a nationalist rule.

The sixties have brought the creation of the Customs Union and a major economic development to the European Union. Seventies are marked with the decision of Denmark, Ireland and the United Kingdom to join the Union. Community leaders are becoming increasingly aware that only the establishment of new and closer relations are the conditions for development on a world

¹ At the Congress in The Hague were delegates from 19 European countries. Congress was chaired by British Prime Minister Winston Churchill.

² Council of Europe - http://www.coe.int/t/dgal/dit/ilcd/Archives/selection/TheHague/Default_en.asp

scale, which created the idea of the Monetary Union. All of this is happening at the time of great instability on the world market, caused by the oil crises of 1973 and 1979 and by the decision of the US to suspend convertibility of dollars into gold. Establishing cooperation in the field of monetary policy in 1979 helped stabilization of exchange rate differences and encouraged member states to discipline their economies. In the early eighties the Greece joins the EU, followed by Spain and Portugal, joining it in 1986. This requires institutional reforms (Single European Act) in response to expansion and newly made relations. At the same time, the Union began to play an increasingly important role in international relations – sets of conventions were signed with the countries of Africa, the Caribbean and the Pacific from 1975 to 1989. All of this is guiding towards the creation of a community of common foreign and security policy, manifested by the Maastricht Treaty.

The early 1980s recession contributed to the strengthening of euro-scepticism. The Cold War has lost in intensity but Europe was still divided. It raised a lot of uncertainties within the Union - what next? With the fall of the Berlin Wall, dramatically and almost overnight, the political scene of Europe has changed completely. Germany unites again in 1990 and a dozen countries in Central and Eastern Europe come under the Soviet “Overcoat”. Finally, in December 1991, the Soviet Union ceased to exist. Global changes on the Old Continent accelerate changes inside the Community: Maastricht brings the most radical reform in the former EEC. New and ambitious goals are set: the creation of the Union, the single currency, a common foreign and security policy, and with it a new era in the process of European integration begins. Three more countries join the Union in 1995 - Austria, Finland and Sweden. In January 2002 twelve of the fifteen member states introduced the single currency of euro. Two years later, in May 2004, the EU received ten new members - Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Hungary,

Malta, Poland, Slovakia and Slovenia. Having grown from 6 to 28 members, stretching from the Atlantic to the Black Sea, the EU has become home to over 500 million people.

European Commissioner for Enlargement in publication “EU policies: Enlargement“ declares: “The EU’s enlargement policy makes Europe a safer and a more stable place; it allows us to grow stronger and to promote our values, and enables us to assume our role as a global player on the world stage.”³

The very first idea of EU was creating a community whose aim is to achieve integration via trade with a view to economic expansion. In the EEC Treaty, signed in Rome in 1957, it was specified that community shall have as its task “to promote throughout the community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the states belonging to it”⁴ by establishing a common market and progressively approximating the economic policies of member states.

1.1.The EU as a model for regional integration

Regional integration represents process of interdependence and interaction among countries in the different areas, economic and political mostly. European Union was a pioneer in the regional integration, but accordingly to its successful existence since the 1950s, it could be observed as a model for regional integration. There are several major challenges the EU is facing, but its

³ EU policies: Enlargement - http://europa.eu/pol/pdf/flipbook/en/enlargement_en.pdf

⁴ Treaty establishing the European Economic Community - http://europa.eu/legislation_summaries/institutional_affairs/treaties/treaties_eec_en.htm

success in creating a high level integration has made it an attractive model for regional integration.

The EU's promotion of goals to make Europe a safer and a more stable place, which will lead it to stronger growth, has been part of its project since the beginning. As an instrument to ensure peace and stability it was declared the creation of single market.⁵

The EU integration has responded to the challenges, and as such, the experience of integration could be considered as a model of regional integration. Even though it is characterized by changing international landscapes, security agendas and ideologies⁶, it is still more than just a plan of integration. Furthermore, since the 1990s, EU external relations policy includes support and promotion of regional integration and cooperation in other parts of the world and there is set down the framework for cooperation between the EU and other regions by the European Commission.⁷

While EU is promoting single market as one of the basic principles of its existence, in literature there are claims that "the EU is becoming a power in trade and through the trade", thanks to single market.⁸ Regionalism then could be defined as a model of organizing trade policies in a multilateral framework of world trade. On the other hand, it could be attributed to the economic factor of integrations, but it is indisputable that within the Europe, law and politics have interacted over the decades in the formulation and implementation of an ever-expanding

⁵ C. Damro, Market Power Europe (2010), EU Externalization of Market Related Policies, Mercury

⁶ Murráz Philomena (2008) Reflections on the EU as a Model of Regional Integration, Available at: <https://www.tcd.ie/iiis/documents/Murray%20in%20Verdun%20et%20al.pdf>

⁷ M. Farrell (2015) From EU Model to Policy? The External Promotion of Regional Integration, Centre d'Etudes et de Recherche International

⁸ Meunier, Sophie; Kalypso Nicolaidis (2006) The European Union as a Conflicted Trade Power', <http://webcache.googleusercontent.com/search?q=cache:SIfSsXvaAEMJ:www.hbs.edu/units/bgie/pdf/meunier.pdf+&cd=1&hl=en&ct=clnk&gl=me>

portfolio of internal policies and programs that contribute either directly or indirectly to a deepening of regional integration.⁹ In order to achieve promoted objectives, EU stimulates cooperation in the area of regional integration. It supports a wide variety of projects that contribute to the economic development as a foundation of growth, among all the other things. Also, the enlarging single market is an important source of economic growth and development of countries members.

When analysing EU as a model for regional integration, it must be considered EU experience under the influence of globalization because it conditions connectedness and dependence between the countries, which stimulates their rapprochement and unification. And if there are no some comparable regional integration units, EU is focused on achieving its promoted objects of peace and stability and it makes it distinctive, what gives the possibility, along with the accomplishments for the entire period of its existence, of taking the EU as a model of regional integration. It is true that the crisis has temporarily weakened status of EU as a model for regional integration, but it will continue to be the leading example for other efforts at regional integration, if and when it recovers as after previous crisis.

1.2. Theories and concepts of European Integration

In Europe, after the Second World War, under the influence of declared common values and goals, the existing cooperation and exchange of resources in certain areas have gradually developed interstate relations. The emergence of the European Association of Federalists (1946) and later the Council of Europe (1949), were the result of federalist ideas. They strived for a

federal Europe, believing that, in this way, they would create a complete political, social and cultural federation. Such tendencies were caused by fear of the rebirth of nationalism and by the wish to avoid new conflicts.

At the time, there has also been the concept of realism, based on the exceptional importance of the state on the international scene. In line with this concept, states are the most important actors in the competitive global scene. Applying this concept today would mean the existence of the European Union in which all the states would be sovereign and would maintain authority regarding their policies or activities, including the possibility of delegating to a higher level, or the level of the EU. However, realism failed to answer the question of the motives influencing the intensification of post-war cooperation between European states.

The gradual elimination of differences between countries, by building functionally specific organizations, was a kind of an answer to this question and it represented the functionalist approach. Functionalism was focused on gradual expansion of the expert cooperation in many areas of the space within the EU as opposed to realism, which focused on national interests, relationships and conflicts. A key figure of functionalism was David Mitrany, who explained the importance of international society. He tried to explain that international bodies with their separate identity and authority, such as security, transport and communication, would create an incentive for international cooperation.¹⁰ This theoretical course was supported by Jean Monnet and Robert Schuman, who are considered to be the founders of the European Union. With the conviction that integration processes in various areas would be encouraged by the integration in a specific area, they are considered to be the creators of the European idea.

¹⁰ Mitrany D (1966) *A Working Peace System*, Quadrangle Press, Chicago, p. 221, according to Raymond Tanter *A working functionalism? - a review*.

It is also necessary to point out the theory of neo-functionalism, which advocates strengthening support for cooperation, primarily for pragmatic reasons, and well as bringing authorities to the higher European level of government, with the prior weakening of nationalism for further expansion of integration processes.

According to this theory, the integration processes are caused by the emergence of the “spillover effect”, as side effect of the integration process. Its concept occurs in three specific forms:

- Functional “spillover“ - integration in one sector automatically leads to integration in other sectors, due to the high degree of interconnectedness of national economies of member states within the community;
- Technical ”spillover“ - differences in standards direct states on the progress towards the EU countries, that are characterized by better or ideal technical regulations;
- Political “spillover” - the active work with various interest groups (unions, political parties, lobbyists, etc.) in the direction of further deepening of regional integrations.¹¹

Ideas of neofunctionalists dominated throughout the 1950s and 1960s, but they started to lose support during the 1970s, because of stagnation in the integration process. Due to the inability of neo-functionalism to explain slowing down process of European integration, there was the creation of the theory of intergovernmentalism, which indicates the strengthening of intergovernmental elements of the European Community.

Precisely, intergovernmentalism indicates that the mechanism of European integration is driven by actions and the legitimate interests of nation states, and that the objectives of the EU states of primary importance are the protection of their own geopolitical interests such as national security

¹¹ Haas, cited in Kirchner, E. J. (1976) An Empirical Examination of the Functionalist Concept of Spillover. PhD Case Western Reserve University. p. 3

and sovereignty. Neo-intergovernmentalism, as a combination of neo-functionalism and intergovernmentalism, arises during the 1980s and 1990s, stressing the importance of domestic politics and interest groups, as well as the role of national governments of EU members for making important political and economic decisions.¹²

1.3. Institutional approach to the European integration

In late 1980s, concept of the new institutionalism appeared stressing the importance of institutions and their structure. The emergence of institutions in the centre of the research approach can be attributed to the works of sociologists James G. March and Johann P. Olsen.¹³

According to opinion of March and Olsen, new institutionalism provides useful observation of international system and interactions within it, which is not the case with traditional theories of realism and neo-institutionalism. Respectively, the new institutionalism theory of international relations brings in behaviour of states new perspectives relating to the role of institutions, both domestic and foreign. In addition, the new institutionalism can examine the links between international identity (macro level) and local (micro level), or whether the structure of the national institutions in a country influences the behaviour of the other countries within the system.¹⁴

¹² Tsebelis G; Garrett G (2001) The Institutional Foundations of Intergovernmentalism and Supranationalism in the European Union, Available at:

http://www.utwente.nl/bms/cheps/summer_school/Literature/The%20Institutional%20Foundations%20of%20Intergovernmentalism%20and%20Supranationalism%20in%20the%20European%20Union.pdf

¹³ March J; Olsen J (1984) The New Institutionalism: Organizational Factors in Political Life, The American Political Science Review, № 78, p. 231-243

¹⁴ March J; Olsen J (1998) The Institutional Dynamics of International Political Orders, International Organization: № 52, p. 943-969

Changes in national states under the influence of the European institutions, political processes and policies, referred also as Europeanization, could also be analysed by institutional and neo-institutional approach. Institutional approach means considering political institutions or theoretical ideas of political factors.

As the theory of European Integration, new institutionalism points to the importance of institutions in the process of European integration and has three key strands: rational choice, sociological and historical.¹⁵

Rational choice institutionalism is focused on „the way which actors pursue their individual preferences within the context of institutional rules“, on how their preferences are changed under the changes of the institutional rules. Sociological, on the other side considers institutions „emphasising broader norms and general rules and the way in which these shape identities and preferences of actors in the integration process“. Historical institutionalism analyses effect of institutions over time. A key feature of historical institutionalism „is path dependency, whereby decisions made about institutions in the past impact significantly on the outcomes of the future and are difficult to reverse“. ¹⁶

Rational choice institutionalism refers to the behaviour of individuals and collective actors, while sociological is concentrated on normative and cultural institutions that shape the appropriateness of human behaviour. However, institutionalism involves mutual complementarity of different approaches. And in order to avoid certain theoretical deficiencies of one or the other approach, they are tied into a model of historical institutionalism, which considers other circumstances. The task of historical approach is to respond not only to the question of the ways of institutional

¹⁵ Institute for the Study of Civil Society 2011

¹⁶ Ibid.

influence, but also on the question of broadening and showing that influence throughout them. It primarily relies on the durability of the institution, on the research on the passed way of adjustments.

One of the reasons why these approaches have become applicable and dominate approaches to the study of European integration is their wide range of application. While neo-functionalism and intergovernmentalism approaches have been limited to the study of the EU, new institutionalism can be applied to general theories of politics, thus allowing consideration of rationalist theory of politics of European integration, the institutional policies etc. This is supplemented by the reason relating to the applicability of the approach to the international level of the EU and on the level of member states, where it explains impact of institutions. Institutionalism also includes both theoretical and empirical approach.

The theoretical conceptualization of the process of adaptation explains the direction and volume of executed or non-executed changes on the national level. A lot of research can be done on this theoretical concept, regarding the area of social and political changes which do and do not happen in Montenegro, on its path to a full membership to the European Union.

II MONTENEGRO'S READINESS TO MEET THE CHALLENGES OF NEGOTIATIONS

Analysis of the social and political changes that are or that are not happening in Montenegro, will be conducted in this section, since hesitation in institutional reforms may affect the further course of the negotiations between Montenegro and the EU, but also the transformation of the Montenegrin state into an efficient state, built on the rule of law, economic and security. Analysis of Montenegro's readiness to join the EU requires consideration of its readiness and ability to respond to the challenges of the accession negotiations, based on the central role of the institutions foreseen by the new institutionalism.

The first hypothesis of this study is that Montenegro started building the relevant institutions and alignment with the EU standards, in order to join the EU and more rapidly develop socially and economically, while the second hypothesis relates to the lack of concrete steps in implementing institutional reforms and retaining only on their declaration. In the purpose of the researching the hypothesis, it will be analysed the extent to which Montenegro used the accession process to encourage institutional prerequisites for economic growth and national prosperity.

Montenegro has applied for EU membership on December 15th, 2008. Following the request of the Council, the Commission submitted its opinion on Montenegro's application for membership in the European Union in November 2010. In December 2010 the European Council granted Montenegro candidate status. The Stabilisation and Association Agreement between Montenegro and the EU was signed in October 2007 and entered into force in May 2010. By the act of signing the Stabilization and Association Agreement, Montenegro formally agreed an association

with the European Community and its member states, thereby accepting responsibility for its European future.¹⁷

According to the theory of rational choice institutionalism, Montenegro has made a decision to reduce the costs of decision-making process and has accepted the delegation of its certain functions to the supranational executioner, i.e. to the EU. Declaration on European Union, adopted by the Parliament of Montenegro, among other things, confirms that the strategic interest of the citizens of Montenegro include achievement of the European integration and preparedness for accession to NATO and other European and Euro-Atlantic security structures, in order to achieve full and permanent stability and regional security. It also confirms that it will contribute to accelerated alignment of positive legislative system of Montenegro with the regulations and standards of the European Union¹⁸, willingness for full cooperation and fulfilment of the obligations and standards of the Council of Europe and the Organisation for Economic Cooperation and Development, together with all the other international commitments.¹⁹

Montenegro's main overarching strategies are: The Accession Program of Montenegro (2014 - 2018), The Montenegro Development Directions (MDD) 2013 - 2016 and The Pre-accession Economic Program (PEP) 2014-2016.²⁰ In a way to be able to assume the obligations of membership, Montenegro plans the legislative alignment and administrative capacity.

¹⁷ Delegation of the European Union to Montenegro - <http://www.delmne.ec.europa.eu/code/navigate.php?Id=56>

¹⁸ The Declaration confirms that contribution to accelerated harmonization of positive legislative will be based on the principles of the rule of law and promotion of human rights and civil liberties, and realization of minority rights, the strengthening of economic and social security, particularly in removing all the legal, institutional and political shortcomings in dealing with organized crime, corruption, human trafficking, drug trafficking, illegal immigration and border security.

¹⁹ Declaration on Accession to the European Union ("Official gazette of Montenegro", 36/05 from 16.06.2005)

²⁰ Ministry of Foreign Affairs and European Integration of Montenegro – <http://www.mvpei.gov.me/en/ministry>

Montenegro Development Directions is a national development plan of a vision of socio-economic development, including the required investments and development measures to achieve smart, sustainable and inclusive growth with three priorities for development: Tourism, Energy, and Agriculture and Rural Development.²¹ The PEP determines the appropriate economic policy and structural reforms. Montenegro's focus on reforms is best demonstrated by its participation in the South East Europe (SEE) 2020 Strategy for "Jobs and Prosperity in a European Perspective"²², as well as the two EU strategies, the EU Strategy for the Danube Region (EUSDR) and the EU Strategy for the Adriatic and Ionian Region (EUSAIR)^{23, 24}.

2.1. Changes in Montenegro in recent years

With a serious commitment to structural reforms in almost all fields, especially in the areas of democracy, rule of law and the judiciary, as well as in economic sustainability, Montenegro will demonstrate its readiness to respond to the challenges of negotiations. To build the necessary institutional and economic framework in line with EU standards, Montenegro must ensure the actual implementation of institutional reforms and application of the declared objectives in practice, and the successful implementation of reforms should enable sustainable growth.

²¹ It will be addressed through interventions in 18 individual sectors

²² Modeled on the Europe 2020 strategy, this initiative seeks to promote a holistic approach to the economic development of the region by stimulating key long - term drivers of growth – innovation, skills and trade integration. Regional headline targets to be achieved by 2020 have been set for five development priorities: integrated, smart, sustainable, and inclusive growth, as well as governance for growth

²³ These strategies seek to bring together EU Member States and non-EU countries to address common challenges in the concerned macro -regions. They are focusing on innovative maritime and marine growth, improved connectivity of transport and energy networks, better environmental protection, sustainable tourism actions, and socio-economic development measures in the geographically specific context. Macro-regional strategies improve cooperation with neighboring countries and facilitate the preparation of candidates and potential candidate countries for EU integration.

²⁴ Indicative Strategy Paper For Montenegro (2014-2020), adopted on 18/08/2014 – http://ec.europa.eu/enlargement/pdf/key_documents/2014/20140919-csp-montenegro.pdf

According to the theory of institutionalism, institutional arrangement can determine the acceleration or the postponement of the changes, their scope and course of action.

As provided by the by Article 49 of the Treaty on European Union, when making decisions, institutions "should take into account the accession criteria established by the Council of Europe". Thus, the first step consists of fulfilling the so-called "Copenhagen criteria", that is, the accession criteria that has been defined by the Heads of States and Governments at their meeting in Copenhagen in June 1993. These criteria are divided into the following groups:

- Political criteria: the country that wants to become a member of the Union must have stable institutions guaranteeing democracy, the rule of law, human rights as well as respect and protection of minorities.
- Economic criteria: the need to have a functioning market economy, to be able to cope with competitive pressures in the single market.
- Legislative criteria: the country that wants to become a member must be able to meet its obligations as a member state and accept the *acquis* of the Union.²⁵

Firstly, there it is needed to meet the political conditions and assumptions, because the political and security framework is a space within which function economies, companies and financial institutions, and, finally, legal and social infrastructure. It has been concluded that Montenegro is gradually enhancing its capacity in the work which had previously been under the jurisdiction of the State Union - defence, foreign affairs, visa and asylum and migration policy, intellectual property and standardization. It has particularly been indicated the creation of conditions in respect to the access to signing, ratification, and especially the implementation of international

²⁵ Accession criteria (Copenhagen criteria) - http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm

agreements and conventions. In the report on the progress of Montenegro, it was pointed the necessity of adoption of the Constitution, which will help Montenegro with its European integration process and which will be in accordance with the "European values, standards and practices," particularly in the area of human and minority rights. According to sociological institutionalism, which directs towards normative and cultural institutions, creating the above stated, Montenegrin society, in this manner, forms the logic of appropriateness in human behaviour. However, despite the significant improvements, there are still noticeable "serious shortcomings in terms of available resources, responsibilities and capacities for implementation". There were also pointed shortcomings in providing real application of the law and monitoring the successful implementation of the laws by the relevant authorities.²⁶ The necessity of their application stems from the need for social life to be organized through a relatively stable set of meanings and practices, which is one of the main characteristics of sociological institutionalism.

This indicates that the Montenegrin Government is aware of the need to solve problems and its priorities, but it is necessary to cross from their declarations to concrete actions, concrete activities and implementation of the corresponding policies. Although the policy consists of polity, politics and policy, the new institutionalism emphasizes crucial importance of the institution or polity²⁷, and new institutionalism emphasizes the crucial importance of the institution or polity. The reason for this is that institutions structure the approach of political powers to the political process and create a preference in action, which, by itself, can develop

²⁶ European Commission, October 2014, Montenegro progress report

²⁷ German institutional theory

internal institutional incentives for policy change, and not only have mediating role in the political process.²⁸

Going into the detailed analysis of institutional changes in Montenegro, it can be concluded that the adjustment of the institutions is often just a normative, that the laws are not harmonized and that there are certain defects which cause further problems in the judiciary. It is imperative for the development of Montenegrin society to make better and more effective implementation of existing laws, the rapid establishment of new rules and institutions, to improve the quality of public administration, particularly, the judiciary and to prepare institutions for the regulation of markets, its deregulation and liberalisation.

2.2. Democracy, rule of law and the Montenegrin judiciary system

For the dynamics of institutional development and adaptation, of crucial importance are the internal factors, which, according to Olsen, means that the institutions maintain even when their environment changes. According to this approach of historical institutionalism, institutional arrangement that remains should be provided, which is why one of the declared aims of the Montenegrin government is the reform of public administration with an emphasis on the fight against corruption. Namely, “the rule of law remains the central theme of the future efforts of Montenegro towards the implementation of the negotiating agenda.”²⁹ In the area of anti-

²⁸ Bulmer S (1997) New Institutionalism, the single market and EU governance, Available at: http://aei.pitt.edu/2542/1/002862_1.PDF

²⁹ See more at: <http://www.balkan.eu.com/montenegro-rounded-legislative-framework-fighting-corruption-organized-crime/#sthash.y5BviSb6.dpuf>

corruption³⁰, Montenegro has created a quality legislation framework by adopting five very important acts: Law on Financing of Political Parties, Law on Lobbying, Law on the Prevention of Corruption, Law on Special Prosecutor's Office, and Code of Ethics of the MPs.

However, it is difficult to analyse the results because these changes usually work without the preliminary needs analysis and impact assessment. In March 2011, the Government of Montenegro adopted the Strategy of Public Administration Reform for the period 2011-2016, which foresees the strengthening of the rule of law and accountability of public administration, institutional stability, functionality and flexibility of the system of public administration, improving business environment by reducing administrative burden, increase transparency in the purpose of further inclusion of Montenegro into the European administrative area.³¹

This was preceded by the establishment of an Expert team for the reform of public administration in Montenegro, which had the task to prepare and submit the proposal to the Government for further development of public administration reform. Public administration has been undergoing gradual reforms too (e.g. for harmonizing legislation with regulations the Human Resources Administration was formed, etc.), but not enough attention is paid to the content of these reforms and their implementation. For example, established were the Protector of Human Rights and Freedoms (Ombudsman), the Administrative Court, as a specialized court, and the State Audit Institution, in the function of supervision and control over the legality of in the area of public administration, but there are still a number of unresolved issues - depoliticization has not been executed yet, and more employees in the public administration are set by political responsibility.

³⁰ Anti-Corruption Portal of Montenegro - <http://www.anticorruption-montenegro.org/>

³¹ Strategy of public administration reform In Montenegro 2011-2016

Furthermore, in the area of anti-corruption³², Montenegro has created a quality legislation framework by adopting five very important acts: Law on Financing of Political Parties, Law on Lobbying, Law on the Prevention of Corruption, Law on Special Prosecutor's Office, and Code of Ethics of the MPs. But their poor results are the cause of 67th place, which Montenegro shares with Macedonia.³³ From Montenegro are expected measurable and concrete results in the investigations and convictions in the field of corruption.

Montenegro should tend to align with the *acquis* in the area of the rule of law and to build efficient institutions and ensure administrative capacities capable for effective implementation of the *acquis* in the coming years, which will lead to fulfilment of 83 interim benchmarks that the country has been assigned, and that it would ensure “legal certainty and confidence of Montenegrin citizens in the negotiating structure and the institutions, as well as the trust of EU Member States in the ability of Montenegro to fully respond to the requirements arising from the membership.”³⁴

One of the areas which are constantly under the supervision of the EU, is the protection of national minorities. In the area of human rights and protection of minority interests, required is the provision of efficient mechanisms for implementing obligations deriving from international instruments, regarding, in particular, the European Convention on Human Rights and Fundamental Freedoms and the European Convention for the Prevention of Torture. Taking comprehensive and transparent activities in all alleged cases of torture and strengthening the internal control in service of dealing with cases of torture, are required as well. Among the priorities in the field of human rights it have also been defined the adoption of anti-

³² Anti-Corruption Portal of Montenegro - <http://www.anticorruption-montenegro.org/>

³³ Transparency International, 2013.

³⁴ Ibid.

discrimination legislation, the provision of the Law on Free Access to Information, the continued transformation of the RTCG³⁵ into a true public service media. It is needed the application of a Memorandum of Cooperation between NGOs and the Government, together with the continuing of application of the legislation related to the restitution of property, the provision of an appropriate framework for the protection of minority rights and the implementation of the Strategy and Action Plan on Roma and refugees.³⁶

Changes that Montenegro is making in the area of democracy, human rights and freedoms are encouraging, but the most worrying changes are the ones in public administration and judiciary. Taken steps prove that Montenegro is aware of what needs to be done in the future. Changes and institution-building in these areas are prerequisites for further negotiations and general progress of Montenegrin society. It is also necessary to raise awareness that the reforms, themselves, are not a goal, but they are needed in any case, and that they should be regarded as a necessity, not a requirement.

2.3. The ability of Montenegro's young economy to compete in EU market

One of the prerequisites for membership in the EU is for countries to meet the requirements of the effective market economy and to be competitive so that they can withstand the pressure of the common market. "The economic crisis has clearly underscored the importance of a

³⁵ Radio-Television of Montenegro

³⁶ Aleksandar Saša Zeković (2008), Political criteria in the process of stabilization and association of Montenegro to European Union, Center for Euro Atlantic Politics, Podgorica

competitiveness-supporting economic environment to better enable national economies to weather these types of shocks and to ensure solid economic performance going into the future”.³⁷

In the latest opinion of the European Commission it is said that the economy is recovering from a double-dip recession, but is still facing problems due to the weak domestic demand, a narrow production base and high dependence on the external environment.

Changes in Montenegro in the last couple of years include the following:

- GDP growth from 2.5% in the year of 2012 to 3.3% in 2013, and the trend continued in 2014. Growth is mainly driven by investments
- Montenegro is limited in the implementation of monetary policy since that it was given the unilateral use of the euro,³⁸ so inflation is declined to 1.8% in 2013, from 4% a year before, as a result of strength of euro and lower international prices.
- The current account deficit declined in 2013 to 14.6% of GDP, from 18.7% a year earlier. Deficit reflects the local economy’s narrow production base, lack of competitiveness and high import dependence, which sets the deficit among major structural problems.
- External debt has risen up to 58% of GDP in 2013, which is twice more than in the year of 2008, which puts fiscal policy in the place of the main challenge of economic sustainability, together with the deficit.

³⁷ The Lisbon Review 2010 Towards a More Competitive Europe?, World Economic Forum
<http://www.weforum.org/pdf/Gcr/LisbonReview/TheLisbonReview2010.pdf>

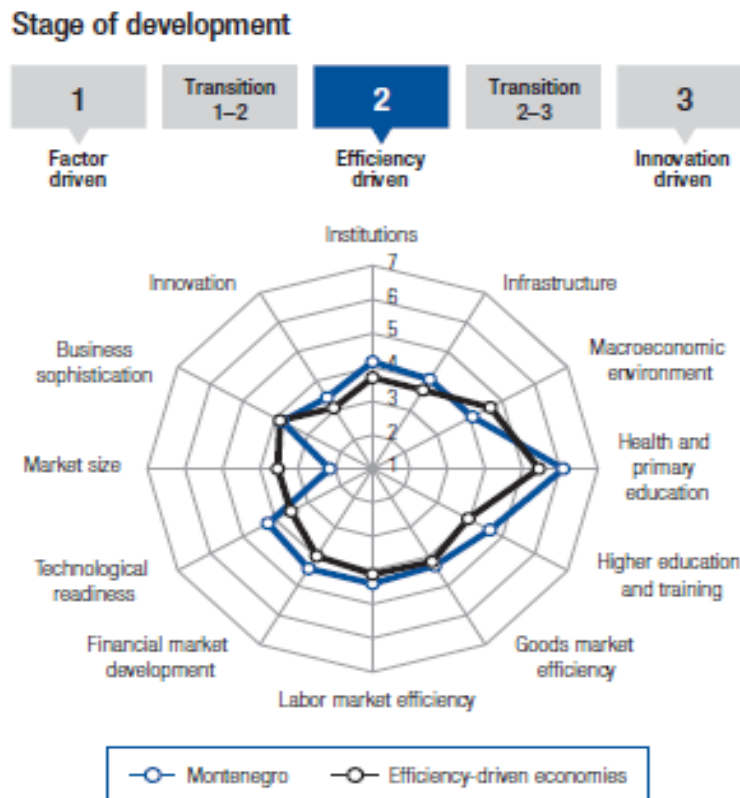
³⁸ The single currency allows more efficient operation and greater growth opportunities in a single market through: the elimination of fluctuations in the exchange rate, thus reducing the risks and uncertainty for importers and exporters making companies in a better position when it comes to planning future moves related to investments, the elimination of the various transaction costs related to changing currency (i.e. the costs of changing foreign currency), simplifying the purchase of goods and providers to consumers abroad, especially regarding the progress occurring in buying over the Internet.

- Weak market conditions which put pressure on salaries reduction affect the increase in unemployment, which, despite efforts, remains very high - above 19%.³⁹

Among the positive signs it is worth to mention that, according to The Global Competitiveness Report 2013-2014, in 2014 Montenegro has improved its position for five places comparing to the year of 2013. Situated on the 67th place out of 148 countries covered in the survey, Montenegro is the leader in the region with an index value of 4.2 competitiveness out of 7 possible points, in comparison to Macedonia (73rd), Croatia (75th), Bosnia and Herzegovina (87th), Albania (95th) and Serbia (101st). Such results classify Montenegro in a second stage - in the group of efficiency-driven economies. At this stage, countries have the basic infrastructure, institutions, the appropriate level of education and health care and are relatively stable macroeconomic. Despite the achieved development, to improve its competitiveness, Montenegro has to work on certain elements. The impact of the crisis is being felt throughout the region, which caused conditions of low level of income and investments and high and rising unemployment rate, or in other words, the conditions of low level of competitiveness in the Western Balkans. Still, some positive developments have been achieved and further development requires focus on the following components.

³⁹ Monstat, Montenegro Progress Report 2014

Figure 1: Montenegro's stage of development



Source: The Global Competitiveness Report 2013-2014⁴⁰

To compensate for the problem of market size, Montenegro should use export as a substitute for the domestic demand. To be able to compete in the EU market, to make its exports possible, it needs to work on specific components. Firstly on labour market efficiency and goods market efficiency. Improving these components of development of the Montenegrin economy will contribute not only to the quality of products and services, but also to the image of Montenegro in the international market. In this context, policymakers must implement structural reforms to ensure that Montenegro can provide a prosperous environment and employment for its citizens. By eliminating barriers of labor market, youth unemployment shall be reduced. Montenegro's

⁴⁰ The Global Competitiveness Report 2013-2014, WEF, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

labor force must be prepared for the challenges of a much more competitive international economy and it requires improving skills. Goods market efficiency is needed to produce goods and deliver services that meet a compelling need of international markets. Special attention must be paid to the qualitative aspect of development, because it is a requirement not only for integration into the European Union but also for the long-term improvement of the quality of life.

For a small country such as Montenegro, innovation and technology readiness can help strengthening the country's competitiveness. Not only it can provide huge payoffs in terms of growth and high-wage jobs, but also directly contribute to the productivity of its industry, representing industry-wide enabling infrastructure. Readiness of innovation and technology is especially emphasized. The country does not have to have a high level of technological development within its borders, but it is important to have the ability to absorb them and to use them in the open market. Foreign direct investments play the key role in this. What country can provide is a favorable investment climate and a support to the technology readiness.

The quality of institutions has been a central driver of productivity and economic growth, but without higher productivity, future growth will be dependent on a capital and it will be more difficult to access than it used to be. Enhancing productivity and competitiveness must be the most important direction for further development of Montenegro's economic policy. The factors of productivity are typical factors of comparative advantages and competitiveness. Business clusters can contribute to increasing the productivity of the country, because in that way the problems of fragmentation and lack of production capacities can be eliminated. Setting production standards is also an important factor in increasing productivity because the standardization promotes mutual cooperation. To strengthen the competitiveness of Montenegro, it is preferably needed to work on the construction of motorway physical infrastructure (roads

and railways), modernization of tourist facilities, as well as on limited factors such as innovation and technology, funding for research and development, consumer protection in compliance with EU standards and implementing the quality standards. The slowness of technology and knowledge transfer together with the continuation of the economic crisis could represent a possible threat to the competitiveness of the Montenegrin economy. On the other hand, EU integration increases the demand for products and services, and opportunities for the production and export of traditional products, organic foods and medical herbs, can represent an opportunity for the development of Montenegrin economy and gaining competitive advantage in the international market. Creating new and strengthening the existing manufacturing brands can significantly contribute to strengthening the image of Montenegro in the international market.

Maintaining and raising growth potential will require macroeconomic stability of Montenegro's economy. It includes sustainable fiscal position, reducing public debt, creation and implementation of more export-oriented growth strategy in the areas of tourism, energy, food and other Montenegrin comparative advantages, labor market, greater connectivity and improvement of investment climate. Domestic policies and reforms have a key importance for maximizing membership benefits.⁴¹

The need to consolidate the institutions as a central driver of productivity and economic growth is evident, which is grounded in the theory of the new institutionalism. On the other hand, economic criteria indicate the justification theory of neo-functionalism, which allows us to perceive and understand the way of functioning of the European Union, or, how economic

⁴¹ Daniel S. Hall (October 2008) Policies for Developing Country Engagement , The Harvard Project on International Climate Agreements, Discussion Paper 08-15, Available at: <http://belfercenter.ksg.harvard.edu/files/PizerWeb.pdf>

integration in one sector leads to the integration in other sectors, making the necessary political integration.

As Montenegro faces problems due to the weak domestic demand, narrow production base and high dependence on the external environment, economic integration is a priority. On the other side, the enlargement policy of the European Union indicates their mutual interest in the accession of Montenegro to EU.

In order to observe the areas in which Montenegro could develop, as well as areas where it should cooperate, a SWOT analysis of Montenegro has been conducted, which provides a clear overview of all strengths and weaknesses, as well as opportunities and threats for this country. The analysis has been made based on an objective and realistic assessment of collected data/information from various relevant local and national strategic documents.

STRENGTHS

- Relatively good educational opportunities;
- Scientific research capacity;
- Existence of mineral raw materials;
- High energy potential (hydro-potential, interconnecting cable with Italy, wind-potential, solar-potential, biomass energy potential);
- High-quality forest resources;
- Available agricultural land;
- Biodiversity;
- Rich cultural and historical heritage;

- Potentials for the development of different forms of tourism (cultural tourism, religious tourism, ethnic tourism, ski tourism, conference tourism ...);
- Potentials for marine and freshwater fisheries development (Skadar Lake);
- Potentials for agriculture and livestock farming development;
- Potentials for food industry development;
- Potentials for energy development;
- Renewable energy sources (hydropower, wind and solar energy);
- Potential for forestry and wood processing development;
- Entrepreneurship development;
- The existence of economic zones (mainly industrial);
- Existing industrial base (e.g. textile, chemical industry, energy production and supply, metal and food processing), which is undergoing restructuring towards higher competitiveness;
- Administration is oriented towards the development of entrepreneurship and the creation of a favourable business environment;
- Montenegro is part of the Central European Free Trade Agreement - CEFTA;
- Growing SME sector by number and turnover;
- Well-developed craft industry;
- Suitable eco climate for wine-making, fruit, vegetables, tobacco, medical plants and herbs;
- Relatively good network of regional roads and highways;
- Well-developed energy production and supply network;
- Good infrastructure for water supply in urban areas;
- Well-developed telecommunications network;

- Airports in Podgorica and Tivat.

WEAKNESSES

- Depopulation;
- Migration from Northern region to Coastal and Central regions (regional disparity);
- High outflow of educated people abroad;
- Lack of social inclusion mechanisms, especially in the northern region;
- Low level of public awareness on the economic potential;
- Long-term unemployment in the northern region;
- Reduced number of jobs out of season;
- Insufficiently developed system of lifelong education;
- Low level of awareness on Environment;
- Inadequate evaluation of Cultural - Natural Heritage;
- High level of unused agricultural land, as an unexploited potential;
- Poor organization of small and medium enterprises;
- Structural mismatch between supply and demand on the labor market;
- Mismatch of educational programs with projected needs of the economy;
- Inadequate management of forests;
- Low level of domestic and foreign investment;
- Underdeveloped economic infrastructure;
- Low level of processing products and export of raw materials;
- Unorganized purchase of agricultural products;
- Low level of competitiveness and innovation;

- Low level of promotion available resources and potentials;
- Inadequate road and rail infrastructure (including quantity and quality);
- Low quality of transport infrastructure in general and poor planning and maintenance of road network;
- Lack of sanitary landfills in the Northern region;
- Low level of mutual cooperation between local governments and lack of integration activities on the regional level;
- Lack of strategic planning, and underdeveloped infrastructure and systematic integration of environment and climate change in all sectors' policies.

OPPORTUNITIES

- Investing in lifelong education;
- Retraining programs for unemployed labor force;
- Introduction of decentralized implementation system (DIS) of management of EU funds;
- Trainings on and utilization of EU programs (IPA);
- Valorization of the rich Natural Heritage;
- The use of development and economic potentials of rural areas;
- EU funds and other potential sources of funding for infrastructural projects;
- Development of potential renewable energy sources (sun, water, biomass energy etc);
- Improved forest management;
- Strengthening of manufacturing sector;
- Development of new trends in tourism (cycling, ethnic, hunting, rafting, etc.);
- Development of organic agriculture;

- Branding of regional products;
- Strengthening and development of the small and medium enterprises (SME) sector;
- Investment through Private-public partnership (PPP) model;
- The possibility of cross-border cooperation (IPA projects).

THREATS

- The devastation of land through unplanned and illegal construction;
- Marine pollution;
- Negative impacts of climate change, natural disasters;
- Reduction of visits by foreign tourists;
- Increased exposure to global markets and increased competition within the region;
- Grey economy and perceived threat of corruption;
- Increased dependence on import of goods;
- Lack of investors for investments in infrastructure;
- Lack of financial resources for the implementation of infrastructure projects;
- Poor partnership between the public and private sectors.

The previous analysis illustrates a complete state of Montenegro in the context of human, economic, infrastructural and cultural issues. Considering all that is highlighted, it is necessary to focus on the improvement of weaknesses and utilization of all opportunities in the coming period. That will have a direct impact on key indicators of Montenegro and increase the level of development of the country, making it closer to the EU 28 average.

In a way to build a society of the rule of law, economic and security, Montenegro should work on its opportunities as using development and economic potential of rural area, developing new trends in tourism, branding regional products, strengthening and supporting the small and medium enterprises and many others by using its strengths as potentials for marine and freshwater fisheries development, for agriculture and livestock farming development, for energy development, renewable energy sources, high-quality forest resources and energy potential and others. Its weaknesses as high outflow of educated people abroad; lack of social inclusion mechanisms, especially in the northern region; low level of public awareness on the economic potential, long-term unemployment in the northern region, should be areas for improvement, growing and development. Threats as reduction of visits by foreign tourists, increased dependence on import of goods, lack of investors for investments in infrastructure should be taken into account in defining development strategy.

For example, in Montenegro there is a large untapped potential of renewable energy sources, especially hydro-energetic, and only a small percent of economic potential is realized. Cooperation in the field of energy will condition the cooperation in the field of technology stimulating innovation, employment and economic growth. It is also the confirmation of Haas's theory of neo-functionalism and explanation how cooperation in specific economic sector leads to integration in further areas.

Right on that, functional spillover, economic integration is based in Europe. Secondly, there is a political spillover, where "policies become inextricably linked to each other, not through necessity but rather as part of a bargaining process whereby states agree mutual support for each

other in negotiations”⁴² Thirdly, there is cultivated spillover, which is the idea that institutions drive further integration by being in practice.⁴³ And while the theory of functionalism explains ongoing integration, neo-institutionalism shows how it works.

On economic interests and the inseparability of political and economic preferences insisted even Moravcsik in his theory of liberal intergovernmentalism. In his opinion, the European integration process has three steps: the formation of preferences at the national level, the intergovernmental negotiations and the creation of supranational institutions, which after a defined interest and agreement only deepen cooperation because they reduce the transaction costs of negotiating, and give a much greater degree of autonomy to national governments in relation to citizens.⁴⁴

Also, since the EU is internal market with free movement of goods, services, people and capital, without physical, customs, tax and administrative barriers, Montenegrin membership would enable the increase of Montenegro’s production and export, with exemption from customs duties and other measures.

The single market in economic and political co-operation in Western Europe marked renewed popularity of neo-functionalist theory by following the spillover effect predicted by neo-functionalism. There is also a new, “‘transaction-based’, theory approach which draws attention

⁴² Aston B (2004) How useful are theories of integration to understanding the development of the EU, *Politics of Governance: The European Union*

⁴³ Tranholm-Mikkelsen, Jeppe, ‘Neo-functionalism: Obstinate or Obsolete? A Reappraisal in the Light of the New Dynamism of the EC’, *Millennium - Journal of International Studies*, Vol. 20, No. 1, pp.1-22

⁴⁴ Moravcsik A, (1998) *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* “ Ithaca,N.Y.: Cornell University Press

to the increasing levels of transactions (such as commerce, travel, communications) across EU borders which in turn increases demands for European-level regulation.”⁴⁵

⁴⁵ A. Stone Sweet & W. Sandholtz (1998) *Integration, Supranational Governance, and the Institutionalization of the European Polity* European Integration and Supranational Governance, Oxford University Press, p.11

III ACCESSION OF MONTENEGRO TO THE EU

In order to analyse the question of the extent to which Montenegro uses the process of accession to encourage institutional prerequisites for economic growth and national prosperity, in the previous section was demonstrated the extent to which Montenegro created relevant institutions and to what extent has started harmonizing standards according to the standards of the EU (research hypotheses 1) and indicated was the need for concrete action and implementation of declared institutional reforms. (Research Hypothesis 2). In this part highlighted are the key challenges in the process of Montenegro's association to the EU, which determine institutional preconditions for economic development and prosperity of the state, and it is demonstrated the way in which Montenegro uses funds through regional policies of the EU and analysed Montenegrin citizens' willingness to join the EU.

Namely, in recent years Montenegro has paid special attention on improving the rule of law, democracy and protection of human and minority rights, as well as on the development of appropriate institutions and mechanisms. However, for the purpose of economic development of Montenegrin society, absolute commitment to structural reforms and the implementation and application of reforms, are declared as priority.

The government often emphasizes its commitment to reforms, but these changes are introduced without any analysis of their impact, making it difficult to evaluate the results it achieves. When we talk about institutional reforms, the key problem are precisely measurable results, or rating the extent to which Montenegro is implementing reforms, and functioning of state institutions.

The potential and limitations of institutional influence on political actors and programs, shaping institutions for democratic political structure, are often the subject of researches. Institutionalist approach to European integration is important since the institutional arrangement can determine the acceleration or the postponement of the changes, their size and direction, and that is why the key to understanding the political changes is the consideration of the role of institutions in the process of change.⁴⁶

3.1. Challenges entailed in accession process

In recent years, Montenegro has placed particular emphasis on improving the rule of law, democracy and protection of human and minority rights, as well as the development of appropriate institutions. However, the key problem in Montenegro when it comes to institutions is the implementation of laws themselves and transparent operation of state institutions. It is extremely important to, on the road to full membership in the EU, continue political reforms and work seriously on further development of institutions, their consolidation, with a special focus on their true functionality. On the way to the EU, Montenegro will need further harmonization of legislation, particularly in the field of human rights.

The challenges of the accession process are primarily in establishing a procedure for the nomination of senior officials in the judiciary, securing the independence of the judiciary, reducing the number of unresolved cases and enforcement of court decisions. One of the key challenges is the issue of corruption, which directly affects the rule of law, as well as the business environment, and affects other areas such as health and education.

⁴⁶ Sosic M (2007) Europeizacija nacionalnih politika: Koncept i istrazivacki pristup

The key challenges, which should be a priority, are:

- to adopt a new constitution based on European standards by a broad consensus, particularly in the areas of human and minority rights, organization of the judiciary, audit, defense and security structures;
- to finalize the plans for the reforms of the judicial system, in particular ensuring transparent procedures based on professional and objective criteria, without any political interference, rationalize the court system, modernize the judicial procedures and improve court administration;
- to deal against organized crime and corruption at all levels;
- to improve the parliamentary control over the security structures;
- to continue with the reforms of state administration, particularly in the field of transparent recruitment, professionalism and responsibility and to continue with strengthening the capacity of all structures dealing with European integration affairs;

In addition, the achievement of economic sustainability requires structural reforms and proper fiscal policy. Work should also be done on improvement of the the business environment, in order to increase foreign investments and it also refers to the strengthening of the effectiveness of the public administration and judiciary, as well as to the rule of law. Another key challenge is resolving the question of public finances.

3.2. The use of EU regional policy funds

An important element in the process of the accession Montenegro to the EU is the Instrument for Pre-Accession Assistance (IPA), whose aim is building institutional capacity for the effective

implementation of the EU acquis, as well as to prepare for management of structural instruments after accession. IPA is conceived as a comprehensive support to the process of European integration, both in the area of financial support, and in the field of technical and expert support for the reforms which are being implemented in the country.

Montenegro has been receiving financial assistance from the EU since 1998. Overall, between 1998 and 2010 the EU helped with over €408.5 million to Montenegro. From 1998 to 2006, this included EU CARDS assistance worth €277.2 million. Between 2007 and 2013 Montenegro received a total of €235 million (please see the table below).⁴⁷

The period of Montenegro's accession to the EU can be utilized for developing competitiveness just before competing in the EU market.⁴⁸ The foundations of development should be the pillars on which the state needs to work in order to increase its competitiveness. In addition, even though Montenegro and other Western Balkan countries have been undergoing the process of transition for years, many countries still treat them as cheap sources of labor and raw materials. Therefore, Montenegro has to work very hard on building its image in the international market because it can be a major obstacle to building its competitiveness, especially if the competitiveness is built on non-price competition. Non-price competitions must be based on quality of not only the products and services, but also of the entire business process.

During the development and construction of the EU, there are five types of structural funds:

⁴⁷ Delegation of the European Union to Montenegro, IPA, <http://www.delme.ec.europa.eu/code/navigate.php?Id=59>

⁴⁸ IPA II sets a new framework for providing pre-accession assistance for the period 2014-2020 for which an indicative amount of EUR 270.5 million is foreseen to be allocated, od kojih EUR 171.3 million for competitiveness and growth

- European Regional Development Fund (ERDF) was founded in 1975. The fund is used mainly for providing assistance to regions whose development is lagging behind and those undergoing economic restructuring or facing structural difficulties;
- European Social Fund (ESF) was founded in 1960. The Fund represents a powerful instrument for the improvement of employment and social policy of the EU, from which mainly provides assistance under the European Employment Strategy;
- Cohesion Fund is aimed at member states whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average. It aims to reduce economic and social disparities and to promote sustainable development.⁴⁹
- EU Solidarity Fund - was set up to respond to major natural disasters and express European solidarity to disaster-stricken regions within Europe. The Fund was created as a reaction to the severe floods in Central Europe in the summer of 2002. Since then, it has been used for 67 disasters covering a range of different catastrophic events including floods, forest fires, earthquakes, storms and drought. 24 different European countries have been supported so far for an amount of over 3.7 billion €. ⁵⁰
- Instrument for Pre-Accession Assistance (IPA) program is intended to provide assistance to candidate countries and potential candidates for the EU membership, to adopt the standards and requirements of the EU.⁵¹

EU structural policy has certainly proved to be successful. Successes are especially evident in Ireland and Portugal, whose entire area, originally classified as backward, with the help of the European Union, recovered and in some areas is beyond the developed countries.

⁴⁹ http://ec.europa.eu/regional_policy/en/funding/cohesion-fund/

⁵⁰ http://ec.europa.eu/regional_policy/en/funding/solidarity-fund/

⁵¹ http://ec.europa.eu/regional_policy/en/funding/ipa/how/

All candidate countries for EU membership are entitled to financial help from Brussels in order to better prepare for the membership. The European Commission has started the implementation of the first program of assistance intended for the countries of Central and Eastern Europe immediately after the fall of communism in 1989. The purpose of the program is: assistance to developing countries in coping with the challenges of economic restructuring and political change, the implementation of reforms required for EU accession, preparation for structural funds after accession, strengthening the system of public administration, and promotion convergence with the EU (acquis).

In the following table are national projects of Montenegro funded by EU:

Table 1 National projects of Montenegro funded by EU 2007-2013

№	Project (Program)	EU budget (€)	Co-financing (€)	Beneficiary
1	Challenging Education for Roma Inclusion - CHERI (IPA 2007)	122.166	23.270	Pedagogical Centre of Montenegro
2	Cross - Sectoral Initiative on Preventive Health and Special Education for Displaced Roma in Konik (IPA 2007)	199.722	27.235	Montenegro Red Cross
3	Comprehensive Support to Refugees and Displaced Persons in Montenegro (IPA 2008)	1.500.000	70.268	Bureau for Care of Refugees, Ministry of Labour and Social Welfare

4	Increasing of Internal Displaced Persons Association's Participation in IDP Related Public Policies Development (IPA 2009)	98.140	11.026	NGO Kosmet, NGO - Association of the Displaced, Refugees and Expelled Persons in Montenegro
5	NO to the Charity, YES to the Fight for Accomplishment of Human Rights of REA Disabled Children in Montenegro (EIDHR 2009)	30.000	3.147	NGO Humanitarac
6	Social Welfare and Child Care System Reform: Enhancing Social Inclusion (IPA 2010)	2.923.000	335.000	Ministry of Education and Sports, Ministry of Labour and Social Welfare
7	Identifying Durable Solutions for IDPs and Residents of Konik Camp (IPA 2011)	2.500.000	500.000	Ministry of Labour and Social Welfare
8	Contribution to the Regional Housing Program – Sarajevo Process (IPA 2012)	1.000.000		Direct contribution
9	Identifying Durable Solutions for IDPs and Residents of Konik Camp II phase (IPA 2013)	1.000.000	112.000	Ministry of Labour and Social Welfare

Source: Delegation of European Union in Montenegro

Challenging Education for Roma Inclusion (CHERI) program had the aim to support policy and action research, in order to develop education models which would promote higher inclusion of Roma children and students in national education system. At the same time the project tended to

upgrade professional knowledge of teachers working with vulnerable groups and specifically with Roma kids.⁵²

The objective of the project Cross – Sectoral Initiative on Preventive Health and Special Education for Displaced Roma in Konik, was to strengthen cross-sectorial partnerships in the fields of special education, preventive health and social welfare for and with displaced Roma in Konik.⁵³

The main goal of project Comprehensive Support to Refugees and Displaced Persons in Montenegro was to contribute towards resolving the issues of refugees and displaced persons in Montenegro as outlined in the Montenegrin government's strategy.⁵⁴

The goal of project Increasing of Internal Displaced Persons Association's Participation in IDP Related Public Policies Development was to strengthen the cooperation of the NGO/CSO cluster in Montenegro.⁵⁵

Promotion of anti-discrimination, children and minority rights and influence on their more consistent implementation in Montenegro was made by the project NO to the Charity, YES to the Fight for Accomplishment of Human Rights of REA Disabled Children in Montenegro.⁵⁶ The importance of social cohesion and equal opportunities for all, through adequate, accessible, adaptable and efficient social protection systems for ensuring full respect of human rights, has been promoted by the project Social Welfare and Child Care System Reform: Enhancing Social Inclusion.⁵⁷ The focus of project Identifying Durable Solutions for IDPs and Residents of Konik

⁵² http://www.delme.ec.europa.eu/code/navigate.php?Id=2221&project_id=125

⁵³ http://www.delme.ec.europa.eu/code/navigate.php?Id=2221&project_id=131

⁵⁴ http://www.delme.ec.europa.eu/code/navigate.php?Id=2221&project_id=126

⁵⁵ http://www.delme.ec.europa.eu/code/navigate.php?Id=2221&project_id=148

⁵⁶ http://www.delme.ec.europa.eu/code/navigate.php?Id=2221&project_id=78

⁵⁷ http://ec.europa.eu/enlargement/pdf/montenegro/ipa/2010/pf08_ipa2010_social_inclusion.pdf

Camp was to provide durable solutions for the residents of Konik camps, be it integration of the RAE IDPs into Montenegrin society or voluntary return.⁵⁸

There have also been regional projects such as Regional programme for voluntary return of refugees in WB countries, Support to the marginalized groups' registration, Regional initiative for Roma integration and Improving of human rights and minority protection in WB countries.⁵⁹

All this indicates that in the upcoming period there will be a lot of chances to develop, using the EU funds, especially during the EU financing plan 2014-2020. This implies EU funds are an opportunity for financing projects which Montenegro develops.

3.3. Montenegrin citizens' willingness to join EU

The high degree of public support for Montenegro's integration into the EU does not mean a high level of understanding of that process. It is very important that citizens have timely and quality information about the EU, in order to understand the system of values and standards of the Union. Regarding that issue, the Montenegrin Ministry of Foreign Affairs and European Integration has adopted a new strategy for informing citizens about the European Union and preparations for membership, 2014-2018 (March, 2014). The new communication strategy is a comprehensive document informing citizens about the obligations, responsibilities and benefits resulting from membership. On the other hand, this document aims to help citizens to better understand that their active role in the process of European integration is very important, as well

⁵⁸ http://www.delmece.europa.eu/code/navigate.php?Id=2221&project_id=86

⁵⁹ Delegation of European Union to Montenegro

as to allow "citizens to gain a clear and concrete understanding of the responsibilities and obligations in the future process of integration".⁶⁰

According to CEDEM's latest survey of public opinion 12.61% of respondents supported Montenegro's EU accession.⁶¹ The largest number of citizens believes that Montenegro will certainly become part of the European Union regardless of their personal opinions about it. This means that the citizens have mostly estimated that the accession to the EU is the matter of politicians and the country, and that they are convinced that the future of Montenegro is a done thing. As it was the case with other countries, which are now EU members, at the stage of negotiations, in Montenegro, as well, the public support for the process of joining the EU has also recorded a negative trend as the country is approaching the membership.

The survey, conducted by the author exclusively for the purposes of this study, on a random sample of 100 people, showed that Montenegrins generally are not willing to change, even though the changes would lead to improving their quality of life. Only 42% of citizens are ready to change their lifestyle habits, and only 35% are willing to do any kind of further training and retraining. Only 15% of citizens are aware that substantial harmonization of the domestic legal system with the system of the EU is the condition necessary for joining the EU. Moreover, interesting are the findings concerning the hypothetical question of how far Montenegro is from the EU membership. Most respondents (39%) responded that they had thought that Montenegro was on an average distance from the membership, 21% said that it was far, and 24% that it was very far from becoming a member, 7% that Montenegro was close or very close and 9% of the

⁶⁰ <http://www.mvpei.gov.me/biblioteka/strategije>

⁶¹ The Centre for Democracy and Human Rights (CEDEM) <http://cedem.me/sr/programi/istraivanja-javnog-mnjenja/politiko-javno-mnjenje/viewdownload/36-politiko-javno-mnjenje/566-istraivanje-javnog-mnjenja-crne-gore-o-nato-septembar-2014.html>

citizens responded that they did not know. The fact that 45% of respondents thought that Montenegro was far from membership, indicates that they were aware of the complexity and duration of the process of reform, since that they were generally aware of when Montenegro submitted its application for membership.

State Secretary for European Integration and Chief Negotiator for negotiations on the accession of Montenegro to the EU, Mr. Aleksandar Andrija Pejovic, said that the focus of communications in the future will be on better understanding of the obligations and responsibilities, as well as of the benefits of membership through the three pillars of European integration of Montenegro: the negotiations on accession, the implementation of the Stabilisation and Association Agreement and EU support programs. Recalling that the negotiations between Montenegro and EU are opened in 35 chapters, Mr. Pejovic said that in the future communications will be focused on aligning Montenegrin legislative system with the EU acquis and on the results that will emerge from this process. "This aims to transform the society and make certain reforms that will affect the political, economic and social climate in Montenegro. The whole society is accessing the EU, and therefore it is important to timely and thoroughly inform citizens about the EU, its system of values, regulations and policies, as well as about the changes on the way to the full membership", said Mr. Pejovic.⁶²

Head of the EU Delegation to Montenegro, Mr. Mitja Drobnič, said that the EU accession process is not a classical diplomatic exercise, but that its objectives include transform of the society and reforms, and for their implementation it is needed the support and understanding of citizens. "Citizens should be involved in the process, and this can be achieved not only by better

⁶² UNDP Montenegro, 17 March 2014, Građani Crne Gore u procesu pristupanja EU – <http://www.me.undp.org/content/montenegro/sr/home/presscenter/articles/2014/03/17/the-citizens-of-montenegro-within-the-process-of-eu-accession-.html>

informing but also by their participation in the discussions. The Montenegrin government has a central role and primary responsibility in the accession of Montenegro to the EU. The aim of the Government's communication strategy is to contribute to a better understanding of the EU, and it is committed 550 thousand euros on the annual level. In addition, on March 25th, EU information center in Podgorica will be opened, and it will be available to all the interested citizens. We want to explain them in a simple way, without speaking EU jargon, how reforms can improve their lives", announced Mr. Drobnič.⁶³

British Ambassador to Montenegro Mr. Ian Viting rated as very successful the drafting of the strategy for informing citizens about the EU. "We are delighted with the project. Communication is not something that is at the center of EU accession, but the essence of everything we do. We hope that the government will evaluate a project in the same way", he said.

⁶³ Ibid.

CONCLUSION

The very first idea of EU was creating a community whose aim is to achieve integration via trade with a view to economic expansion. In the EEC Treaty, signed in Rome in 1957, it was specified that community shall have as its task “to promote throughout the community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the states belonging to it”⁶⁴ by establishing a common market and progressively approximating the economic policies of member states.

While EU is promoting single market as one of the basic principles of its existence, in literature there are claims that “the EU is becoming a power in trade and through the trade”, thanks to single market.⁶⁵ Regionalism then could be defined as a model of organizing trade policies in a multilateral framework of world trade. On the other hand, it could be attributed to the economic factor of integrations, but it is indisputable that within the Europe, law and politics have interacted over the decades in the formulation and implementation of an ever-expanding portfolio of internal policies and programs that contribute either directly or indirectly to a deepening of regional integration.⁶⁶ In order to achieve promoted objectives, EU stimulates cooperation in the area of regional integration. It supports a wide variety of projects that contribute to the economic development as a foundation of growth, among all the other things.

⁶⁴ Treaty establishing the European Economic Community -

http://europa.eu/legislation_summaries/institutional_affairs/treaties/treaties_eec_en.htm

⁶⁵ Meunier, Sophie; Kalypso Nicolaidis (2006) The European Union as a Conflicted Trade Power’, Available at: <http://webcache.googleusercontent.com/search?q=cache:SIfSsXvaAEMJ:www.hbs.edu/units/bgie/pdf/meunier.pdf+&cd=1&hl=en&ct=clnk&gl=me>

Also, the enlarging single market is an important source of economic growth and development of countries members.

Many theories, from federalism to neofunctionalism and neo-institutionalism tried to explain the process and outcome of integration in Europe and they help us to understand how war was avoided as well as ongoing integration and how it works. The new institutionalism theory of international relations brings in behaviour of states new perspectives relating to the role of institutions, both domestic and foreign. In addition, the new institutionalism can examine the links between international identity (macro level) and local (micro level), or whether the structure of the national institutions in a country influences the behaviour of the other countries within the system.⁶⁷

According to the theory of rational choice institutionalism, Montenegro has made a decision to reduce the costs of decision-making process and has accepted the delegation of its certain functions to the supranational executioner, i.e. to the EU. Declaration on European Union, adopted by the Parliament of Montenegro, among other things, confirms that the strategic interest of the citizens of Montenegro include achievement of the European integration and preparedness for accession to NATO and other European and Euro-Atlantic security structures, in order to achieve full and permanent stability and regional security. It also confirms that it will contribute to accelerated alignment of positive legislative system of Montenegro with the regulations and standards of the European Union⁶⁸, willingness for full cooperation and

⁶⁷ March J; Olsen J (1998) The Institutional Dynamics of International Political Orders, *International Organization*, : № 52, p. 943-969

⁶⁸ The Declaration confirms that contribution to accelerated harmonization of positive legislative will be based on the principles of the rule of law and promotion of human rights and civil liberties, and realization of minority rights, the strengthening of economic and social security, particularly in removing all the legal, institutional and political shortcomings in dealing with organized crime, corruption, human trafficking, drug trafficking, illegal immigration and border security

fulfilment of the obligations and standards of the Council of Europe and the Organisation for Economic Cooperation and Development, together with all the other international commitments.⁶⁹

With a serious commitment to structural reforms in almost all fields, especially in the areas of democracy, rule of law and the judiciary, as well as in economic sustainability, Montenegro will demonstrate its readiness to respond to the challenges of negotiations. To build the necessary institutional and economic framework in line with EU standards, Montenegro must ensure the actual implementation of institutional reforms and application of the declared objectives in practice, and the successful implementation of reforms should enable sustainable growth. According to the theory of institutionalism, institutional arrangement can determine the acceleration or the postponement of the changes, their scope and course of action.

Montenegro should tend to align with the *acquis* in the area of the rule of law and to build efficient institutions and ensure administrative capacities capable for effective implementation of the *acquis* in the coming years, which will lead to fulfilment of 83 interim benchmarks that the country has been assigned, and that it would ensure “legal certainty and confidence of Montenegrin citizens in the negotiating structure and the institutions, as well as the trust of EU Member States in the ability of Montenegro to fully respond to the requirements arising from the membership.”⁷⁰

One of the prerequisites for membership in the EU is for countries to meet the requirements of the effective market economy and to be competitive so that they can withstand the pressure of the common market. “The economic crisis has clearly underscored the importance of a

⁶⁹ Declaration on Accession to the European Union (“Official gazette of Montenegro”, 36/05 from 16.06.2005)

⁷⁰ Ibid.

competitiveness-supporting economic environment to better enable national economies to weather these types of shocks and to ensure solid economic performance going into the future”.⁷¹

In the latest opinion of the European Commission it is said that the economy is recovering from a double-dip recession, but is still facing problems due to the weak domestic demand, a narrow production base and high dependence on the external environment.

In a way to build a society of the rule of law, economic and security, Montenegro should work on its opportunities as using development and economic potential of rural area, developing new trends in tourism, branding regional products, strengthening and supporting the small and medium enterprises and many others by using its strengths as potentials for marine and freshwater fisheries development, for agriculture and livestock farming development, for energy development, renewable energy sources, high-quality forest resources and energy potential and others. Its weaknesses as high outflow of educated people abroad; lack of social inclusion mechanisms, especially in the northern region; low level of public awareness on the economic potential, long-term unemployment in the northern region, should be areas for improvement, growing and development. Threats as reduction of visits by foreign tourists, increased dependence on import of goods, lack of investors for investments in infrastructure should be taken into account in defining development strategy.

For example, in Montenegro there is a large untapped potential of renewable energy sources, especially hydro-energetic, and only a small percent of economic potential is realized. Cooperation in the field of energy will condition the cooperation in the field of technology stimulating innovation, employment and economic growth. It is also the confirmation of Haas`s

⁷¹ The Lisbon Review 2010 Towards a More Competitive Europe?, World Economic Forum
<http://www.weforum.org/pdf/Gcr/LisbonReview/TheLisbonReview2010.pdf>

theory of neo-functionalism and explanation how cooperation in specific economic sector leads to integration in further areas.

In order to analyse the question of the extent to which Montenegro uses the process of accession to encourage institutional prerequisites for economic growth and national prosperity, it was demonstrated the extent to which Montenegro created relevant institutions and to what extent has started harmonizing standards according to the standards of the EU (research hypotheses 1) and indicated was the need for concrete action and implementation of declared institutional reforms. (research hypothesis 2). In the third section it were highlighted the key challenges in the process of Montenegro's association to the EU, which determine institutional preconditions for economic development and prosperity of the state, and it is demonstrated the way in which Montenegro uses funds through regional policies of the EU and analysed Montenegrin citizens` willingness to join the EU.

In recent years, Montenegro has placed particular emphasis on improving the rule of law, democracy and protection of human and minority rights, as well as the development of appropriate institutions. However, the key problem in Montenegro when it comes to institutions is the implementation of laws themselves and transparent operation of state institutions. It is extremely important to, on the road to full membership in the EU, continue political reforms and work seriously on further development of institutions, their consolidation, with a special focus on their true functionality. On the way to the EU, Montenegro will need further harmonization of legislation, particularly in the field of human rights.

The key challenges, which should be a priority, are:

- to adopt a new constitution based on European standards by a broad consensus, particularly in the areas of human and minority rights, organization of the judiciary, audit, defense and security structures;
- to finalize the plans for the reforms of the judicial system, in particular ensuring transparent procedures based on professional and objective criteria, without any political interference, rationalize the court system, modernize the judicial procedures and improve court administration;
- to deal against organized crime and corruption at all levels;
- to improve the parliamentary control over the security structures;
- to continue with the reforms of state administration, particularly in the field of transparent recruitment, professionalism and responsibility and to continue with strengthening the capacity of all structures dealing with European integration affairs;

In addition, the achievement of economic sustainability requires structural reforms and proper fiscal policy. Work should also be done on improvement of the the business environment, in order to increase foreign investments and it also refers to the strengthening of the effectiveness of the public administration and judiciary, as well as to the rule of law. Another key challenge is resolving the question of public finances.

The period of Montenegro's accession to the EU can be utilized for developing competitiveness just before competing in the EU market.⁷² The foundations of development should be the pillars on which the state needs to work in order to increase its competitiveness. In addition, even though Montenegro and other Western Balkan countries have been undergoing the process of

⁷² IPA II sets a new framework for providing pre-accession assistance for the period 2014-2020 for which an indicative amount of EUR 270.5 million is foreseen to be allocated, od kojih EUR 171.3 million for competitiveness and growth

transition for years, many countries still treat them as cheap sources of labour and raw materials. Therefore, Montenegro has to work very hard on building its image in the international market because it can be a major obstacle to building its competitiveness, especially if the competitiveness is built on non-price competition. Non-price competitions must be based on quality of not only the products and services, but also of the entire business process.

It is very important that citizens have timely and quality information about the EU, in order to understand the system of values and standards of the Union. The largest number of citizens believes that Montenegro will certainly become part of the European Union regardless of their personal opinions about it. This means that the citizens have mostly estimated that the accession to the EU is the matter of politicians and the country, and that they are convinced that the future of Montenegro is a done thing. As it was the case with other countries, which are now EU members, at the stage of negotiations, in Montenegro, as well, the public support for the process of joining the EU has also recorded a negative trend as the country is approaching the membership.

Head of the EU Delegation to Montenegro, Mr. Mitja Drobnič, said that the EU accession process is not a classical diplomatic exercise, but that its objectives include transform of the society and reforms, and for their implementation it is needed the support and understanding of citizens.

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Interview with Ms Slavica Milacic - State Secretary for European Integration

Statistical research „Montenegrin citizens` willingness to join EU”

ANNEXES

ANNEX 1

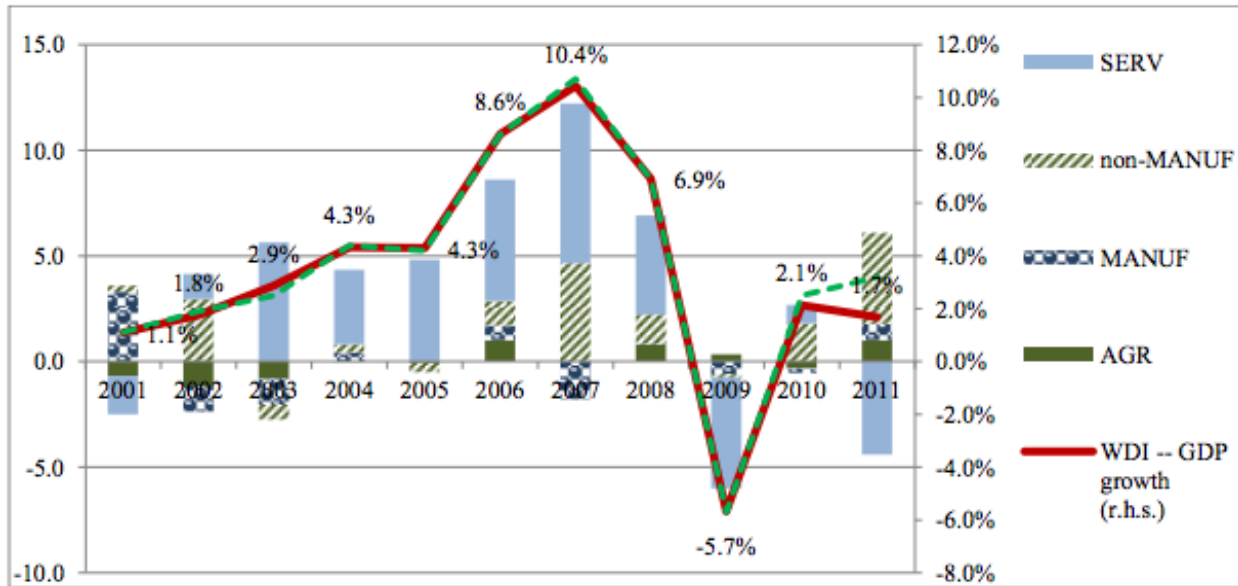
Table A 1: Enlargement of EU per year

Year	MEMBERSHIP
1951 / 1957	The founders of the European Community of Coal and Steel Community, which was followed by the European Economic Community and the European Atomic Energy Community: Belgium, Germany, France, Italy, Luxembourg and the Netherlands
1973	Denmark, Ireland and the United Kingdom
1981	Greece
1986.	Spain and Portugal
1995	Austria, Finland and Sweden
2004	Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia
2007	Romania and Bulgaria
2013	Croatia

Source: European Commission

ANNEX 2

Figure A 1: Montenegro – Sources of GDP Growth 2001-2011



Source: World Bank WDI database, staff calculations, MONSTAT⁷³

⁷³Regional Cooperation Council, Western Balkans Regional R&D Strategy for innovation, October 2013, Country paper series Montenegro, p. 4, available at: <http://www.worldbank.org/content/dam/Worldbank/document/eca/Western-Balkans-R&D-Montenegro.pdf>

ANNEX 3

Table A 2: Chronology of relations between Montenegro and the EU - important dates

DATE	EVENT
30/03/2015	Negotiations are opened on Chapters 16 – Taxation, 30 – External relations.
16/12/2014	Negotiations are opened on Chapters 18 – Statistics, 28 – Consumer and health protection, 29 – Customs Union, 33 – Financial and budgetary provisions.
24/06/2014	Negotiations are opened on Chapters 4 – Free movement of capitals, 31 – Foreign, security and defence policy 32 – Financial control
31/03/2014	Negotiations are opened on Chapters 7 – Intellectual property rights, 10 – Information society and media
18/12/2013	Opening of rule of law Chapters: Chapter 23 – Judiciary and fundamental rights and Chapter 24 – Justice, freedom and security
27/6/2013	The Government adopted actions plan for 2014 on Chapter 23 and 24
27/6/2013	Completed the process of screening for negotiation chapter 33s.
26/6/2013	The second meeting of the Joint Consultative Committee between Montenegro and the EU, in Podgorica
4/6/2013	The second meeting of the Joint Consultative Committee between Montenegro and the EU In Podgorica,
15-18/ 4/ 2013	European Parliament adopted a resolution on the progress of Montenegro where was recognized the significant progress of Montenegro in the European integration process and its leading role in the region in this area
15/4/2013	The first official visit of EU High Representative for Foreign Affairs and Security Policy Catherine Estonia in Montenegro
15/4/2013	Officially opened and provisionally closed Negotiation chapters 26 - Education and Culture
29-30/ 4/2013	The sixth meeting of the Parliamentary Committee for Stabilization and Association of Montenegro and the European Union, in Podgorica
18/12/2012	Officially opened and provisionally closed first negotiation chapter 25- <i>Science and Research</i>
March 2012	Started the process of Acquis-screening - detailed analysis of the level of

	harmonization of Montenegrin legislation to EU legislation.
22/1/2013	The Foreign Affairs Committee of the European Parliament adopted a draft resolution on the progress of Montenegro in 2012
18/12/2012	The Third Intergovernmental Council meeting of the Stabilization and Association Council in Brussels
11/12/2012	Council for General Affairs of the EU, welcomed the opening of accession negotiations with Montenegro on June 29, 2012
28/11/2012	The fifth meeting of the Parliamentary Committee for Stabilization and Association Agreement between Montenegro and the European Union, In Brussels.
11/7/2012	The second meeting of the Stabilization and Association Agreement between Montenegro and the EU, in Brussels,
29/6/2012	In Brussels, the EU Intergovernmental Conference was held when Montenegro formally began accession negotiations
26/6/2012	At a meeting of the Council of Ministers of Foreign and European Affairs in Luxembourg, the decision was taken to open accession negotiations between Montenegro and the EU.
1/4/2012	Entered into force the Agreement between Montenegro and the European Union on the establishment of a framework for the participation of Montenegro in EU operations for crisis management
29/3/2012	The European Parliament adopted a resolution on the progress of Montenegro in 2011
12/10/2011	Recommendations of the European Commission to start negotiations
13/5/2011	The first meeting of the Stabilization and Association Council EU-Montenegro, in Brussels
9/3/2011	European Council adopted a Resolution of Montenegro by a majority vote. They welcomed the decision of the European Council to grant Montenegro the status of candidate and expressed their hope that negotiations could begin by the end of this year.
17/12/2010	Montenegro granted candidate status for membership

9/11/2010	Commission Opinion on Montenegro's application for candidate status;
1/5/2010	Entry into force of the SAA (Stabilization and Association Agreement)
19/12/2009	Montenegro gets the visa liberalization;
9/12/2009	The Prime Minister of Montenegro, Milo Djukanovic, delivered to Commissioner Olli Reno, answers on the Questionnaire of the European Commission;
22/7/2009	Commissioner Olli Rehn delivered to the Prime Minister of Montenegro Milo Djukanovic the Questionnaire of the European Commission
23/4/2009	Council requested the Commission opinion on the application of Montenegro
15/12/2008	Montenegro submitted an application for membership in European Union
6/6/2008	Opening of the Permanent Representation of EC Delegation in Montenegro
1/1/2008	Entry into force: Interim Agreement on trade and trade-related matters, the Agreement on Visa Facilitation and Readmission Agreement
15/10/2007	In Luxembourg was signed the Stabilization and Association Agreement (SAA)
22/1/2007	Council adopted the European Partnership for Montenegro;
12/6/2006	European Council provides the Statement of deepening relations with Montenegro as an independent state, which was followed by individual recognition of independence by the Member States;
21/6/2006	Renewal of Montenegrin independence (score of 55.5% in the referendum), which was officially confirmed by the Parliament of Montenegro on 3 June
10/10/2005	Start of negotiations on the Stabilization and Association Agreement between the EU and Serbia and Montenegro, which were based on the principle of "double-track". Montenegro and Serbia will separately negotiate the trading part of the SAA but as a single state negotiate the politically part of the SAA (this principle was established 2004);
July 2003	Enhanced Permanent Dialogue between the EU and Serbia and Montenegro was launched
June 2003	Summit in Thessaloniki, where the European perspective of the Western Balkan countries was confirmed (based on individual achievements -the principle of race);

November 2000	Summit in Zagreb, where was launched the Stabilization and Association Process for five SEE countries
March 2002	Belgrade agreement on the creation of the State Union of Serbia and Montenegro which was carried out in February 2003
2001	Launched CARDS program for assistance for the Community of reconstruction, development and stabilization;
1997	European Council established political and economic criteria for the development of bilateral relations with the countries of the Western Balkans

Sources: Web-portal me4eu, eu4me⁷⁴; European Commission; Delegation of EU to Montenegro

⁷⁴ <http://www.eu.me/en/>