

Implementation of the Acquis as the Most Important Part in Further Integration Phases of Montenegro

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Professional paper
UDC 327:061.1EU(497.16)
Received in December 2010

Enlargement policy is one of the most successful policies of the European Union, which is confirmed by the results achieved in the last years. "Enlargement represents one of the most powerful instruments of the EU policies" –as said in the EC document on the enlargement strategy (European Commission, 2008/2009).

The fifth enlargement (10+2) was the milestone in the unification of Europe, fifteen years after the Cold War was over. It has brought greater economic prosperity for all the citizens in the EU, and it made Europe a stronger player in the global economy, by deepening economic integration and encouraging competitiveness. The enlarged EU has become the largest integrated economic area in the world, covering 30% of the world GDP and more than 17% of the world trade (excluding internal trade flows).

Key words: Enlargement policy, European integration, European Acquis, Montenegro

1. Introduction

The enlargement has not only made the European Union politically and economically stronger, but it also led to higher growth rates and improved living standards, in both new (Halkos and Tzeremes, 2009: 859) and old Member States (Braakmann, 2010: 81). Having in mind economic and political achievements of the fifth enlargement, the countries in the Region, including Montenegro, which are knocking on the door of the joint European home, have defined the EU accession process as their strategic priority. Accordingly, "Europeanization" is the engine of all reform processes and positive

changes in the society. At the same time, they expect that future Brussels enlargement policy will be equally encouraging and open for new Member States. (Turco and Parteka, 2010: 125)

2. Process of European integration in Montenegro

In the process of European integration, Montenegro has primarily focused on the fight for re-gain-

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ing statehood and independence, as a precondition for dynamic process of European and Euro-Atlantic integration. Battle for Montenegrin European "track" had to be conducted in parallel and in a synchronized way both at the national and international scene.

In the period preceding the spring of 2010, Montenegro achieved **integration results** to such extent that nobody in European institutions and expert services could even assumed. The Stabilization and Association Agreement was signed and fully ratified, the Interim Agreement was being implemented for **three** years with respect of all contracting obligations. In addition, the monitoring of implementation of the SAA was established through joint structures as well as the country's own coordination structures.

The Parliament of Montenegro adopted significant number of declarations and resolutions, thus confirming its commitment of all political parties to integration process. Public opinion polls show stable support for integration process, varying between 72-76%. Furthermore, the Communication Strategy for informing the public on integration process (2004, innovated in 2010) has been defined, and civil society structures that accompany integration process and encourage intra-Montenegrin dialogue have been gradually strengthened.

Coordination structures necessary for European integration were established. Those structures were the basis for a successful realization of the project "Questionnaire", in the July-November period of 2009, which was the biggest achievement of the Montenegrin administration so far. Quality answers to the questions from the Questionnaire were delivered to the EC, including reference to the next phases of integration and parallel strengthening of the established administrative structures. In addition, it is very important to emphasize that the process of Montenegro's integration into European Union was never blocked by the EU. On the contrary, the process was conducted pursuant to **maximum of own available integration capacities** (Luxembourg Institute, 2009: 103-120).

The Questionnaire of the European Commission was delivered to the Government of Montenegro on 22 July 2009, containing 2,178 questions. The answers to the questions should contain

information provided by the Government to the European Commission in order to prepare opinion on the Application of Montenegro for full membership in the European Union. Montenegro delivered answers in Brussels on 9 December 2009. Following the analysis of the answers, the European Commission delivered additional questions in January, whereof Montenegro answered to 22 additional questions in late February 2010. In early March 2010 (March 1), additional 673 questions were delivered, and answers were provided on 12 April 2010.

Answering the Questionnaire was quite a comprehensive and demanding task, which was successfully completed. A high level of decentralization in responsibility was reached. Information support (Ministry for European Integration (MEI) and Ministry for Information Society, focal points in all line ministries) followed the process. The Translation Centre was established within the Ministry for European Integration that was open to translators for 24 hours a day, with on-duty staff from MEI.

Procedure of answering to the Questionnaire was a very complex process. Table 1 contains review of questions and volume of prepared answers and annexes per chapter.

Basic set of answers contained 4,433 pages of answers and about 9,000 pages of annexes (264 different types of documents – laws, strategies, bylaws, information, bilateral agreements, and other documents). It was presented to the Commission in December 2010. The second set of answers contained 1,325 pages of answers and 2,913 pages of annexes. The answers were provided to 2,851 questions delivered on 5,738 pages with 11,913 pages of annexes.

During the period when the European Commission intensively analyzed answers delivered by Montenegro, several expert missions of the EC visited Montenegro (in the February–May period of 2010). In their reports, the Missions¹³ provided a more complete picture of the state in play in Montenegro, at the same time providing explanations for eventual obscurities in the answers. Potential positive Opinion of the European Commission opens possibility to acquire candidate country status for Montenegro and a perspective of opening membership accession negotiations.

Table 1: Montenegro: Key statistics of the project "Questionnaire"

Areas of the Chapter I	Line Ministry	Number of questions		Number of pages of answers		TOTAL	
		22.7. 2009	1.3. 2010	22.7. 2009	1.3. 2010	Questions	Pages of answers
POLITICAL CRITERIA							
Democracy and Rule of Law	MEI ¹	72	49	219	131	121	350
Human Rights	MEI	34	27	134	50	61	184
Regional issues and international obligations	MEI	11	3	41	9	14	50
ECONOMIC CRITERIA							
Macroeconomic data	MF ²	1	1	6	6	2	12
Socio-economic data	MF	1	21	10	102	22	112
Structural indicators	MF	1	8	17	23	9	40
The wage bargaining process and the social security system	MF	1		12		1	12
Economic and structural developments and reforms	MF	25		71		25	71
Financial markets	MF	34		71		34	71
EUROPEAN STANDARDS							
1. Free movement of goods	MEI	47	32	100	60	79	160
2. Freedom of movement for workers	MLSW ³	36	3	28	10	39	38
3. Right of establishment and freedom to provide services	ME ⁴	38	16	39	22	54	61
4. Free movement of capital	MF	24	13	85	30	37	115
5. Public Procurement	MF	21	9	54	26	30	80
6. Company law	ME	32	15	24	23	47	47
7. Intellectual property law	ME	29	28	22	29	57	51
8. Competition policy	ME	46	24	43	39	70	82
9. Financial services	MF	88	10	72	39	98	111
10. Information society and media	MIS ⁵	104	16	120	35	120	155
11. Agriculture and rural development	MAFWM ⁶	24	26	230	24	50	254
12. Food safety, veterinary and phytosanitary policy	MAFWM	28		227		28	227
13. Fisheries	MAFWM	53	16	47	22	69	69
14. Transport policy	MTMT ⁷	87	13	75	17	100	92
15. Energy	ME	82	27	131	32	109	163
16. Taxation	MF	34	7	72	20	41	92
17. Economic and monetary policy	MF	40	3	48	13	43	61
18. Statistics	MF	3	5	106	10	8	116
19. Social policy and employment	MLSW	187	64	232	76	251	308
20. Enterprise and industrial policy	ME	129	23	399	44	152	443
21. Trans-European networks	MTMT	18	2	45	12	20	57
22. Regional policy & coordination of structural instruments	MEI	81	15	91	28	96	119
23. Judiciary and fundamental rights	MoJ ⁸	167	31	394	63	198	457
24. Justice, freedom and security	MoIPA ⁹	186	20	285	40	206	325
25. Science and research	MES ¹⁰	33	8	53	20	41	73
26. Education and culture	MES	54	8	132	18	62	150
27. Environment	MSPEP ¹¹	94	46	217	95	140	312
28. Consumer and health protection	ME	59	31	203	44	90	247
29. Customs union	MF	45	13	85	38	58	123
30. External relations	MF	33	18	41	19	51	60
31. Foreign, security and defence policy	MFA ¹²	52	7	83	31	59	114
32. Financial Control	MF	35	13	50	16	48	66
33. Financial and budgetary provisions	MF	9	2	19	9	11	28
TOTAL		2,178	673	4,433	1,325	2,851	5,758

Source: Documentation of the Ministry for European Integration, April 2010

The European Commission assesses the received answers and prepares Opinion (Avis). For Montenegro, the year of 2010 was dedicated to consultative process and dialogue with the EC in preparation of the Opinion. Following candidate country status, the date for opening of the accession negotiations was defined, whereas it was estimated that preparation and opening of negotiations could be in 2011. In order to achieve this goal, Montenegro intensively prepares for negotiating process. These preparations mean following:

1. Adoption of the National Program for Integration for period 2010-14 (NPI)

It contains annexes on legislation plan, human resources plan and financial plan of integration, which means basis for preparation of the National Development Program (NDP).

National Programme for Integration (NOI) is European agenda of Montenegro defining how to reach membership of the EU, administrative capacities as horizontal theme of this plan, framework agenda of competitiveness, and operative plan for further reform of public administration and local self-government.

2. Intensive studying of the European Acquis

Preparation of Montenegrin Acquis

3. Establishment of coordination mechanism for integration (negotiating structure¹³), with good IT support, central unit for translation coordination and program of continuous training;

4. Establishment of negotiating team

Seven groups for European integration:

1. Group for trade, industry, customs and taxation / Ministry of Economy
2. Group for agriculture and fisheries / Ministry of Agriculture
3. Group for internal market and competition / Ministry of Economy
4. Group for economic and financial issues and statistics / Ministry of Finance
5. Group for transport, environment, energy and regional development / Ministry of Physical Planning and Environmental Protection
6. Group for innovations, technical development and social policy / Ministry of Labour and Social Welfare
7. Group for justice, freedom and security / Ministry of Interior and Public Administration

and 35 sub-groups for negotiating chapters¹⁴

While waiting for decision on candidacy, Montenegro should start preparing its negotiating platform for every negotiating chapter individually. Decision on candidacy status should contain indication on timeline for establishment of Inter-Governmental Conference and opening of negotiations. The country would prefer acquiring both, candidate country status and the date for opening of negotiations, at the same time, without additional benchmarks and conditioning.

3. Negotiating chapters as basis for negotiating platform of Montenegro

Approximation of legislation is the EU policy aimed at achieving the goal, approximation of the laws of Member States to the extent required for the proper functioning of the Common Market” as well as the entire macro system of the EU. Approximation of the legislation is an instrument for realization of wide spectrum of legally technical, economic, and political goals. Quality of process of approximation should be specially emphasized, which is measured and proved by implementation of these regulations in internal legal system (Manual for translation of legal and other acts, 2009: 25).

The entire Acquis is divided into 35 Chapters, pursuant to the field, which is negotiated. The European Commission¹⁶ has prepared a short version of the description of the main content of every chapter, i.e. key fields regulated by the EU acts.

1. Free movement of goods – the majority of this Chapter refers to legislation on products (precise specification of product or general requirements). A significant part relates to establishing of administrative capacities for notification on eventual limitations in trade, as well as implementation of standardization measures, harmonization assessment, and metrology and market surveillance.

Montenegro almost fully completed legislative framework in this field and established, immediately after re-gaining of independence, necessary institutions: The Standardization Office, the Metrology Office, and the Accreditation Body. All the requirements of the World Trade Organization have been fulfilled, whereas the membership in this Organization is a precondition for opening of negotiations for this Chapter.

In the years to come, emphasize should be put on good and qualitative implementation of legislation, especially in field of industrial products and technical regulation. Montenegrin market shall be almost fully opened for the European companies¹⁵ by 2013. When the negotiations open, it is in Montenegrin interest to open this Chapter as soon as possible, which would lead to acceleration of reform processes, while newly established institutions would be in function of encouraging business, consumers' protection, and increase in competitiveness of domestic companies.

2. Freedom of movement for workers – this Chapter ensures the right for citizens of Member States to work in other Member States of the Union, under the equal treatment and conditions as the citizens of the respected Member State. The same rights refer to the working conditions, social and tax benefits. In addition, coordination of national provisions on social protection for insured individuals and their families moving to some other Member State need to be implemented.

By entering into force of the SAA (May 2010), provisions governing freedom of movements of workers and establishment of companies entered into force. Freedom of movements of workers is ensured for managers, experts and inter-company transfers, pursuant to WTO standards. Special attention will be paid to all forms of cross-border service providing (engagement of workers), which should be precise in national legislation. Special attention has to be paid to this field during accession negotiations.

3. Right of establishment and freedom to provide services – is the right that a Member State has to ensure for the citizens of the EU and for legal entities, from any Member State, to establish companies and freedom to provide cross-border services with no limitations by national legislation. In that sense, implementation of the Acquis enables harmonization of rules that ensure acknowledgment of professional qualifications and diplomas between Member States, thus facilitating this process. Montenegro, as a small and open country, is very interested in exercise of this right, with clear rules and protected ownership rights. Realizing SAA, Montenegro has provided very liberal access to all European companies.

4. Free movement of capital – Member States are obliged to eliminate¹⁶ all limitations to movement of capital, inside of the EU and between Member States and third countries, and, in doing so, to ensure all conditions for free movement of capital. *Acquis* defines rules for cross-border payments and execution of requests for transfer of securities. Free movement of capital opens another very important issue – combating the financial crime. In that sense, Member States have to build up efficient administrative and executive capacities, including strengthening of cooperation between institutions competent for surveillance, implementation of laws and prosecution. It is the reason why the EU implements the Directive on fight against money laundering and terrorism financing, which requests from the banks to identify their clients and to report certain transactions.

By entering the SAA into force, Montenegro provided national treatment to European companies in the field of free movement of capital. National legislation in the field of capital movement is largely harmonized with the European standards, and, in the period to come, special attention will be paid to policy of prevention of money laundering and terrorism financing, i.e. full harmonization of legislation in this field and administrative capacity building for its implementation.

5. Public procurement – this chapter means implementation of general principles of transparency, equal treatment for all, free competition and non-discrimination, as well as the request for establishment of specialized implementing bodies. Montenegro, to a large extent, harmonized its regulations in this field and established all necessary bodies and institutions, but significant attention should be paid to further strengthening of capacities for implementation of regulations – in all spheres of activities.

6. Company law – *Acquis* encompasses rules on establishment, registration, merging and division of companies. Rules for financial reporting are established, as well as the rules for presentation of annual and consolidated balance sheets, including simpler rules for small and medium-sized enterprises. Implementation of international accounting standards is obligatory for some public enterprises. Laws of Montenegro are almost fully harmonized with the *Acquis* in this field, while accent should be put on their implementation. Spe-

cial attention should be paid to introduction of all possible incentives for small and medium-sized enterprises. Having in mind the structure of Montenegrin economy, special attention, during negotiations, will be paid to providing incentives for small and medium-sized enterprises

7. Intellectual property law – this chapter contains rules for legal protection of copyright and related rights, while specific provisions apply to the protection of databases, computer programs, semiconductor topographies, satellite broadcasting and cable retransmission. In the field of industrial property rights, the *acquis* sets out harmonized rules for the legal protection of trademarks and designs. In addition, the *acquis* contains harmonized rules for the enforcement of both copyright and related rights as well as industrial property rights.

Montenegrin institutional framework has not been completed yet, so this chapter will require significant activities and time, in order to fulfil criteria for opening of this chapter. Montenegro needs to adopt law on copyright and related rights, and to strengthen significantly the capacities of the Office for Intellectual Property, as well as relevant sector in the Ministry of Economy.

8. Competition policy – this chapter encompasses both anti-trust and state aid control policies. Rules to fight anti-competitive behaviour by companies are defined preventing governments to guarantee state aid, which endangers competition in the internal market. The competition rules are generally directly applied in the Union and Member States are obliged to fully cooperate with the Commission in their implementation.

Institutions and legal framework are set up, but implementation capacities should be significantly strengthened, in order to affect the dynamics of opening this chapter.

9. Financial services – this chapter contains rules for the authorization, operation and supervision of financial institutions in the areas of banking, insurance, supplementary pensions, investment services and securities markets.

Financial institutions can operate throughout the Union in accordance with the principle 'control by host country' either by the establishment of branches or by providing services on a cross-border

basis. Given the fact that legislation is significantly harmonized, and that all necessary institutions and regulatory bodies are established, it is to expect that criteria for opening of this chapter in the first part of accession negotiations will be fulfilled.

10. Information society and media – the *acquis* contains specific rules on electronic communications, information society, and services, especially in the field of e-trade and conditional access services, as well as on audio-visual services. In the field of electronic communication, the goal is to eliminate barriers for efficient operating of internal market in telecommunication services and networks, to promote competition, and protection of consumer interests, including universal availability of modern services. In terms of audio-visual policy, the *acquis* requires the legislative alignment with the Television without Frontiers Directive, which creates the conditions for free movement of television broadcasting within the Union. The aim is to establish transparent, predictable, and effective regulatory framework for public and private broadcasting in accordance with European standards. In addition, the *acquis* requires the capacity for participation in the joint programs Media Plus and Media Training.

Intensive reforms in this field are underway, which is, by its nature, subject to frequent changes through the *acquis* itself. Standards of information society, qualitative communication, and regulated media policy are of special importance for small countries. Having that in mind, negotiations concerning this chapter, and further encouragement of reforms stemming from negotiating process, will be very important for competitiveness of the Montenegrin economy and the development of society as a whole.

11. Agriculture and rural development – this is one of the most comprehensive chapters that contains numerous binding rules, many of which are directly applicable. Their application and efficient enforcement and control by efficient public administration are crucial for functioning of the Common Agriculture Policy (CAP). Setting up of quality systems and management as well as the integrated administration and control system are required. Also needed is the strengthening of capacities for implementation of rural development measures. Member States must be able to apply legislation on direct support for farms

and to implement of joint market organizations for various agricultural products.

This chapter is especially important for Montenegro, and at the same time, quite large *acquis* covers this field. A lot has been done in the area of legislative reform and the establishment of a set of institutions, which must follow the preparation of Montenegro for the fifth component of the IPA funds, and harmonization with the principles of the CAP.

12. Food safety, veterinary and phytosanitary policy – this provides detailed rules in field of food safety, i.e. hygienic rules for foodstuff production. Rules concerning the veterinary field refer to the improvement of health care of animals and safety of food of animal origin on internal market. As for phytosanitary field, it covers issues such as seed quality, plant protection material, pests and animal nutrition.

This is very demanding and complex part of the *acquis*, which is very important for growth of competitiveness of the Montenegrin economy, product safety and growth of export. It takes significant regulation costs, which cannot be avoided, and it means that investments in this field have to be increased in the period to come.

13. Fisheries – this chapter contains regulations that do not require transposition into national legal system. However, it demands the introduction of measures for preparation of administration and staff for participation in the common fishery policy, covering market policy, resource and fleet management, inspection and control, structural actions and state aid control

14. Transport policy – Regulations in this chapter aim to improve the functioning of internal market through promoting safe, efficient, environmentally sound and user-friendly transport services. This chapter covers the sectors of road transport, railways, inland waterways, combined transport, aviation, and maritime transport. It relates to technical and safety standards, security, social standards, state aid control, and market liberalization in the context of internal transport market.

The transport sector requires substantial infrastructural investments in the period to come, while

there is also a need to complete the institutional framework. In that sense, several new institutions have been established since 2006 that need strengthening in administrative terms.

15. Energy – the aims of energy policy include improvement of competitiveness, energy supply security, and environmental protection. It consists of regulations and policies that specially refer to competition and state aids (including the coal sector), internal energy market (opening up of the electricity and gas markets, promotion of renewable energy sources), energy efficiency, nuclear energy and nuclear safety and radiation protection.

The energy sector is important sector for Montenegro, which will need significant investments in the period to come. During 2010, several new laws in this field have been adopted that are to a large extent harmonized with the *Acquis*.

16. Taxation – the part of the *acquis* referring to taxation widely covers fields of indirect taxation, (value added tax and accise), and direct taxation. This policy requests cooperation and mutual assistance between Member States, as well as ensuring of the necessary capacities for implementation, including the links with relevant IT taxation system of the Union.

Large part of this policy has already been harmonized with international standards during multilateral negotiations with the WTO. In the following period, the accent will be put on strengthening implementation capacities.

17. Economic and monetary policy – Member States are obliged to coordinate their economic policies and to respect Stability and Growth Pact in terms of fiscal supervision. New Member States are also obliged to respect the criteria necessary for adoption of the euro (convergence criteria). Before the adoption of the euro, they participate in the Economic and Monetary Union as a member state, with derogation from the use of the euro and should treat their exchange rates as a matter of common concern. This chapter also contains rules on independence of the central banks, prohibition of direct financing of the public sector by central banks, and prohibition of privileged access of the public sector to financial institutions.

Given the fact that the use of the euro as official currency in Montenegro is confirmed by the SAA in 2007¹⁹, it is recommended that this chapter should not open in the first cycle of negotiations. This delay is necessary since the time is required for defining precise negotiating platform, which would propose compromise solution, a form of derogation, which would ensure the realization of the assessment of fulfilment of convergence criteria in the first two years of EU Membership, while the accession to the EMU would follow afterwards.

18. Statistics – the *acquis* defines methodology, classification, and procedures for data collection in different areas, as for example, macroeconomic and price statistics, demographic and social statistics, regional statistics, as well as statistics on business operations, transport, foreign trade, ecology, science, and technology. Montenegro should realize significant investments in this area in the following period. This particularly concerns the strengthening of institutional capacities and development of the IT support, with full cooperation with the Eurostat. Having in mind the criteria for its opening, this chapter should be open in the second part of the negotiations.

19. Social policy and employment – this chapter defines minimum standards in the field of law on labour, equality, health care, and security at the work place, as well as in anti-discrimination. Member States participate in social dialogue on the level of the Union and in processes in the field of employment policy, social inclusion, and protection. The European Social Fund is the key financial tool for supporting the implementation of the EU Employment Strategy.

Application of standards means continuation of structural reforms in the labour market and harmonization with the EU. Further approximation of regulations and strengthening of institutional capacities will be necessary in medium-term period.

20. Enterprise and industrial policy – the aim of this chapter is improvement of total business environment in which small and medium-sized enterprises operate. It also includes privatization and restructuring. It mainly consists of principles of policy and exchange of information on implementation of industrial policy. The implementation of this policy requires adequate admin-

istrative capacities at the national, regional, and local level.

Montenegro has significantly developed mechanisms for encouraging of entrepreneurship and developing of small and medium-sized enterprise, in terms of instruments of industrial policy and coordination of developing policy between national and local level. Stronger coordination mechanisms, reporting on the development of sector policies, investing in instruments of active employment policy, industrial policy, and policy of science-technological development are the challenges for growth of competitiveness in Montenegro in the following period.

21. Trans-European networks – this chapter regulates Trans-European networks in the field of transport, telecommunications and energy infrastructure, including the directives for their development and the support measures for development of projects of common interest. Its goal is better usage of internal market and contribution to economic growth and opening of new job positions in the European Union.

This is the sector linked with the entire transport policy requiring huge investments in infrastructure. Strengthening of institutional capacities in this field is important for the future Third component of IPA fund and European structural funds, as investment opportunities.

22. Regional policy and coordination of structural instruments – respect of the Union legislation is expected from the member states, as well as the existence of the institutional framework and adequate administrative capacities for programming, implementation, and supervision.

Montenegro, though in statistical terms classified as level NUTS 1 (state region), must define, more clearly, the basic instruments for implementation of regional policy, as well as coordination mechanism of national and local level. Strengthening of local government capacities is a precondition for participation in important European developing projects in the future. Due to limited administrative capacities in this field, the criteria for opening negotiations will be fulfilled in the second part of the negotiating process.

23. Judiciary and fundamental rights – the establishment of an independent and efficient judiciary, impartiality, integrity and high standards are of key importance in maintaining the rule of law. This requires elimination of external impacts on judiciary, and the establishment of legal guarantees for fair trial. In addition, fight against corruption is expected. All countries have to ensure respect for fundamental rights and exercise of all rights of the EU citizens, as guaranteed by the *acquis* and in the Charter on Fundamental Rights.

With increasing importance of political accession criteria, it is recommended that this chapter should be opened as soon as possible, in order to accelerate reform process in this field, especially strengthening the capacities for implementation of regulations, which would lead to increased efficiency of judiciary in fight against corruption and organized crime.

24. Freedom, justice and security – includes the implementation of the growing framework of common rules in the field of border control, visa, migration, asylum, police cooperation, fight against organized crime and terrorism, cooperation in field of drugs, customs cooperation, as well as judicial cooperation in criminal and civil matters. It requires strong and well-integrated administrative capacities, which need to attain the necessary standards, i.e. building of a professional, reliable, and efficient police organization. Majority policies in the field of justice, freedom and security belong to the Schengen *Acquis*, meaning the removal of internal border controls in the European Union. However, for new the Member States, key parts of the Schengen *Acquis* are implemented after their accession to the EU.

This is a very demanding negotiating chapter, which includes both strengthening of administrative capacities for implementation of policies in this field and significant investments. Large part in this sector has been already realized through negotiations on visa liberalization, but reform needs to be continued.

25. Science and research – this chapter requires the necessary conditions for efficient participation in the Framework Programmes of the EU. According to the experiences so far, this chapter should be opened and closed first, together with the chapter 26. However, it does not mean formal fulfilment of criteria will make country ready to

use great opportunities created through European research area.

26. Education and culture – cooperation framework on education and training policies aims at converging national policies and achieving of common goals through an open method of coordination, thus integrating all these activities at European level. Maintenance and promoting of cultural diversity are particularly stressed. Montenegro is being gradually integrated into the European education area by accepting standards in education at all levels. It is estimated that negotiations in this chapter can be opened at the very beginning of the process.

27. Environment – the *acquis* contains more than 200 legal acts regulating water and air quality, waste management, environmental protection, control of industrial pollution and risks, chemicals and genetically modified organisms, noise and forestry. It requires well-equipped administration at national and local level. Due to needed high level of investments, the fulfilment of certain standards is planned in the medium and long run.

28. Consumer protection and health care – this chapter contains regulations on safety of consumer goods in a number of specific sectors. Transposition into national legal system is needed, as well as establishment of independent administrative structures and executive competencies, which will enable efficient market surveillance and implementation of the *acquis*. Montenegro has harmonized regulations in this field with the EU *acquis* to a large extent, but, still, it will need investment of significant means in further strengthening of administrative capacities for implementation of the mentioned regulations.

29. Customs union – the *acquis* in this part exclusively refers to legislation, which is directly binding for member states. Member states are expected to ensure necessary capacities for implementation and application, including links to the relevant EU computerized customs systems. In addition, customs services have to provide adequate capacities for implementation and application of special rules in other related fields of the *acquis*, i.e. foreign trade.

Having in mind the accession process to the WTO, a significant number of international stan-

dards is fulfilled, so that accent will be put on further strengthening of administrative capacities, in order to ensure full implementation of the Acquis and further monitoring.

30. External relations – this chapter contains mainly directly binding rules. This part is the result of multilateral and bilateral commercial obligations of the Union, as well as of numerous autonomous preferential trade measures. In the field of humanitarian aid and development policies, member states must comply with EU legislation and its international obligations, as well as to provide capacities for participation in these policies. Candidate countries must gradually harmonize their policies towards third countries, and their position in international organizations with policies and positions of the Union and its member states.

Montenegro pays significant attention to the full implementation of internationally assumed obligations and strengthening of regional cooperation and good neighbouring policy, so there are no special requests to be expected in this chapter.

31. Foreign, security and defence policy – Common foreign and security policy (CFSP) and European security and defence policy (ESDP) are based on legal acts, including legally binding international agreements, and on political documents. Member states must be able to keep political dialogue in the framework of Common foreign and security policy, to respect positions of the Union, to participate in actions and application of agreed sanctions and restrictive measures. Candidates are obliged to progressively harmonize their policies, and to apply sanctions and restrictive measures when and where necessary. Significant part in field of strengthening national security system is being realized through fulfilment of MAP requests.

32. Financial control – this part requires the existence of efficient and transparent systems for financial management and control (financial control and inspection), functionally independent auditing system, relevant organizational structures, operationally and financially independent external audit organization. In addition, this chapter encompasses norms on the protection of financial interests of the Union.

Montenegro adopted all necessary basic regulations in this field, and established necessary coordination system between institutions (PIFC – public internal financial control). In the following period, accent will be put on strengthening the capacities for implementation, international cooperation, and reporting quality.

33. Financial and budgetary provisions – this chapter contains rules on financial means necessary for the financing of the EU budget ('own resources'). In this chapter, Montenegro needs adequate administrative capacities for coordination and ensuring of correct balance, collection, payment, and control of own resources. Rules are directly binding and do not require transposition into national legal system. This chapter is linked with the last phase in the negotiating, in which future financial arrangements and obligations of the country and the EU in post-accession phase are negotiated.

34. Institutions – this chapter contains institutional and procedural rules of the European Union. Regulations of this chapter do not affect internal organization of the member state, but candidate countries have to ensure full participation in the decision-making process in the EU by establishing adequate bodies and mechanisms at home and to elect or nominate well-prepared representatives for the European institutions. Following the closing of accession negotiations, certain rules for transitional period ensure easy integration in the EU structures. This is the part to be negotiated at the very end. During the answering to the EC Questionnaire in 2010, Montenegro clearly defined stream of activities in this field, which will be implemented when membership becomes obvious.

35. Other issues – the last chapter contains mixed issues that occur during negotiating process, but which do not belong to any of the above-mentioned chapters.

Proper implementation of the *acquis* requires significant efforts by the candidate country, which should have good institutions, system for management and coordination of European issues and total administrative and judicial capacities aligned with the European standards. For Montenegro, as a small country, issues of adequate scope, structure, and quality of total administrative and judicial ca-

capacities for implementation of the *acquis* become matter of importance, having in mind total size of our economy, GDP strength, existing administrative capacities and regulation costs, as well as the need to further strengthen all mentioned above.

The number of employees in state bodies and other state institutions, local government, regulatory bodies and legal bodies with special competencies amounts to 52,194 persons, which make **30.35%** of total number of employed persons. It means that one third of employed persons work in public sector. Concerning structure, state administration bodies makes 22% of this number (11,625), other state bodies - 6% (3,315), local self-government - 22% (11,321), education sector - 25% (13,093), judiciary - 4% (1,873), state funds including public health care sector - 18% (9,324), and other - 3% (1,643). In the years to come, followed by negative effects of the world financial and economic crisis, it is necessary to follow carefully qualitative and quantitative indicators of employment in the administration of Montenegro, in order to ensure objective assessment of where the training is necessary, where to decrease employment rate, and where to increase the number of employees.

4. Conclusion

Though it was strongly expected from the effects of the European economic integration to have positive impact on democratic reforms in the country, experiences from the last enlargement speak otherwise on direct links of reform processes. Countries that joined the EU in the last enlargement established formal democratic standards and criteria, but they still face problems in the rule of law, administrative inefficiency, as well as in fight against organized crime and corruption caused by judicial inefficiency. Following accession, results in changes differ from country to country. (Dimitrova, 2010: 145). The post-accession period confirms that crucial political changes come from inside, and they cannot be imported, but they grow from the very quality of integration process and effect that it produces in the country that intensively changes. This experience affected the importance of the political accession criteria. (Braniff, 2009: 559)

In case of the Western Balkans, the accession process does not mean only adoption of common market standards, but, in the first place, a chal-

lenge for building up strong institutions and the rule of law within the country, as response to the issues of stability and security. Thus, the intention of the EU is to have political criteria, in parallel with regional and individual criteria, set up for every country of the Region individually. The criteria should insist on very concrete, visible results, in each phase of the accession dialogue. This trend is certainly a new moment in the practice so far, and in the enlargement policy in general. For example, the EC, through its Questionnaire, depth and scope of questions, and expert missions that visited Montenegro, has already introduced several elements of the screening phase to Montenegro, regardless of the fact that country is still without candidate status. Consequently, stronger pressure by the public follows this process, given the fact that political expectations, which differ from previous enlargements, are significantly higher in our region, while economic benefits are not being taken reasonably in the account.

It is necessary to introduce more transparency and efficiency in state administration, with independent and efficient judiciary, concrete results in fighting corruption and organized crime, full international cooperation in criminal matters, etc. This will have strong political implications on further development of candidate countries, so it is the reason why it is necessary to establish system of deep monitoring (even before the candidacy). It is recommended for the countries participating in the accession negotiations to harmonize their laws with the *acquis* before accession. That makes the adoption and implementation of the *acquis* a crucial part in the next phases of integration, without calculations on post-accession monitoring mechanism as guarantee that "all transposed will be respected".

Comparing to the accession process of the fifth enlargement (Golden enlargement period in the EU 10), and taking into consideration current economic crisis, the countries of the region face a lot more challenges than it was the case in 1990s.

Due to the ongoing economic crisis, the countries of the Western Balkan region face more challenges in their EU accession process than was the case with the countries of the fifth enlargement (the so-called 'Golden enlargement period in the EU10).

The countries in the region, despite the same political and economic heritage, form a complex structure of seven small countries, divided and different, with six official languages and more than 5,000 km of new state borders, including several unsolved border issues, ethnic issues and sovereignty issues. On the other hand, support for the accession process is not followed by the same level of interest, as was the case in the previous enlargement, especially in case of old member states. Thus, only 8% Lithuanians in comparison to 70% of Austrians were against accession of Bulgaria (Dixon, 2010: 130)

The turnout at elections for the European Parliament in 2009 showed low level of interest of the European citizens for "European political life", so that conservative and right-oriented parties reached higher level of participation, on the account of social democrats.

In addition, new enlargement is related to the **decreased economic enlargement attraction.**

Although it represents new market with almost 24 mill consumers and space for new investments and business opportunities, the Western Balkan region contributes to the Union with "only" 4.7% of population, 6.1% of territory, and 1.7% of GDP. At the same time, it creates additional net pressure on CAP and structural funds, and on the EU budget respectively, which affects institutional (and economic) readiness of the EU to accept new members.

New developing framework of the EU imposes the implementation of the consistent economic policy in member states. However, new member states, with their weak administrative capacities, will have a problem in communication, participation in decision-making process, and fast realization of joint actions. They do not have equally firm commitment to the EU. Political elite is not yet ready to propose a developing scenario that would be an alternative for the European integration path, despite the disappointment in the dynamics of integrating process realized so far.

NOTES

¹ Ministry for European Integration

² Ministry of Finance

³ Ministry of Labor and Social Welfare

⁴ Ministry of Economy

⁵ Ministry for Information Society

⁶ Ministry of Agriculture, Forestry and Water Management

⁷ Ministry of Transport, Maritime Affairs and Telecommunications

⁸ Ministry of Justice

⁹ Ministry of Interior and Public Administration

¹⁰ Ministry of Education and Science

¹¹ Ministry for Spatial Planning and Environmental Protection

¹² Ministry of Foreign Affairs

¹³ Mission for the field of Human Rights, Mission for policy of anti-money laundering and prevention of terrorism financing, Mission for field of rule of law, Mission for economic-financial issues and statistics, Mission for Taxation, Mission of assessment of conditions in detention centres and prisons, Mission for technical standards and regulations, etc.

¹⁴ To propose structure of the negotiating team, to appoint Head of Negotiating Team and to appoint Chief Negotiator, as well as their deputies (experiences showed that Negotiating team should have 15 members maximum, and that it includes, apart from the representatives of the Government, local experts, representatives of financial regulatory sector and business associations.

¹⁵ By including all necessary institutions, not only state administration bodies, but also judiciary and the parliament, local governments where necessary, as well as CBMNE, business associations, regulatory agencies, local experts, trade unions. National Parliament will play especially important role.

¹⁶ http://ec.europa.eu/enlargement/enlargement_process/accession_process/how_does_a_country_join_the_eu/negotiations_croatia_turkey/index_en.htm

¹⁷ Agriculture will remain on the level of 50% of customs protection until the membership.

¹⁸ There are some exemptions.

¹⁹ Adoption of the Declaration on Euro in parallel with signing of the SAA

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