

## **PM+: Montenegro's 'Façade democracy' conceals corrupt and authoritarian regime**

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Opinion Plus

Montenegro latest progress report is a timely reminder of the contempt with which the country's prime minister Milo Đukanović treats the European institutions, argues Andrey Petrushinin



The publication of the European Commission's 2015 progress report on Montenegro serves as a timely reminder of the contempt with which Montenegro treats the European institutions.

While the report rightly stresses the need for a more efficient fight against corruption and organised crime, guarantees of media freedom and reducing huge public debt, a critical piece of information in it is incorrect, and it appears that the European Commission may have been deliberately misled in this regard.

The Progress Report states as a positive example of economic developments that "the final instalment for the sale of the KAP (Kombinat Aluminijuma Podgorica) aluminium smelter was made in August 2015". This is untrue: payment was never made to the bankruptcy administrator. Rather, the

money was paid into an escrow account, and a number of conditions must be fulfilled before the bankruptcy administrator can receive that money – not least of which is the resolution of all court proceedings relating to the bankruptcy proceedings.

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With the number of scandals surrounding the KAP case mounting exponentially, rather than working for a resolution of the KAP dispute, the Montenegrin government seems complicit in wanting to bog down the dispute in a series of complicated, overlapping judicial processes.

Montenegro is clearly snubbing the EU's calls to resolve commercial disputes with foreign investors that are critical to the economy of Montenegro. The European Parliament rightly voiced its serious concerns about delays in the resolution of the KAP "in compliance with Stabilisation and Association Agreement state aid rules and based on transparency and the rule of law". Despite repeated calls by the EU institutions, the government of Montenegro has rejected all calls for dialogue and has progressed with the illegal expropriation and sale of KAP without consideration for the Central European Aluminum Company's (CEAC) legitimate interests and in contravention of legal decisions by EU courts.

The issue of resolution has become ever more urgent. Despite the government of Montenegro's best attempts to stall international arbitration proceedings against them, they continue apace. Montenegro has dragged its feet at each stage of the arbitration proceedings. It delayed its choice of arbitrator in the United Nations Commission on International Trade Law (UNCITRAL) case as long as it could. Its choice of arbitrator, Jernej Sekolec, was subsequently himself mired in scandal when found to be in breach of confidentiality and impartiality in another case according to the UNCITRAL principles, and has had to be replaced, further delaying the process and adding to the cost to the Montenegrin taxpayer.

Indeed, the government's intransigence could well cost Montenegro an estimated third of its national GDP – that's the total claims against Montenegro from foreign investors, including CEAC, pending in international courts. Montenegro's prime minister Milo Đukanović is effectively gambling with the future of the Montenegrin nation, willing to beggar his countrymen for his own ends.

Unfortunately, as the NGO Open Democracy reports, Djukanovic has already done much to impoverish his fellow countrymen. He has kept a tight grip on power for almost 25 years, ruling as either premier or president. Under his watch, Montenegro's industry, which was estimated at \$4.5bn in 1998, was sold off for a trifling €735m. Of the 198 state-owned companies privatised 176 have gone bankrupt. Almost all core industries have shut down. The very real and personal impact has been that about 100,000 workers – approximately a quarter of the national workforce – have lost their jobs. People are fleeing the country in an attempt to find a better life in the EU. The opposition journalists are being attacked and killed. There is no rule of law in the country.

It is clear that the embattled Montenegrins have finally had enough. Popular demonstrations against the government are taking place across the country, including a series of 24-hour mass protests outside the country's parliament. The government's reaction has, sadly, been predictably heavy handed, involving riot police and tear gas. Over 40 people have already been injured.

Ever seeking a scapegoat, Djukanovic is blaming Russia and Serbia for stoking the protests. But the reality on the ground is very different –the real reason for the anti-government rallies is the widespread poverty and corruption that have been the hallmark of his kleptocratic regime.

The opposition Democratic Front has been vocal and explicit in calling for the first ever free and fair democratic elections in the country, which it calls a “façade democracy”, whose institutions veil a corrupt, authoritarian kleptocracy and the proliferation of organised crime. Foreign Affairs Magazine has dubbed the country a ‘mafia state’ where “government officials [...] become integral players in, if not the leaders of, criminal enterprises, and the defence and promotion of those enterprises’ businesses become official priorities”.

Djukanovic may believe that anti-Russian rhetoric and his EU and NATO ambitions can keep him in place. But the civil unrest in the country at last shows to the EU and the world that the emperor, actually, has no clothes. He would do well to remember the fate of former Croatian prime minister Ivo Sanader who led his country into NATO only to be sentenced to nine years in prison for corruption.

We therefore give the European Commission's progress report a cautious welcome and urge it, the European Parliament and indeed Council to maintain continued pressure on the Montenegrin government. To that end, we call for an independent, EU-backed inquiry into the KAP issue, from CEAC's acquisition through to today. And we call on the government of Montenegro to heed the repeated urgings of the European institutions – Commission, Parliament and Council – to end this dispute, overhaul its governance and embed real and meaningful application of the rule of law in the country.

## About the author

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[Enlargement](#) [5]

[Foreign Affairs](#) [6]

[Justice and Rights](#) [7]

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[Business and industry](#) [8]

[International Relations](#) [9]

[Public order, justice and rights](#) [10]



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