



Weekly Briefing

Montenegro political briefing:
Internal Challenges and Instability Threaten Montenegro's
Integration Efforts
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Internal Challenges and Instability Threaten Montenegro's Integration Efforts

Summary

Montenegro continuously faces challenges that threaten to further complicate its already complex foreign policy situation and internal political circumstances. Poor economic policy reflects a continuation of a populist approach that will burden Montenegrin citizens in the future. Instead of capitalizing on opportunities for progress and integration, particularly towards the European Union, the current political dynamics seem to lead to deepening existing divisions and undermining the statehood and sovereignty of the country. In addition to challenges on the path to the EU, support for NATO among the citizens of Montenegro is falling, further complicating the issue of national stability. However, the West turns a blind eye to the counterproductive results delivered by the Montenegrin government and offers Montenegro a chance for faster progress. Despite attempts to stimulate through certain praises, the question of true progress in integrations remains open.

Introduction

Montenegro took on debt again in March and under the most unfavourable conditions so far. Such an economic policy does not indicate a responsible approach of the government, which is also reflected in a nonchalant attitude towards the possibility of accelerating the EU integration process. In addition, a NATO report was presented in March, in which one can also sense the bad results of the work of this and the previous Montenegrin government.

Government's fiscal irresponsibility towards its own citizens

In addition to continuous intra-party strife and ongoing political instability, poor policies also relate to the economic side. In March, Montenegro incurred an additional debt of \$750

million at a record high rate of 7.25%.¹ Such economic policy by the government shows signs of irresponsibility towards its own citizens. The newly accepted debt raises concerns, and the constant recourse to borrowing can be seen as a result of politically irresponsible management and irresponsible populist pre-election promises. Despite high demand for government bonds during the debt issuance, questions are raised about the long-term sustainability of the government's fiscal policy. The purpose of the borrowing is also questioned. Montenegro borrows not only to cover current and capital expenditures but also to refinance existing debt. It is important that funds obtained through borrowing are used in a way that promotes economic development, not just for servicing existing debts. According to the Ministry of Finance, the focus is on financing the capital budget, including investments in infrastructure, education, health, which should stimulate long-term growth. However, previous experiences suggest the need for caution in monitoring the targeted use of funds. While the Ministry of Finance emphasizes compliance with the legal frameworks of the borrowing strategy and takes measures to ensure favorable refinancing conditions, the high interest rate at which the country borrows poses challenges on the international financial market, particularly in the context of global economic uncertainty. The budget rule, which prescribes financing current liabilities from current revenues, theoretically ensures fiscal discipline and sustainability. However, practice shows that in Montenegro, its application is often challenging, especially when political decisions favor short-term goals over long-term fiscal stability. As Montenegro tries to balance the need for borrowing with preserving fiscal discipline, key will be transparency and responsible financial management. This includes adequate allocation of borrowed funds, as well as continuous monitoring and adjustment of fiscal policy to ensure long-term stability and prosperity. While long-term policy that relies on borrowing seems unsustainable, political employment reaches its limits. It is known that salaries in the public sector are financed from the budget, which is nourished thanks to entrepreneurial initiatives and investments that generate new value. Thus, the current government behavior carries risks for the overall economic performance of the country, potential macroeconomic imbalance, and the sustainability of high economic growth. In Montenegro, with the increase in salaries and pensions, there is a lack of stronger implementation of policies aimed at increasing the competitiveness of the economy and measures of structural reforms to increase productivity and create added value in the economy. The practice of political employment, which is common

¹ “Bonds issued: The government borrowed 750 million dollars” (<https://www.cdm.me/ekonomija/emitovane-obveznice-vlada-se-zaduzila-750-miliona-dolara/>)

among ruling parties, can lead to the improper allocation of resources, primarily human, sending a signal that it is more desirable to work in the public sector, which can deter from the private sector and directly affect the reduction in production per employee, i.e., labor productivity. Record levels of employment in the public sector and public administration confirm this issue. Moreover, reduced entrepreneurial initiative leads to a decrease in overall investments that could create new, sustainable jobs. Such an approach by the government not only poses a risk to the economic performance of the country at the macro level but also questions the sustainability of the potential for high economic growth in the future. Although the increase in salaries and pensions may be attractive in the short term, the lack of stronger policies aimed at strengthening the competitiveness of the economy and implementing structural reforms that would enable increased productivity and the creation of added value in the economy can long-term harm economic stability and development. Although these consequences are clear, the government's behavior does not indicate an understanding of the importance of sustainable fiscal policy and the need for responsible management of public finances. It is necessary to direct resources not only to servicing existing debt but also to investments that promote economic growth, increase productivity, and strengthen the country's competitiveness on the global market. This would ensure that economic policy does not rely exclusively on borrowing and short-term goals but strives for long-term stability and prosperity. In this context, it is crucial to establish a balance between the need to preserve fiscal discipline and encourage economic development. And that means less government spending on current expenses. Transparency, accountability, and strategic planning must be the foundations on which economic policy is built, aiming to secure sustainable development and well-being for all citizens of Montenegro. This strategic approach requires not only stringent adherence to budget rules but also an active enhancement of the entrepreneurial and investment climate to fuel economic growth and innovation.

Thus, while addressing the immediate fiscal needs, Montenegro must also prioritize long-term economic policies that focus on enhancing productivity, fostering a competitive market, and supporting sectors that can lead to sustainable employment opportunities. The government's role should transition from being a direct provider to a facilitator of growth, leveraging private sector dynamics to create a robust and diversified economy.

Moreover, fostering an environment that encourages private investment and entrepreneurial growth is crucial. By reducing dependence on public sector employment,

Montenegro can stimulate private sector activity that generates genuine value and economic resilience. This shift is essential not only for economic recovery but also for achieving a stable, high-growth economy that can withstand external shocks and internal pressures. Hence, while Montenegro faces significant challenges, the path forward lies in a balanced fiscal approach coupled with strategic economic reforms. By prioritizing accountability, transparency, and prudent fiscal management, Montenegro can navigate its way through these turbulent times, ensuring economic stability and a prosperous future for its citizens. However, it seems that current government is far from that point.

The rise in anti-NATO sentiments due to counterproductive actions by certain parts of the Government

In Montenegro, the number of citizens willing to leave the NATO alliance has increased by 12 percent, as shown in a recently presented NATO report for 2023.² Hence, 44 percent of Montenegrin citizens would vote to leave NATO, while 46 percent would vote to stay.³ Compared to the previous report, the number of those wanting to leave NATO has increased by 12 percent, while the number of supporters has decreased by two percent. Although 46 percent of respondents in the country believe that NATO membership reduces the possibility of an attack by a foreign nation, 33 percent do not think this is the case. According to the latest report, Montenegro spent 106 million euros on defense last year, which is 24 million more than the year before.⁴ Unlike Montenegro, overall support for this military alliance is much stronger in other countries.

The decline in support for NATO in Montenegro can be partially explained by internal political dynamics which, despite a declaratory commitment to the alliance, often deviate from proclaimed principles. Therefore, Montenegro's worsened international position in the context of Euro-Atlantic integrations appears as a result of the political dynamics within the country, largely shaped by the presence of parties with anti-Western attitudes. These parties not only criticize NATO and Western values but are also associated with ideas that deny Montenegrin national identity, language, and statehood. Their connections with clerical and extreme right

² NATO, The Secretary General's Annual Report 2023 (available at: https://www.nato.int/nato_static_fl2014/assets/pdf/2024/3/pdf/sgar23-en.pdf)

³ Ibid, p.70.

⁴ Ibid, p.157.

centers in Serbia further complicate the situation, given that such ideologies find echoes and support within part of the Montenegrin population. The information about the decline in NATO support among Montenegrin citizens reveals not only internal political tensions but also a broader regional and global context. Thus, trust in international institutions is not always stable, and geopolitical interests often intertwine in unexpected ways. Unspoken and camouflaged campaigns and behavior of certain political structures in Montenegro that promote Serbian nationalism and clericalism, while simultaneously criticizing NATO and Western values, have a strong impact on public perception. This narrative not only affects public opinion in Montenegro but also, such open campaigns in neighboring Serbia reflect not only on Montenegro but also on other countries in the region, further complicating the regional security and political situation. Trust in Western institutions in Montenegro is endangered not only by internal political factors within the country but also by the perception of the foreign policy actions of these institutions. The situation requires a deeper understanding of both internal dynamics within the country and broader geopolitical currents that affect the region. Therefore, the situation in Montenegro, as well as its international position, reflects the need for a more thoughtful and coherent approach by Western institutions to this problem, which has become clear after the published research. This includes understanding local political realities, as well as more effective countering of disinformation and external influences that undermine the integration process and regional stability.

In order for Montenegro to strengthen its national security and face challenges of internal undermining of sovereignty and international integrations, it seems crucial to establish cooperation among pro-Montenegrin political forces that are sincerely focused on continuing integrations, regardless of their position on the political scene. Certainly, internal undermining also implies a disordered security sector that is not immune to malign foreign influences. Therefore, a comprehensive reform of institutions such as the National Security Agency, which has been staffed by pro-Serbian parties in previous years, is primarily considered. Such personnel have even been accused of leaking information and divulging secret data.⁵ Also, individuals with criminal records, which have been cleared from the criminal register, have been placed in leading positions in this key security institution.⁶ Therefore, establishing a professional, responsible, and above all, state-loyal rather than party-loyal leadership is

⁵ “Montenegro: A case was established due to the release of secret information of a foreign intelligence service”(<https://www.slobodnaevropa.org/a/31165440.html>)

⁶ Artan Kurti illegally deleted from the criminal record? (<https://www.dan.co.me/vijesti/hronika/artan-kurti-nezakonito-brisan-iz-kaznene-evidencije-5207427>)

necessary to restore integrity to this key institution. Additionally, apart from politicians whose actions contribute to disintegrations, public opposition to NATO membership is growing under the influence of anti-Western propaganda promoted by the Serbian Orthodox Church in Montenegro. The question is how sincere the heterogeneous government, led by a person considered close to these church circles, is in its intention to commit to improving attitudes towards the alliance to which Montenegro belongs. This requires much stronger and more sincere communication about the importance of this orientation for the country. On the other hand, the Montenegrin opposition, which, while in power, was actively dedicated to these integrations, now seems more devoted to intra-party elections and better personal positioning within their parties, while the fight for integrations is reduced to media statements and rhetoric. A much harsher criticism of the government is necessary in the process of strengthening support for Euro-Atlantic integrations. Cooperation between the government and the opposition, supported by international partners, can help Montenegro resist destabilization and continue its path towards stability, security, and prosperity within the Euro-Atlantic community. Such an approach requires leadership capable of overcoming short-term political interests in favor of long-term national and state goals, presenting Montenegro with significant challenges but also an opportunity to demonstrate its ability to rise above current divisions. Promoting such values and narratives should be uncompromising from their side, and the opposition should strive to renew and strengthen ties with international partners. This robust approach is essential to reassert Montenegro's commitment to its Euro-Atlantic path and address the challenges posed by internal divisions and external pressures effectively.

IBAR – a gifted opportunity from the EU that the current government puts at risk

Recently, the discussion about Montenegro obtaining the IBAR⁷ has intensified. Several EU officials have hinted that Montenegro could receive the IBAR in June this year, which unequivocally confirms that the EU's attitude towards Montenegro has changed. Namely, for many years, despite much better results of Montenegro in integration, EU had been passive regarding enlargement.

IBAR is a crucial element in Montenegro's EU accession process, especially in chapters 23 (Judiciary and Fundamental Rights) and 24 (Justice, Freedom, and Security). These

⁷ The Interim Benchmark Assessment Report.

negotiation segments aim to ensure fundamental reforms in the judiciary, the fight against corruption and organized crime, and the improvement of media laws and freedom of expression. Through the negotiation process, intensified by the new EU accession methodology since February 2020, Montenegro faces numerous challenges and opportunities that require alignment with EU legal and institutional standards. Potentially obtaining the IBAR would signify that the European Commission acknowledges Montenegro has made significant strides in meeting EU requirements in key areas such as the judiciary, combating corruption, media freedom, and prosecuting war crimes. This is an important step toward closing chapters 23 and 24, further enabling progress in other negotiation areas and bringing Montenegro closer to EU membership. Through this process, Montenegro not only strengthens its institutional capacities and improves the quality of life for its citizens but also demonstrates its commitment and capability to become a reliable and equal member of the European community. Therefore, the IBAR is not just a technical report; it symbolizes progress, effort, and Montenegro's dedication to European values and standards, and is a key element in its path to the EU.

Receiving this report would thus represent a significant opportunity for Montenegro, an opportunity that could be seen as almost a gift, given the existing challenges and deficiencies in the EU accession process. However, despite the clear importance of these reforms and the opportunities provided by the European perspective, certain parts of the ruling coalition show a degree of irresponsibility towards these opportunities. This attitude is reflected, among other things, in the irresponsible approach to the electoral case in the municipality of Šavnik and the imposition of forced administration. The electoral process (started two years ago) in this municipality is not yet finished, and the irresponsible behavior of the government could lead to a deeper political crisis caused by arbitrariness and hidden interests of certain actors from the government. Such behavior not only harms Montenegro's internal political stability but also compromises its credibility on the international stage, especially in the eyes of the European Union, and potentially jeopardizes the country's chances of obtaining the IBAR.

This is a paradoxical situation in which Montenegro finds itself - on one hand, there is a historical opportunity offered through the EU integration process, a chance to improve the judicial system, strengthen democratic institutions, combat corruption and crime, which would ultimately lead to improved quality of life for citizens. On the other hand, there is a risk of missing this opportunity due to internal political dynamics and irresponsible behavior of certain political factors.

It is noticeable that the internal dynamics of power within the government are not guided exclusively or primarily by ideological or strategic goals but are more focused on preserving positions of power. This indicates a problem that transcends the boundaries of ordinary political struggle and suggests that personal and group interests take precedence over principled positions and political vision. Such dynamics can be detrimental to decision-making processes and the implementation of necessary reforms. Hence, Montenegro more than ever faces the challenge of aligning its internal policies with the expectations and standards of the European Union. Although it is evident that there is support from Brussels, the question arises whether the improvements being made are more of a formal nature, without deep and substantial changes. It is necessary to work on reforms that not only meet formal criteria but also demonstrate real progress in democratization, the rule of law, and respect for human rights.

Many political actors do not realize that at a time when the EU is practically opening its doors to Montenegro, it is crucial that all political forces in the country focus on a responsible and dedicated approach to reforms. This involves transparency, accountability, and a willingness to compromise in the interest of the state and its citizens. Only if national interest is above party's interest, Montenegro can take advantage of the opportunity provided and ensure progress on its path to the European Union.

The internal political situation is characterized by deep divisions and a populist economic policy that prioritizes short-term gains over sustainable development, potentially straining Montenegro's financial stability and economic health. This is manifested in irresponsible fiscal policies, including excessive borrowing which questions the long-term economic strategy of the country.

Additionally, Montenegro faces critical challenges that jeopardize its efforts towards European Union integration and maintaining NATO support. The decline in NATO support within Montenegro can be attributed to internal political dynamics that often deviate from pro-Western commitments, further complicated by national identity issues fueled by certain political factions.

In the realm of EU integration, Montenegro's progress is hindered by these internal challenges, despite the European Commission's readiness to advance the accession process. The need for substantive reforms in the judiciary, media freedom, and corruption is urgent to align

with EU standards and fulfill the criteria needed for receiving the IBAR, which marks significant progress in the integration process. However, the current governance approach, focusing more on maintaining power than on principled, strategic reforms, poses risks to both internal stability and international relations.

In order to avoid negative consequences of irresponsible behaviour, Montenegro must prioritize long-term economic policies, foster a competitive market, and reduce reliance on public sector employment, encouraging private sector growth and resilience. Transparency, accountability, and strategic planning should be the pillars of Montenegro's policies to ensure sustainable development and align with Euro-Atlantic values. This strategic shift requires comprehensive reform and a united political front, committed to national over personal or party interests, which is lacking so far.