

Veselin Vukotic, Ph.D

Vice President of Privatization Council of Government of Montenegro

Post privatization period in Montenegro - Which steps should be taken?

Resume

In Montenegro, 54% capital has been privatized!

Key models of privatization were:

1. Internal privatization (distribution of shares to employees under special conditions)
2. Mass Voucher Privatization (MVP) – distribution of shares to citizens (28% of total capital in Montenegro)

Meanwhile, a lot of companies were privatized selling capital on auction or international tender (not only to domestic investors but to foreign, as to investors from Belgium, Norway, Germany, Slovenia, Slovakia, Italy, Japan, etc.). In this moment, there are only nineteen companies in Montenegro in which state owns between 51-66% of shares (for example: Electricity Power Plant, Tourism, Telecommunication company, Port, Steel company ...). Some of these companies had been already offered to international tender for privatization: Telecom (Telecommunication Company), Jugopetrol (Oil Company), several hotels ... For each company tender procedure will be repeated.

Basic motto for privatization of big companies in Montenegro is:

“We do not sell our companies, we buy good owners!”

Key problems which exist in our privatized companies, especially in smaller ones are:

1. Management problem
2. Capital market functions
3. Restructuring
4. Which steps should be taken in order to make big companies more attractive for foreign investors

What are results and lessons from other countries in these areas?

Annex:

1. Capital structure
2. Capital market