

# The emperor has no clothes

The elaborate façade of Đukanovic's charm offensive towards the West is crumbling at his feet and his European interlocutors realise that the emperor is indeed quite naked.

After almost a quarter of a century in power, Montenegro's general election this year could finally mark the downfall of Prime Minister Milo Đukanovic's government. Having barely survived a confidence vote in parliament in the wake of NATO's invitation to the Balkan nation to talks on joining the military alliance, he has nonetheless lost the support of his coalition partner. The move has sharply divided opinion in this country of just over half a million citizens.

Đukanovic's supporters consider NATO accession talks a major coup and a critical step towards the holy grail of EU membership. But are the political photo opportunities of Đukanovic's charm offensive towards the West enough to cover up the fractures that are the legacy of his almost unbroken twenty-five-year grip on power?

The evidence suggests not. While he has aggressively pushed Montenegro towards a West-oriented future, he has done little to remove the obstacles to make those goals a reality – the vital root-and-branch reforms so badly needed and so longed for by his fellow citizens. The mass demonstrations of civic unrest in the streets that were the abiding image of Montenegro in 2015 are testament to that. The elaborate façade of Đukanovic's charm offensive towards the West is crumbling at his feet and his European interlocutors realise that the emperor is indeed quite naked.

The European Parliament (EP) slammed the Đukanovic government's lack of progress in its resolution on the Commission's 2015 progress report on Montenegro, voted in its March plenary session. The EU has called repeatedly for meaningful reforms to tackle the rampant corruption and cronyism which infect the highest offices of the land, and to ensure application of the rule of law and good governance. This is also what the ordinary citizens of Montenegro want – minimum standards of civil governance that will give them all a fair chance to better their lives. But Đukanovic has thought better, ignoring both his own countrymen and his European interlocutors, and has failed time and again to undertake real reforms.

Đukanovic has long tried to paper over the cracks, but he can no longer hide the gaping chasm of civil and political disquiet that these have become. So obvious has his mismanagement of the country become that the NGO the Organized Crime and Corruption Reporting Project named Đukanovic their "person of the year" for 2015. The NGO says that "while he casts himself as a progressive, pro-Western leader who recently helped his country join NATO and is on track to join the European Union, he has built one of the most dedicated kleptocracies and organised crime havens in the world [...] creating an oppressive political atmosphere and an economy choked by corruption and money laundering" and "promoting crime, corruption and uncivil society".



The EP was vocal in its call for the government of Montenegro "to reach a sustainable solution for KAP in compliance with the Stabilisation & Association Agreement, transparency and the rule of law". In light of Montenegro's deteriorating public finances and the risks associated with the numerous international arbitration cases against the state, the resolution of the EP highlights the need for a for a negotiated solution to the KAP dispute, encouraging the government to return to the negotiating table. The Central European Aluminium Company (CEAC) supports the EP's call for an independent audit into the KAP affair, from CEAC's acquisition to today.

CEAC invested vast sums in the KAP aluminium plant, only to be illegally stripped of our ownership by the state, without explanation or compensation. We are, of course, ready – and always been – to heed the call of the EP to sit

with the Montenegrin government to reach a negotiated settlement of the KAP affair. The absurdity of the situation is that Đukanovic's repeated refusal to negotiate is harming him, his country and his own chances of re-election.

The unresolved KAP issue – increasingly discussed in international business circles – has become a deterrent to inward investment in Montenegro. It is a perfect example of why, under Podgorica's feeble standards of governance and rule of law, foreign companies are steering well clear of any dealings with Montenegro. Regulatory predictability and the rule of law are key requirements for any business seeking foreign investment opportunities, and Montenegro's inability to provide these is seriously damaging its international investment profile.

A stronger economy which raises the living standards of every citizen is a well-tested, winning formula for any politician facing trouble at the polls. That is something not even Prime Minister Milo Đukanovic can ignore in this election year.

If Podgorica were to engage with CEAC the government would send a clear signal to international investors that it is committed to restoring the trust and confidence of the international business community in Montenegro. Only by adopting this modern, open and forward-looking approach can Montenegro start to attract once again top-flight international investment.

Such a move would be transformative and signal that the prime minister doesn't just care about securing photo opportunities alongside the leaders of Western powers but also cares about tackling the reforms needed to give Montenegro a real chance at finding its place among the club of democratic EU nations. ■

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