



MONTENEGRO

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

## **FISHERIES STRATEGY OF MONTENEGRO 2015-2020 WITH AN ACTION PLAN**

(for transposition, implementation and enforcement of EU *acquis*)

Podgorica, June 2015

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### *List of acronyms*

CFP – Common Fisheries Policy  
COM – Common Organization of Markets  
EC – European Commission  
EFF – European Fisheries Fund  
EMFF – European Maritime and Fisheries Fund  
EU – European Union  
EUSAIR – European Strategy for Adriatic-Ionian Region  
FAO – Food and Agriculture Organization  
FIS – fisheries information system  
FNC – fisheries monitoring center  
GFCM – General Fisheries Commission for the Mediterranean  
GT - gross tonnage  
HACCP – Hazard Analysis Critical Control Points  
ICCAT – International Commission for Conservation of Atlantic Tunas  
IMBK – Institute of Marine Biology from Kotor  
IPARD – Instrument for Pre-accession Assistance Rural Development  
IUU – Illegal, Unregulated and Unreported  
kW – kilowatt  
LOA – length over all  
MARD – Ministry of Agriculture and Rural Development  
MCS - Monitoring, Control & Surveillance  
MONSTAT – Montenegrin Statistical Office  
MSY – Maximum Sustainable Yield  
NM – nautical mile  
OP – operational program  
PO – producer organization  
t – metric ton  
VDR – Voyage data recording  
VMS – vessel monitoring system

## 1 INTRODUCTION

Montenegro is a Mediterranean country with the total surface area of 13.812 km<sup>2</sup> with some 625.000 inhabitants and the population density of 45 inhabitant/km<sup>2</sup>. The length of Montenegrin coast is 294 km, and the total surface area of internal waters is 362 km<sup>2</sup>, while the surface of territorial waters is 2098,9 km<sup>2</sup>. Fisheries activity in Montenegro (including all its elements) has a long tradition, and is present in fishing areas both in the coastal region and the Skadar lake. In addition to its economic value, fisheries activity has a strong social and cultural dimension and the role as well.

Overall, the fisheries sector is small, without the industrial fisheries, and is conducted along the coast and in Skadar lake (freshwater fisheries). Montenegrin fleet at present consists of 128 vessels, out of which 20 bottom trawlers, 17 purse seiners and 91 in small commercial fisheries. It should be kept in mind that the national classification of commercial fisheries to small and large is based on gears and equipment that can be used on fishing vessels, while the majority of the sector is consisted of small fishing vessels.

Montenegro submitted the application for EU membership on 15<sup>th</sup> December 2008. On 17<sup>th</sup> December 2010 the European Union granted Montenegro the official status of the candidate country. In December 2011, the Council launched the accession process with a view to opening negotiations in June 2012. The accession negotiations with Montenegro started on 29<sup>th</sup> June 2012. Screening report for Chapter 13 – Fisheries was issued in November 2013, after two screening meetings were held, in March and June 2013.

The Strategy of development of fisheries<sup>1</sup> and aquaculture of Montenegro gives an overall strategic framework and identifies the key steps that Montenegro intends to take in order to prepare for full discharge of its obligations stemming from the Common Fisheries Policy (henceforth: CFP). The document also contains the general visions of sector development and identifies some of its key potentials.

This strategy provides for guidance in development of Montenegrin sector and administration in line with the CFP, including the steps that shall be taken in order to fully align and harmonize Montenegrin fisheries policy with the EU *acquis*.

The document and all the activities that were undertaken in its drafting, take into account the state of the *acquis* as at 1<sup>st</sup> January 2015, including thus all the major changes of the CFP in 2013 and 2014.

### 1.1 General strategic orientation

The purpose of this document is to provide the overall guidelines for the development of Montenegrin fisheries and fisheries policy within the context of the general orientation of Montenegro to implement the foreign policy with the view of EU accession during the 2015-2020 period.

The fisheries sector of Montenegro, like the fisheries sectors of other Mediterranean countries, does not play an important role in the overall economy. Generally speaking, capture fisheries worldwide, including the Mediterranean, are in recent years declining, and the scientific indicators show a growing incidence of overfishing. Montenegro sees its potentials of fisheries sector development in

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<sup>1</sup> NOTE: The word *fisheries* is mostly used as a term including all elements of the sector, not just capture fisheries

connecting capture fisheries and farming sector as the primary production with tourism sector as well as with the processing sector, thus creating the product with higher added value. Montenegro sees its fishery and aquaculture market potentials primarily in the links with tourism, both the traditional one and the rural one, particularly in the Coastal (Primorski) region.

The strategic goal of creating the links with tourism shall primarily be achieved through development of coastal fisheries whose product is mostly high-value white fin fish, as well as through development of farming. On the other hand, the strategic goal of creating the links with processing sector shall primarily be achieved through sustainable development of small pelagic fisheries and through development of farming capacities.

In order to reach these goals in the programming period, it is necessary to provide an adequate support to the sector and to focus on coastal infrastructure as well as control and surveillance. It is necessary to continue the efforts in informing the fishermen, farmers and processors on the requirements they shall face prior and upon accession of Montenegro to the EU.

## **1.2 Methodology used in drafting the Strategy**

Experiences of other EU member states and the countries in the region were used in the preparation of this Strategy, as well as the experiences from drafting of previous strategies. General recommendations of strategic planning and public policy creation were also used.

The team that prepared the Strategy consisted of representatives of the Ministry of Agriculture and Rural Development (henceforth: MARD) and other relevant institutions that represent the overall institutional framework for the implementation of fisheries policy of Montenegro.

The draft of the Strategy (including the Action plan) was presented to the sector representatives on numerous working meetings. These meetings were used to consult on issues important for the creation of the Strategy and the Action plan. The draft was submitted to the EC for comments in 2015, upon which the final draft made.

In line with the usual procedure, upon agreeing on the final draft with all the stakeholders the Strategy is adopted by the Government of Montenegro.

## **1.3 Links with other strategic documents**

Experiences of other countries in accession to the EU show that the CFP is rather complex, with high importance for the Mediterranean countries. The *acquis* consists of regulations that are directly applicable and need not be transposed into national legal framework, but it requires measures to prepare both the sector and the stakeholders for the implementation of the CFP.

This document is in line with other national strategic documents, particularly those related to agriculture, rural and regional development.

MARD has, during the previous period, intensively worked on adoption of key systematic documents in the areas of agriculture and fisheries. Within the process of EU accession, the Strategy for development of agriculture and rural areas 2015-2020 was developed in 2014<sup>2</sup>. The strategy gives general guidelines of development of Montenegrin agriculture within the new programming period. Rural development policy and mechanisms described in that Strategy are particularly important for

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<sup>2</sup> Strategy of agriculture and rural development of Montenegro 2015-2020, final draft, December 2014

fisheries, as synergetic effects between the two policy areas are possible. Furthermore, the Strategy for development of agriculture and rural areas contains the detailed description of administrative structures necessary for the implementation of IPA-RD and possible further EU funds in the area of rural development.

The administrative structures for implementation of structural actions and co-financing in rural development described in that document are intended to be used in implementation of structural actions and measures in fisheries as well. This is due to the fact that certain similarities exist between the mechanisms of the European Agricultural Fund for Rural development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). It should, however, be noted that the current programming period ends in 2020, implying possible changes in delivery mechanisms of structural aids in agriculture and fisheries. Montenegro shall carefully follow all developments in this area.

Strategy for development of agriculture and rural areas does not explicitly contain specific measures linked with fisheries, but it states that fisheries form an integral part of agri-food sector. Strategy also recognizes the importance of rural tourism, which is one of the elements where fisheries sector should be positioned in the future.

In the Coastal (Primorski) region, the Strategy for regional development of Montenegro (draft, May 2014) recognizes development potential of the fisheries sector as one component of sustainable development, while in the Central region the potential is recognized for freshwater fisheries. Within the priority area of agriculture and fisheries on the whole territory of Montenegro, measures related to creation of conditions for development of fisheries through support to capture fisheries and aquaculture, designation of fishing ports and linkage with processing capacities are also stated as key measures of the Strategy<sup>3</sup>

Strategy of sustainable development of Montenegro (draft, February 2014) points out the fact that Montenegro has sufficient natural resources that form the basis for overall economy, and the most important ones are biodiversity, water, sea and coastal area, land and mineral resources. Montenegro is recognized as one of the biodiversity “hot-spots” on regional and European level. This document also points out that biodiversity resources are used directly in the fisheries sector. It recognizes the issues of utilization of biodiversity, and one of the issues listed is excessive and irrational exploitation of certain species and ecosystems. This is particularly important for species of economic interest, such as fish. In this respect, strategic guidelines for the development of Montenegrin fisheries sector shall pay particular attention to protection of biodiversity and securing the sustainability of fisheries activities.

Possible sensitive or conflict issues regarding the sea and the coastal areas in Montenegro are partially linked with the issues of pollution and uncontrolled urbanization that could lead to the loss of biodiversity. Structural changes in habitats caused by waste deposits, mining, inadequate fishing methods and overall extraction of biodiversity also have an effect on degradation of underwater habitats. While drafting the management plans for certain fishing gears used in Montenegro particular needs of protection of environment shall be taken into account.

National strategy of integral coastal zone management of Montenegro (draft 2015) clearly identifies lack of coastal infrastructure as one of the key issues in development of fisheries. It recognizes the need for spatial planning as a key element underlying the overall development of the sector, in

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<sup>3</sup> Strategy of regional development of Montenegro 2014-2020, Ministry of economy, draft, May 2014



particular farming activities. It also recognizes the need to take into account the vulnerability of the coastal zone in terms of nature and environment protection in the future, stipulating the increase in the overall surface of protected areas in the coastal zone.

#### **1.4 Links with EU strategies**

The most important strategy adopted at the EU level from the aspect of the fisheries sector is the EU strategy for Adriatic and Ionian Region (EUSAIR). European Council has in December 2012 asked the EC to present the new strategy of the EU for Adriatic and Ionian region before the end of 2014. The EC adopted the communication on EUSAIR in June 2014, including the Action Plan. The document contained the EU maritime strategy for Adriatic and Ionian. General Affairs Council adopted the conclusions on EUSAIR on 29 September and the Council formally approved the Strategy on 24 October 2014, inviting the participants to start the implementation. EUSAIR involves eight countries of the Adriatic-Ionian Region: four member states (Croatia, Greece, Italy and Slovenia) and four non-EU countries (Albania, Bosnia and Herzegovina, Montenegro and Serbia). The key goal of the Strategy is to promote economic and social prosperity and growth in the region through increasing its attractiveness, competitiveness and connection. A specific role of EUSAIR is also in the promotion of integration of Western Balkans to the EU, which is of particular importance for Montenegro.

The cooperation within the EUSAIR is defined in four pillars:

- blue growth
- connecting the region
- environmental quality
- sustainable tourism.

Montenegro cooperated closely with all the involved countries, and in particular with Greece, as these two countries coordinate the activities within the blue growth pillar (that includes blue technologies, fisheries and aquaculture, maritime and marine governance and services). The Strategy for development of fisheries of Montenegro is in line with the goals and the guidelines of the EUSAIR and in achieving the EUSAIR goals Montenegro sees significant development potentials of numerous elements of blue economy and blue growth. Further efforts shall be directed towards creation of necessary links between different administrative bodies and existing strategic guidelines, which is also in line with the main determinants of the approach to integrated coastal zone management in the Mediterranean.

#### **1.5 Links with previous strategies in the area of fisheries**

Earlier Strategy of development of fisheries of Montenegro<sup>4</sup> contained the vision of harmonization of the fisheries sector (including all its elements – fishing, farming, processing and markets) with the EU *acquis* as it was in place in 2006. The main focus was on the initiation of the processes necessary to meet the EU hygiene and quality standards. The Strategy was to a large extent concentrated on the issue of farming and the creation of conditions for export of fisheries products to the EU market. Most of these elements have in the process of accession been included in the Chapter 12 (Food safety, veterinary and phytosanitary policy), given that they are related to sanitary and health conditions. In

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<sup>4</sup> Strategy of development of the fisheries sector of Montenegro and strengthening of capacities for implementation of the EU CFP, Podgorica, 2006., EU funded project

comparison to the situation in 2006, the EU *acquis* has been significantly modified over the last two years, which is also the reason why a new strategy of harmonization is needed. As for the key priorities identified in the Strategy from 2006, the priority areas of development still include sustainable fisheries and aquaculture, while the priority of administrative and institutional capacity building has in the meantime even grown in importance.

This Strategy can be seen as the continuation of the 2006 Strategy, with a more pronounced focus on the elements necessary for harmonization with the *acquis* in the area of fisheries policy, particularly having in mind the overhaul of the EU CFP.

## 1.6 Agro-budget

All measures in fisheries are currently financed from the Agro-budget. The Agro-budget contains measures and support schemes in line with the priorities of agriculture and fisheries policy, national strategy of Montenegro and the work-plan of the MARD.

Agro-budget is defined annually and represents the manner in which the policy measures are to be implemented.

Table 1 contains the general structure and the amounts of Agro-budget from 2010-2015.

**Table 1: Amounts and structure of Agro-budget (2010-2015), EUR and %**

AGROBUDGET	2010	%	2011	%	2012	%	2013	%	2014	%	2015	%
<b>TOTAL</b>	<b>20.391.145</b>	<b>100</b>	<b>21.110.011</b>	<b>100</b>	<b>20.574.500</b>	<b>100</b>	<b>20.312.000</b>	<b>100</b>	<b>20.429.670</b>	<b>100</b>	<b>14.975.018</b>	<b>100</b>
<b>Agriculture</b>	<b>17.528.877</b>	<b>86</b>	<b>19.246.000</b>	<b>91</b>	<b>19.032.322</b>	<b>93</b>	<b>18.588.780</b>	<b>91</b>	<b>18.757.850</b>	<b>92</b>	<b>13.585.000</b>	<b>91</b>
<b>Fisheries</b>	<b>1.123.364</b>	<b>5,9</b>	<b>171.000</b>	<b>0,8</b>	<b>171.000</b>	<b>0,8</b>	<b>213.220</b>	<b>1</b>	<b>250.020</b>	<b>1</b>	<b>300.000</b>	<b>2</b>

Source: MPRR

## 1.7 Key elements from the Screening report for Chapter 13 – Fisheries

The Screening Report for Chapter 13 – Fisheries contains a brief overview of key issues that Montenegro needs to tackle in the field of fisheries during its accession process. As the key steps that need to be taken in meeting all the obligations from membership in the EU, the Report lists the following:

- Montenegro will have to align with the new CFP rules and the Mediterranean Regulation. This will include, among other things, the drafting of national management plans in line with the provisions of the Mediterranean Regulation, as well as the preparation of the implementation of the discard ban.
- There is a need for more reliable, systematic and improved collection of data in line with the EU data collection framework as regards the fishing fleet, catches, landings, social and economic data on the fishing sector, aquaculture and processing, biological state of the fish stocks in Montenegrin waters and effects of the fishing sector on the marine environment in order to allow a comprehensive resource assessment programme and to prepare for the EU CFP. The administrative capacities of the institutions in charge of data collection need to be strengthened.
- Alignment to the EU fleet policy will require introduction of a capacity ceiling, calculation of capacity parameters and preparation of a fleet register in line with EU law.

- Most of the EU requirements on control and on illegal, unreported and unregulated fishing (IUU) will have to be incorporated into Montenegro’s legal system – such as traceability, data certification and catch certificates. The country will have to ensure proper registration and cross-checking of catches, landings and sales notes. It will also have to start recording all catches electronically and to submit this information electronically to the competent authorities (“electronic logbook”).
- As regards administrative capacity, the Marine Fisheries Inspectorate will need to be strengthened, both as regards human resources and equipment.
- Montenegro will need to set up the management and control structures required, including preparing a strategic document<sup>5</sup> and an operational programme, as well as having authorities for managing, certifying and auditing. Measures not covered under the EUs structural policy will have to be notified as state aid to the Commission upon accession.
- Montenegro will need to ratify the UN Convention relating to the Conservation and management of Straddling Fish Stocks and Highly Migratory Fish Stocks upon accession.
- As a candidate country, Montenegro should align its position in international regional fisheries organizations such as the CFCM with that of the EU.

This strategy contains all the elements and areas encompassed by the Report, and defines the steps that Montenegro intends to take with the view of harmonizing its fisheries policy with the CFP. Montenegro accepts the *acquis* as in force at the time of drafting of this document, with exceptions of specific provisions that shall be further elaborated in the course of accession negotiations. Montenegro provisionally accepts future provisions of the *acquis*, and shall carefully follow its developments prior to the accession.

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<sup>5</sup> The strategic document and the operational program mentioned in the screening report referred to the EU *acquis* as was in force prior to the CFP reform. The documents were necessary in the framework of implementation of European Fisheries Fund. With the reform of the CFP in 2013, delivery mechanism has somewhat changed and no specific strategic document for EMFF is foreseen. It has been replaced with the Partnership Agreement as an umbrella national document. Provisions on harmonization with structural measures in general (regional development) shall be covered in relevant strategic documents by Montenegro, within the chapter of regional development

## 2 OVERVIEW OF THE STATE OF PLAY

This chapter presents the status of Montenegrin fisheries, including the administrative capacities and the status of implementation of different elements of the CFP, with the identification of key gaps. Given that the fisheries form an integral part of agri-food sector of Montenegro, general data on importance of this sector in overall economy are also presented.

### 2.1 General macroeconomic framework

In comparison with 2010 the GDP in Montenegro grew by 3,2% in 2011, while it decreased by 2,5% in 2012. Negative economic trends were noted in most countries in the region. According to the MONSTAT data, shown in Table 2, the real growth of GDP in 2013 was 3,3%.

**Table 2:** General macroeconomic indicators for Montenegro 2010-2013

Macroeconomic indicator	2010	2011	2012	2013
<b>GDP in current prices (mil. EUR)</b>	3.104,0	3.234,0	3.148,9	3.327
<b>Real GDP growth (%)</b>	2,5	3,2	-2,5	3,3
<b>GDP per capita (EUR)</b>	5.006	5.211	5.075	5.356
<b>Industrial production - growth rate (%)</b>	17,5	-10,3	-7,1	10,6
<b>Processing industry - growth rate (%)</b>	-0,3	6,8	-10,1	-5,0
<b>Inflation (consumer prices method) (%)</b>	0,7	2,8	5,1	2,2
<b>No of tourists</b>	1.263.000	1.373.500	1.439.500	1.492.006
<b>No of employed persons</b>	161.742	163.082	166.531	171.474
<b>Unemployment rate (%)<sup>6</sup></b>	19,7	19,7	19,7	19,5
<b>Export of goods and services (mil. EUR)</b>	1.157,7	1.382,6	1.389,4	1.390,1
<b>Import of goods and services (mil. EUR)</b>	1.960,5	2.099,6	2.166,4	2.065,5
<b>Foreign trade balance (mil. EUR)</b>	-802,9	-717,0	-776,9	-675,4
<b>Direct foreign investment - (mil. EUR)</b>	552,0	389,1	461,1	323,9
<b>Poverty rate (%)</b>	6,6	9,3	11,3	n/a

Source: MONSTAT and CBCG<sup>7</sup>

<sup>6</sup> For population 15+ MONSTAT; Strategy of development of agriculture and rural development, final draft, December 2014

<sup>7</sup> Annual statistical reports 2008-2013. (for period 2007-2012); MONSTAT report for 2013  
[http://MONSTAT.org/userfiles/file/GDP/2013/godisnji%20BDP%202013\\_crnogorska%20over.pdf](http://MONSTAT.org/userfiles/file/GDP/2013/godisnji%20BDP%202013_crnogorska%20over.pdf) CBCG, Bilten (januar 2014)  
[http://www.cb-mn.org/index.php?mn1=publikacije&mn2=bilten\\_cbcg](http://www.cb-mn.org/index.php?mn1=publikacije&mn2=bilten_cbcg)

## 2.2 Importance of agriculture and fisheries

In 2013, according to the official MONSTAT data, the GDP in Montenegro was 3,327 billion EU. The share of agriculture, forestry and fisheries in the total GDP in 2013 was 8%, which is higher than in 2012, when it was 7,4%.

In 2012 the gross value of agriculture, forestry and fishery production was 394,4 million EUR, while in 2013 it grew to 436,8 million EUR (an increase of 42,2 million EUR, or 10,8%). Gross value added in agriculture, forestry and fisheries sector in 2013 was 266,9 million EUR, which is higher by 34,9 million EUR (15% - the nominal growth index in 2013 was 115) than in 2012. Table 3 shows the structure of Montenegrin GDP for the period 2011-2013.

Processing industry, which includes all the processing sectors including the food processing industry, accounted for 137 million EUR, or 4,1% of the GDP. Agriculture and fisheries have a high potential in increasing the value of the primary production through processing. Gross value of agriculture, forestry and fisheries production (meaning the value realized in sales of the products) was 436 million EUR in 2013.

According to the data published by MONSTAT, there were 269 persons employed in marine fisheries in 2013, most of whom (179) on a part-time basis. For the same period the study undertaken in the framework of MAREA<sup>8</sup> project indicates that the number of employees in marine fisheries was 273. Freshwater fisheries employed 49 persons. Both the MONSTAT data and the MAREA data are considered to be estimates, but they do give an indication of the relatively low overall level of employment in the sector, as well as a confirmation of its artisanal character when compared to production figures. There are no data for employment in aquaculture (neither marine nor freshwater) or in the processing industry, since Montenegro still does not have the data gathering system in place. The official statistics of employment in aquaculture and fish processing sectors are not separately compiled yet. According to available estimates, in 2010<sup>9</sup> there were somewhere between 120 and 170 persons employed in aquaculture sector, while estimates for employment in fish processing sector were never done.

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<sup>8</sup> MAREA MEDITERRANEAN HALIEUTIC RESOURCES EVALUATION AND ADVICE, Specific Contract no 10 – SEDAF «Improved knowledge of the main socio-economic aspects related to the most important fisheries in the Adriatic Sea, draft report

<sup>9</sup> EuropeAid/128947/C/SER/ME, Socio-economic study of fisheries sector in Montenegro, August 2011, report 30 EN

**Table 3: Montenegro GDP structure in 2011, 2012 i 2013.**<sup>10</sup>

	NACEREV 2	GVA in 2011, current prices in 000 EUR	GVA in 2012, current prices in 000 EUR	GVA in 2013, current prices in EUR	Share GDP 2011 in in	Share GDP 2012 in in	Share in GDP in 2013
A	Agriculture, forestry and fishing	256.726	232.012	266.886	7,94%	7,37%	8,0%
B	Mining and quarrying	35.725	33.591	36.067	1,10%	1,07%	1,1%
C	manufacturing	162.535	135.462	136.986	5,03%	4,30%	4,1%
D	Electricity, gas, steam and air conditioning supply	65.424	89.708	137.229	2,02%	2,85%	4,1%
E	Water supply, sewerage, waste management and remediation activities	67.230	68.862	66.669	2,08%	2,19%	2,0%
F	Construction	158.081	145.192	136.280	4,89%	4,61%	4,1%
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	391.686	386.333	388.391	12,11%	12,27%	11,7%
H	Transport and storage	150.880	130.287	125.738	4,67%	4,14%	3,8%
I	Accommodation and food service activities	207.176	210.511	217.672	6,41%	6,69%	6,5%
J	Information and communication	164.957	154.588	148.352	5,10%	4,91%	4,5%
K	Financial and insurance activities	131.838	129.081	138.399	4,08%	4,10%	4,2%
L	Real estate activities	219.875	226.273	227.155	6,80%	7,19%	6,8%
M	Professional, scientific and technical activities	88.175	89.858	76.990	2,73%	2,85%	2,3%
N	Administrative and support service	26.755	29.352	37.363	0,83%	0,93%	1,1%
O	Public administration and defence, compulsory social security	256.930	246.306	246.541	7,94%	7,82%	7,4%
P	Education	139.272	142.854	138.824	4,31%	4,54%	4,2%
Q	Human health and social work active.	121.959	124.377	128.876	3,77%	3,95%	3,9%
R	Arts, entertainment and recreation	39.807	38.834	45.222	1,23%	1,23%	1,4%
S+	Other service activities	19.637	22.133	24.156	0,61%	0,70%	0,7%
T	Activities of households as employers						
	<b>TOTAL</b>	<b>2.704.668</b>	<b>2.635.614</b>	<b>2.723.796</b>	<b>83,63%</b>	<b>83,70%</b>	<b>81,9%</b>
	Taxes minus subventions	529.392	513.243	603.281	16,37%	16,30%	18,1%
	<b>G D P (current prices)</b>	<b>3.234.060</b>	<b>3.148.857</b>	<b>3.327.077</b>	<b>100,00%</b>	<b>100,00%</b>	<b>100,0%</b>

Source: MONSTAT<sup>11</sup>

<sup>10</sup> Note: Official statistical data are compiled at aggregated levels, and separation of fisheries sector data is not available at the moment

<sup>11</sup> Annual statistical report 2013 (2011 and 2012) and MONSTAT report  
[http://MONSTAT.org/userfiles/file/GDP/2013/godisnji%20BDP%202013\\_crnogorska%20ver.pdf](http://MONSTAT.org/userfiles/file/GDP/2013/godisnji%20BDP%202013_crnogorska%20ver.pdf)

**Table 4: The importance of agriculture and fisheries for Montenegrin economy, 2010-2013**

	2010	2011	2012	2013
Share of agriculture, fisheries and forestry in GDP (%)	7,7	7,9	7,4	8,0n/a
- Number of employees	2.224	2.292	2.505	2.771
- Share in total employment	1,4	1,4	1,5	1,6
- Export of agriculture and fisheries products (in 000 EUR)	51.313	57.480	63.989	62.631
- Share in total export (%)	15,5	12,7	17,4	16,7
- Import of agriculture and fisheries products (in 000 EUR)	407.270	439.847	446.530	455.654
- Share in total import (%)	24,6	24,1	24,5	25,7
- Trade balance (in 000 EUR)	-355.957	-382.367	-382.541	-393.023

Source: MONSTAT

### 2.3 General sector overview

In accordance with the Law on marine fisheries and marine aquaculture (henceforth: the Law), Montenegrin marine fisheries take place in internal, territorial and international waters. However, most activities take place in territorial, and a part in a narrow strip of coastal waters. The Law distinguishes between the “large” and the “small” scale commercial fisheries. This division is made based on the length of the vessels and the fishing gears the categories may use. The length of the vessel in “small” scale commercial fisheries is limited to 12 m LoA, while the length of the vessel in “large” commercial fisheries is limited to 34 LoA. Key activities in Montenegrin fisheries include bottom trawl fishery and coastal fishery.

Around 70% of Montenegrin current fleet uses the gears for small coastal fisheries (coastal beach or boat seines, passive gears, hook and line) with vessels less than 12 m LoA. Majority of Montenegrin catches, according to available data from the logbooks and catch reports, comes from the “small” commercial fisheries segment.

**Table 5. Catches from 2011 to 2013**

	tons		
	2011	2012	2013
<b>TOTAL</b>	<b>716</b>	<b>779</b>	<b>741</b>
<b>Pelagic fish</b>	<b>174</b>	<b>245</b>	<b>226</b>
<i>Sardelle</i>	32	36	38
<i>Sprat</i>	31	56	76
<i>Anchovy</i>	12	18	14
<i>Mackerel</i>	12	15	10
<i>Chub mackerel</i>	13	18	15
<i>Scad</i>	12	12	11
<i>Tuna</i>	13	16	9
<i>Other Pelagic fish</i>	49	74	53

<b>Other fish</b>	<b>273</b>	<b>298</b>	<b>269</b>
<i>Hake</i>	20	24	21
<i>Red mullet</i>	14	15	13
<i>Dentex</i>	6	8	7
<i>Grey mullet</i>	31	30	30
<i>Eels</i>	1	1	1
<i>Picarel</i>	11	17	15
<i>Bogue</i>	12	16	15
<i>Saupe</i>	5	7	7
<i>Dogfish</i>	7	7	7
<i>Catfish</i>	7	6	7
<i>Scate</i>	12	15	13
<i>Other fish</i>	147	152	133
<b>Cephalopods</b>	<b>49</b>	<b>55</b>	<b>44</b>
<i>Squid</i>	12	16	11
<i>Cuttlefish</i>	11	12	11
<i>Octopus</i>	13	15	12
<i>Musky octopus</i>	13	12	10
<b>Shellfish<sup>12</sup></b>	<b>198</b>	<b>156</b>	<b>180</b>
<b>Crayfish</b>	<b>22</b>	<b>25</b>	<b>22</b>

Source: MONSTAT

**Table 6.** Catches in freshwater fisheries from 2011 to 2013, in tons

	2011	2012	2013
<b>TOTAL</b>	<b>800</b>	<b>610</b>	<b>838</b>
<i>Trout</i>	357	202	363
<i>Carp</i>	287	225	240
<i>Mixed fish</i>			
<i>Pike</i>			
<i>Eel</i>	10	10	10
<i>Bleak</i>	50	31	31
<i>Other fish</i>	96	142	194

Source: MONSTAT

In 2015 (as at 1 March) there were a total of 128 registered fishing vessels at sea, out of which 20 in the category of trawlers (including bottom and pelagic ones), 17 purse seiners and 91 with the licenses for small commercial fisheries. The largest portion of the fleet (almost 84%) consists of vessels of less than 12 m LoA. Only 3,13% of the fleet is longer than 24 m LoA (one PS and three DTS/TM<sup>13</sup>), and all these vessels are mostly inactive during the last two years. The main characteristic of the fleet is its old age and inadequate equipment, with majority of activities being undertaken by

<sup>12</sup> data include farming

<sup>13</sup> codes as per DCF



small coastal vessels. Potentially economically important segments, such as purse seiners and trawlers, are mostly inactive primarily due to their old age and safety and security reasons.

Overall, Montenegrin fisheries sector is in general underdeveloped, and is of artisanal character. In most cases, the activities are seasonal, linked with the sea conditions, mostly because of the unfavorable fleet structure.

In 2014, the number of fishing days in “small” commercial fisheries averaged at 114, and in “large” commercial fisheries at 68. This gives an indication of activity, and it is indicative that the “small” commercial fisheries, using small coastal gears, actually exercised a larger number of fishing days. The number of active vessels varies from year to year. The effort exercised is in general small, and only a limited number of fishermen report their activity and catches regularly. This is the main reason for the differences between the MARD and the MONSTAT data.

Processing industry has been declining over the years. It mostly relies on imported raw material, and partially on freshwater fish caught in Skadar lake. There are no producer organizations and marketing channels are in general linked with direct sales to restaurants and to a smaller extent to processing sector and retailers.

Aquaculture production (both marine and freshwater) data are collected through questionnaires by MARD, and submitted to international organizations. These data indicate that in 2013 the production reached 550 t of trout, 180 t of shellfish and 115 t of bass and bream. This production, particularly in marine aquaculture, is still considered insufficiently developed in relation to the potentials that are estimated to exist in this production sector.

## **2.4 Administrative capacities**

### **2.4.1 Internal structure and lines of communication in policy issues**

Ministry of Agriculture and Rural Development (MARD) is the key administrative body in charge of development and implementation of fisheries policy. Its tasks include drafting and submission of drafts of legal texts as well as preparation of annual budget. Within the Directorate for Agriculture and Fisheries, a specific Division for Fisheries is structured. It consists of two administrative units, the Unit (Group) for resource management and planning in fisheries and the Unit (Group) for information systems in fisheries.

The Unit (Group) for resource management and planning is tasked with definition, implementation, monitoring and assessment of policy that secures a sustainable long-term exploitation of resources and has the overall responsibility for implementation of the fishery policy in Montenegro.

The Unit (Group) for information systems in fisheries provides technical support by way of setting-up and maintaining the necessary databases. The two key tasks of this Unit (Group) include maintenance of the Montenegrin Fishing Fleet Register and maintenance of the fisheries information system.

The Order on internal organization from 2014 foresees a total of 8 posts within the Division (Head of unit, 5 posts in the Unit/Group for resource management and 2 posts in the Unit/Group for information support). The Head of Division is directly responsible to the Director General for Agriculture and Fisheries. There are no heads of individual Units/groups foreseen. The Order on internal organization contains the task descriptions for all the posts foreseen. Currently, only 5 persons are employed.

The tasks of scientific research and biological data collection are given to the Institute for Marine Biology in Kotor (IMBK). The IMBK's main tasks relate to stock assessments and advice to the MARD as to the possibilities of development of the fisheries sector in Montenegro. The IMBK is not directly responsible to the MARD. However, lines of communications exist through the process of advices given. No formal agreement between the two institutions exists at the moment. The role of the IMBK is defined in the Law, in terms of scientific advice needed for resource management.

#### **2.4.2 Internal structure and communication in inspection and control (MCS) issues**

As of January 2012, the Inspection Directorate is in charge of fisheries inspection in Montenegro. This is a separate entity and has no direct links with the Ministry of Agriculture and Rural Development. The Inspection Directorate is an integral part of the Government and performs different tasks in the field of inspection. Within the Directorate, a Sector for human, animal and plant health and safety protection is set up. It employs 3 marine fisheries inspectors, as well as 7 agricultural inspectors that are performing the tasks of inspection in freshwater fisheries. The inspectors report and are responsible to the Chief Inspector for agriculture and fisheries. It is important to note that fisheries inspectors while performing their tasks at sea cooperate with Maritime border police (Ministry of interior) using their vessels and assistance in controls at sea.

The VMS is operated by the MARD – Unit/Group for information systems and at the moment all active vessels over 10 m LoA have the system installed (a total of 20). The AIS has not yet been installed, but the Law on safety of marine transport (OG MNE no 62/13) stipulates that as of 1<sup>st</sup> January 2015 this system needs to be installed progressively on fishing vessels as well. The AIS system needs to be permanently switched on. As per requirements of the *acquis*, this system needs to be installed on fishing vessels over 15 meters (a total of 10 in case of Montenegro). Montenegro intends to install the system on all vessels over 10 m LoA. Furthermore, the fishing vessels need to be equipped with devices for voyage data recording (VDR) in accordance with international agreements. The FIS and the VMS partially meet the requirements of an active Fisheries Monitoring Center (FMC).

Detailed description of the structure and working procedures of the FMC is foreseen within the new Law on marine fisheries and aquaculture, foreseen for 2017. In general, the communication lines between the FMC and the Inspection Directorate have not yet been clearly structured. Although these two bodies cooperate based on the general legal framework of Montenegro and the Law, clear definition of mutual obligations is foreseen either through a MoU or through the annual inspection plan.

#### **2.4.3 Cooperation with other state administration bodies with certain responsibilities in the issues linked with fisheries**

In accordance with article 65 of the Law on state administration (OG MNE no. 38/03, 22/08 and 42/11) and article 55 of the Decree on organization and manner of operation of the state administration (OG MNE no. 5/12), all state administration bodies are bound to cooperate and mutually inform each other on issues of relevance for their tasks and competencies. Ministries are obliged to cooperate in delivery of their tasks in cases where such decision is made by the Government or in cases when such cooperation is defined by law. In 2014, a MoU on cooperation in some issues pertaining to exchange of statistical data for agriculture and fisheries was signed between MARD and MONSTAT.

## 2.5 Fleet and resources measures in place

The main legal provisions governing fisheries in Montenegro are contained in the Law (OG MNE 56/09). The Law distinguishes between fishing for commercial, sport-recreational or scientific purposes. Commercial fishing is classified into “large” scale and “small” scale, based on the size of the vessel as well as the type, size and number of the fishing gear used.

Commercial fishing licenses are issued by MARD, based on recommendations from the IMB. The license is issued on the name of the owner, for the vessel in question, provided that the owner is registered as a fisherman and the vessel is registered in the overall fleet register of Montenegro, as maintained by the Directorate for maritime safety.

The Law on safety of maritime transport (OG MNE no. 62/13) as well as the Decree on organization and manner of operation of the state administration (OG MNE no. 5/12, 25/12, 61/12, 20/13, 17/14) define the Directorate for maritime safety as the competent authority for issues of measuring and re-measuring of merchant vessels and boats. The manner in which the measuring is done is defined in the Technical rules, for different lengths and purposes of the vessels. For the vessels over 24 m LoA, the Directorate for maritime safety applies the so-called Tonnage Convention from 1969. Upon measurement, the “Certificate on measurement” is issued, which clearly specifies gross tonnage of the vessel. Upon technical examination, also defined by the Technical rules, the “Certificate of seaworthiness” is issued (which contains information on engine power). Both certificates (on measurement and of seaworthiness) represent basic documents necessary to obtain the right of registration of the vessel in a Harbor Master. Only upon registration of a vessel in a Harbor Master, the fishing license may be issued for that vessel.

There is a fee for the license, depending on the power of engine and the gear used. Once the license is issued, the vessel is entered in the Fishing fleet register, maintained by the MARD. Sport and recreational fisheries is conducted on the basis of a license, for which a fee is paid, and is issued by sport and recreational clubs. The number of licenses for sport and recreational fisheries that may be issued per calendar year is defined in the Ordinance of sport and recreational fisheries at sea (OG MNE no. 34/10 and 22/14).

Montenegro has not yet set the capacity ceilings for its fleet. Available data indicate that there is a surplus of resources in Montenegrin waters that allow for possibilities of further sustainable development of the fleet in certain segments. This assessment is based on available scientific assessments of the status of resources, which are conducted every year by the IMBK. Given the present status of the Montenegrin fishing fleet capacity, the planned modifications are assessed to be possible and sustainable in the long term in relation to the available resources. Furthermore, the majority of the expected modifications shall actually be the consequence of the necessity to increase safety at sea, working conditions and sanitary and health standards on board the fishing vessels.

Management measures relate primarily to technical measures and effort measures. There are no limits set for the effort per fleet segments, since the fleet operates sporadically and mostly along the coastal strip. Additional or new limitations of effort are at present not considered necessary, as scientific data indicate that the resources are utilized in a sustainable manner. On the other hand, the structure of Montenegrin fleet does not require introduction of a specific effort regime, given the sporadic character of the operations and the aged fleet structure that already limits the activity both spatially and temporally.

**Table 7. Fleet segmentation and capacity as at 1st March 2015**

	Vessel length classes (LOA)						TOTAL
	0-6m	6-12m	12-18m	18-24m	24-40m	40 or +	
TBB	0	0	0	0	0	0	0
kW	0	0	0	0	0	0	0
GT	0	0	0	0	0	0	0
DTS/TM	0	4	9	4	3	0	20
kW	0	607	1727,15	980	1510	0	4824,15
GT	0	43,86	132,11	210,7	462,4	0	849,07
PS	3	10	2	1	1	0	17
kW	19,88	452,43	168,24	582	795	0	2017,55
GT	3,19	31,76	23	75	130	0	262,95
MGO/PMP /DFN	57	33	1	0	0	0	91
kW	323,01	1764,89	83	0	0	0	2170,9
GT	66,07	106,15	9,96	0	0	0	182,18
<b>TOTAL</b>	<b>60</b>	<b>47</b>	<b>12</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>128</b>
<b>kW</b>	<b>342,89</b>	<b>2824,32</b>	<b>1978,39</b>	<b>1562</b>	<b>2305</b>	<b>0</b>	<b>9012,6</b>
<b>GT</b>	<b>69,26</b>	<b>181,77</b>	<b>165,07</b>	<b>285,7</b>	<b>592,4</b>	<b>0</b>	<b>1294,2</b>

The vessels in the Fleet and Licenses Register are not segmented in accordance with the provisions of the Commission Regulation (EC) No 26/2004. The fleet segmentation is at the moment possible according to three categories – bottom trawlers, purse seiners and coastal gears. Albeit not fully in line with the requirements of the Commission Regulation, the fleet structure is provided in Table 7.

The largest percentage of vessels, almost 50% (46,88%) is vessels with LoA less than 6 m. The vessels whose length is less than 12 m LoA make up 83,6% of Montenegrin fleet, indicating the structure of the sector on the whole. Less than 7% of the fleet is composed of vessels longer than 18 m LoA. As for the GT, the largest percentage is taken up by vessels longer than 24 m LoA that are mostly inactive over the last two years. The reason for the inactivity of the vessels longer than 24m LoA (a total of 4 vessels, one in PS and three in DTS/TM segment) lies primarily in the fact that the vessels are old. Furthermore, these vessels also use outdated and old technology in their operations. As regards the kW, the largest percent belongs to the fleet with LoA between 6 and 12 m, which are in most cases polyvalent vessels with small tonnage and are rather old. The technologies used in this segment are also outdated, resulting in old engines with a wide range of power.

Data gathered within the MAREA-SEDAF project indicate that Montenegrin fleet in all its segments is on the average older than 30 years, while in some segments, particularly the one having less than 12 m LoA and making the largest percentage of Montenegrin fleet, the average age even reaches 45 years.

The vessels used only in aquaculture are currently not entered in the Montenegrin Fishing Fleet register. It is expected that this element of the register shall be regulated within the forthcoming updates and changes of the system.

As regards technical management measures in place in Montenegro, the minimum catch sizes are in most cases already in line with the ones provided for in Annex III of the Council Regulation no. 1967/2006. Montenegrin legal framework contains also the provisions on prohibition of usage of explosive and corrosive substances in fishing activities. The technical measures that are not fully in line with the provisions of the *acquis* relate to the distance from shore at which some traditional gears used by small coastal vessels are used in Montenegro. It is important to point out that fishing with bottom and pelagic trawl nets is already prohibited within 3 NM from shore or below depths of 50 m, as well as fishing with bottom and pelagic trawl nets and some purse seine nets in the area of Boka Kotorska bay.

Montenegrin legal framework contains the measures for environmental protection through setting up of specially protected habitats and protected areas in the sea. Montenegro does not have a protected fisheries area proclaimed as per the requirements of the *acquis*, but different measures of environmental protection are applied on a large part of the fishing seas and the coastal area. The Law contains the provisions allowing for designation of fisheries protected areas, or areas suitable for spawning and nursery parts of lives of different marine organisms.

Specific regulation on environmental protection contain also the provisions on protection of certain marine organisms, in line with international and EU requirements (protected and endangered species), while the Law allows for adoption of the list of protected species of marine organisms (including anadromous and catadromous species) by the Government of Montenegro based on the proposal from MARD and with the consent of the ministry in charge of nature protection.

There are no designated landing places in Montenegro as of yet. According to the Decision on designation of ports open for international traffic (OG MNE no. 8/14) and the Decision on designation of the port Tivat for international and national traffic (OG MNE 49/10), the ports Bar, Budva, Kotor, Zelenika and Tivat are open for international traffic in general. The port of Budva is open for international traffic from 1<sup>st</sup> may till 31<sup>st</sup> October. Only one port – Bar – is open for international traffic in terms of veterinary checks of foods of animal origin at the border (border inspection point).

Drift nets are not used in Montenegro, and all gillnets and trammel nets are fixed at both ends and hence not floating freely in the water column. As the Law does not recognize the drift net category, Montenegro has not had national regulations that would explicitly regulate these gears. The provision explicitly governing usage of drift nets is foreseen to be included in the new Law on marine fisheries and marine aquaculture.

The definitions contained in the Montenegrin legal framework currently in force are not fully in line with the definitions of the CFP as per EU *acquis*. This partially refers to definitions of the gears and to the lack of some definitions included in the recent changes of the CFP within its reform in 2013.

## **2.6 Markets and structural measures in place**

At present, there are no market and structural measures in line with the EU requirements in place in Montenegro.

Marketing standards exist for certain fish, shellfish and invertebrate species, but they are not linked with any market intervention mechanism. They mainly relate to the manner of presentation and labeling. The rules on labeling are not in line with the ones stipulated by the Regulation of the EP and the Council (EU) 1379/2013 on the common organization of the markets in fisheries and aquaculture products. There are no producer organizations in Montenegro, nor is there any administrative setup

foreseeing their recognition by the MARD. This is primarily due to the size of the Montenegrin fisheries and aquaculture sector, whereby the producers are small and scattered, and unions or organizations might require significant efforts by the sector in order to become fully operational. However, the Law on Agriculture contains basic provisions enabling such a development in agriculture and fisheries sector. No price intervention scheme exists in Montenegro, and mechanisms of withdrawal from the market are not foreseen. Given the size of Montenegrin catches, market stabilization mechanisms are considered not relevant for the sector at this time. With the changes in the price support schemes of the EU *acquis* (withdrawal and storage aid), such mechanisms shall not be foreseen in market organization rules in Montenegro.

There are certain organizations in the fisheries sector in Montenegro, formed on the basis of general rules on organizations and unions and not governed by any regulation specific for fisheries. The existing forms of organizations are based on rather loose requirements of organization, less stringent than the requirements applicable for the producer organizations as per *acquis*. On the other hand, as management measures in Montenegro are not based on quota mechanisms, the interest of Montenegrin fishermen and producers in general (including in aquaculture) at present is not at the level that would indicate the application for formal recognition of a producer organization. This is partially also the consequence of the fact that Montenegrin catching sector mainly consists of small and outdated vessels having no industrial character, while the farming sector is still developing.

The Law foresees the possibility of definition of commercial designations and other labeling requirements in a separate act. However, there are at present no specific requirements on labeling other than the general ones stipulated by the Law on Food Safety (OG MNE no. 14/07 and 40/11) and by the Law on Consumer Protection (OG MNE no. 02/14 and 6/14). These two laws govern general provisions on labeling of food on the market. Both laws are included in further harmonization actions of Montenegro in the fields of veterinary issues and consumer protection (Chapters 12 and 28 of accession negotiations).

In terms of foreign trade structure in fisheries products (including products of capture fisheries, farming and processing), Montenegro is a relatively large importer. The foreign trade balance in fisheries products is negative, and the value of imports has been constantly growing over the last years. The most significant increase in imports is in recent years noted in fresh fish, fileted and frozen products. Total value of imports in 2014 amounted to 13,23 million EUR, with imported quantity of 3.316,4 tons of fisheries products. In the same year, export reached only 34,7 thousand EUR in value corresponding to 11 tons of fisheries products. As compared to 2011, the export increased in the segment of frozen fish (5 tons in 2014), while all other segments decreased. As compared to 2011, in 2014 the quantity of exported products decreased by 74%. On the other hand, in the same period the import grew for 6%, whereby the largest increase was noted in processed crustaceans, molluscs and other invertebrates (1605, 154%), dried and smoked fish (0305, 120%) and fresh fish (0302, 115%).

In 2014 the main exported fishery product was trout. The most important foreign trade partners of Montenegro in terms of exports are Serbia, Bosnia and Herzegovina and to some extent Italy. Largest quantities in import are recorded for canned tuna and sardines (total CN tariff codes 1601414 and 160413; 871,9 tons in 2014), and (in terms of fresh products) live trout (232,7 t), hake (CN 030366; 369,4 t), cuttlefish and squid (CN tariff codes including 030741 and 030749; 389,3t). In 2014 a total of 63,7 t of sea bass was imported (european and others), as well as 39,4 tons of sparids (out of which 37,2 t sea bream). This import structure indicates that there is a demand for fisheries products on

Montenegrin market, although it is obvious that majority of consumption relates to canned products and fileted or processed and half-processed products.

There are no structural measures in place and the funding mechanisms in line with the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 and the Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council have not been adopted. National measures of co-financing in the fisheries sector are implemented through the Agro-budget. Agro-budget for 2014 included measures of data collection and measures of sector modernization. The measures intended for the sector included creation of conditions for anchoring, landing, storing and vessel supplying in ports (beneficiaries: co-operatives of professional fishermen); adaptations of mesh sizes on cod-end of bottom trawl nets (beneficiaries: professional fishermen); enhancing the professional fleet for small pelagics (beneficiaries: professional fishermen); increasing the efficiency in small commercial fisheries (beneficiaries: co-operatives of small commercial fishermen and commercial fishermen); increase in competitiveness and efficiency of aquaculture (beneficiaries: marine aquaculture farmers). Other measures related to scientific and technical research and scientific monitoring (both of the stock status and of water quality for the purposes of marine aquaculture).

## **2.7 Data collection**

Although there is a long tradition of scientific research in Montenegro (undertaken by IMBK), there is no unified framework for data collection as required under the CFP.

In the framework of stock assessment (monitoring of the status of biological resources) required by the MARD, the IMBK gathers biological data (length, weight, sex, maturity, age) for the commercially most important species of marine organisms from catches of the most important fleet segments (bottom trawling, purse seines and small coastal fisheries). Information and data on total catches and catches per species as well as on the number of the fishing days are also gathered in the framework of this research by way of an interview with the person responsible on board the fishing vessel. In the framework of international projects, IMBK participates in the at-sea surveys MEDITS and MEDIAS, where data necessary for stock assessments of demersal and pelagic stocks are gathered.

The cooperation of IMBK and MARD is governed by the Law, which stipulates that the IMBK is the institution whose tasks are to provide scientific advice to the MARD and to gather the biological data. There is no specific MoU which would govern the relationships between these two institutions, and the research conducted by IMBK is funded through the Agro-budget. IMBK has 30 employees, out of which 5 in the Laboratory for ichthyology and marine fisheries work exclusively on fisheries. This laboratory is primarily charged with collection of biological data from the bottom trawl and the purse seine fleet segments, whereas the capacities for data gathering from small coastal fisheries are at the moment insufficient. It is estimated that the IMBK will have to increase the scientific and

administrative capacities by two or three additional scientists specialized in fisheries issues, including data gathering and processing.

The activities of the IMBK may not be characterized as on-board data gathering scheme, primarily because Montenegrin fleet has the characteristics that do not allow for such a scheme to be put in place due to safety reasons. Fleet structure is such that additional boarding is in practice not possible. Data are hence gathered at the landing and in direct cooperation with the fishermen.

The Statistical Office of Montenegro (MONSTAT) is responsible for general collection, processing and dissemination of statistical data, including data on fisheries statistics collected by Department for Agricultural statistics. This is official statistical methodology and as such not specifically adapted to fisheries. The statistical methodology applied by MONSTAT is based on questionnaires and estimation.

The Ministry of Agriculture and Rural Development (MARD) collects fisheries-dependent data through logbooks and monthly catch reports, such as landing and catches per vessel, number of fishing days etc.

Although the sector is small, data collected are still partially incomplete. This is primarily due to the lack of adequate landing infrastructure and administrative capacities both in the MARD and the Inspection Directorate. Furthermore, as fleet segmentation of Montenegro is not in line with the one stipulated under the *acquis*, national data gathering at present is based on methods which are not fully in line with the requirements under the current DCF. MARD collects the data from the logbooks and catch reports, but these data are at present assessed as incomplete and inadequate for a real analysis. Determination of métiers and the preparation of the data collection program in line with the EU *acquis* will require significant administrative effort.

MARD has through the IPA 2009 project “Sustainable management of marine fisheries” in 2010 gathered some socio-economical data by way of questionnaires that were distributed to the fishermen. Based on data gathered, the first general socio-economic study of the sector was undertaken. For the moment, socio-economic data are not gathered in a systematic manner from any of the subsectors (capture fisheries, farming, processing). Regional project FAO AdriaMed enabled Montenegro in 2014 to train 4 persons for socio-economical data gathering, and one person for data analysis. Setting up of this segment of data gathering shall require significant financial means, and is expected to be included in the data collection overall framework at a later stage.

## **2.8 Inspection and control (MCS measures)**

Fisheries Information System, partially in line with the requirements of the Regulation 1224/2009 and the Regulation 404/2011, has been set up since 2010. The system contains the data on the fleet (Fleet Register) and activity (data on catches), as well as on licenses. An integral part of the system is the vessel monitoring system (VMS). Tracking devices have been installed on all active vessels over 10 m (total 20), but the system does not contain the polling possibility and needs to be further developed.

Logbook form contains the landing declaration, but no sales notes have been introduced in Montenegrin fisheries and there is no register of first buyers defined.

The Law contains numerous provisions on sanctions for different infringements, but no point system has been introduced yet.



There are at the moment no designated landing sites in Montenegro. Majority of landings take place in Bar, Kotor, Budva, Herceg Novi and Ulcinj.

## **2.9 International agreements**

Montenegro is a member of the General Fisheries Commission for the Mediterranean (GFCM), but not of the International Commission for Conservation of Atlantic Tunas (ICCAT).

Montenegro has not yet ratified the most recent changes to the basic Text of the GFCM Agreement. Although some interest exists in the sector, there are as of yet no plans to join the ICCAT.

Montenegro has no fisheries partnership agreements with other countries.

### 3 DEVELOPMENT OF THE SECTOR 2014-2020

Leaning on strategies and strategic documents previously developed through the EU assistance and/or adopted by the Government of Montenegro, the strategic development goals in fisheries can be divided in short-term and long-term ones. The short-term goals are directly linked with development goals identified in strategies adopted for the 2009-2013 period, while the long-term goals are connected with the obligations stemming from the EU membership and the harmonization with the EU *acquis* in the area of fisheries.

#### 3.1 Short-term objectives

##### 3.1.1 Exploitation of resources

In the short-term period, Montenegro intends to continue to finance the measures of modernization of its fishing fleet, with the goal of increasing its profitability and securing its sustainability. Based on the studies undertaken by the IMBK and previously adopted strategies, it would seem that sustainable development of activities is possible in exploitation of small pelagic species.

The short-term goal in terms of exploitation of these resources is activation and modernization of the fleet, as well as the setup of adequate market outlets in order to secure economical viability of this activity. The first step in that sense is the creation of coastal infrastructure (landing places and ports, storage capacities) and finding of market outlets (links with processing industry and development of other market possibilities). The key problem identified so far is the high price of the fish at first sale, which is a direct consequence of high operational costs of the vessels and the problems of their economic viability. Out of 17 purse seines, the 4 largest vessels are presently inactive, and the total catches of sardine and anchovies in Montenegro range around 250 tons per year (assessment by IMBK).

Given that the 4 largest vessels are presently inactive, due primarily to the fact that they are old and out-dated, the priority is the modernization of the PS fleet and securing the market outlets. As these priorities shall require significant financial resources, primarily for the creation of coastal infrastructure, it is expected that the realization of these priorities shall continue in the long-term period.

In terms of exploitation of demersal resources, priority measures include increasing the economic viability of small coastal fleet and its linkage with tourism sector. Montenegro sees tourism as the key factor of its economy in the future, and small coastal fisheries can significantly increase the touristic offer, both in terms of offer of products as in terms of traditional activity and cultural offer. Priority measures in this area include financing of forms of organization in the sector (cooperatives and/or POs) in order to pool and increase the quantities offered for sales. As a part of this process, the priority is also the setup of an adequate landing place in Boka Kotorska and/or Bar, with the purpose of servicing the small coastal vessels. The landing place is intended to have the minimal coastal infrastructure necessary for the implementation of the weighing system for control purposes and cooling capacities, which is also expected to result in improved catch and landing statistics.

The increase of the catches is not expected, but a significant improvement of catch and effort statistics is expected as a result. Montenegro intends to pay particular attention to this type of fishery

(small scale coastal), given its specificities and its traditional value and importance it has particularly in Boka Kotorska Bay. Given the specificities of the areas where these gears are used, they shall be partially covered by the management plans to be developed (active gears).

The exploitation of demersal resources by bottom trawl nets in the short-term period is intended to remain at the present level, with the aim of conservation of the resources. Given the configuration of Montenegrin coast, bottom trawl fisheries are already conducted at depth mostly over 50m. In this segment Montenegro intends to modernize the old vessels aiming to increase safety and to meet hygiene and health standards on board. Introduction of new technologies is also foreseen with a view to decrease oil consumption and decrease possible negative effects on the environment. As Montenegro has limited the demersal fleet in terms of the total number of licences available, there are at present 3 available licences for exploitation of currently not exploited resources outside the 8 NM zone (8 to 12 NM operational zone).

### 3.1.2 Aquaculture

Development of sustainable aquaculture (both fresh and marine water) shall continue through modernization of existing capacities in order to increase the production as well as to strengthen competitiveness and efficiency of this sector, while respecting high environmental, animal health and welfare standards.

In order to reach the goal of production increase, Montenegro intends to co-finance projects for equipment and modernization of existing farms and their infrastructure, as well as projects aiming to create additional capacities for fry production. On the other hand, given the importance of tourism for Montenegro, development potentials are seen in linkages of these two segments of economy as well.

In addition to the species presently farmed in Montenegro (sea bass, sea bream, trout, mussels, oysters), Montenegro sees the development of aquaculture in production of other species that have thus far not been recorded in Montenegrin farms, particularly in terms of shellfish farming. In doing so, priority shall be given to native and locally present species. Part of the development of aquaculture is also seen in re-starting of some productions that have existed in the past but have not been active in recent years (carp), and potentially also the introduction of other fish species of interest for the market. Aiming to increase the demand for the farmed species, Montenegro intends to start the marketing campaigns as well.

Financial sources for modernization of farms (both marine and freshwater) are partially secured within the IPARD-like program<sup>14</sup>, and the support shall also be continued through IPA-RD and the Agro-budget as well. The draft IPA-RD program foresees financing of investments in construction, extension or re-construction of farms, hatcheries with relevant equipment, storage capacities for fish feed, storage capacities for equipment, capacities for handling of fish waste, facilities for waste water treatment and facilities for increase of hygiene in terms of food safety; investments in equipment for automatization of farming process; equipment for increase of hygiene conditions at farms and in marketing of fish and shellfish and equipment for treatment of waste eaters and storage of fish waste. In the medium to long term, Montenegro shall endeavor to secure the conditions that could allow doubling of current production in aquaculture (both freshwater and marine).

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<sup>14</sup>Izvor: Operativni priručnik za dodjelu sredstava bespovratne podrškeIPARD like javni pozivInvesticije u poljoprivredna gazdinstva

### **3.1.3 Processing and markets**

Investments in processing capacities are seen both as a short- and as a long-term goal. The linkage of primary production (caught and farmed) with processing capacities can secure development of produce of higher added value. These products would be intended primarily for indirect export through tourism and for new markets and niches Montenegro intends to define. The connection of production with hotel chains is seen as a way of placing of high-value products on the market both in and outside of Montenegro. Total population of Montenegro and consumption per capita do not justify the increase of production (it is not expected that the consumption shall increase significantly), which is why Montenegro sees its marketing potential primarily in increased consumption during the tourist season. With the synergetic effect of development of rural tourism, it shall be possible to place fisheries products on the market throughout the year, and the strategic goal of development of tourism includes the lengthening of the season as well. This primarily relates to the areas around Skadar Lake and Bojana river mouth, where fisheries products are traditionally consumed and produced and where there are significant potentials of rural tourism development.

In addition to placing on domestic market and indirect export through tourism, Montenegro intends to explore the possibilities of other market outlets in the region. To that end it is foreseen to continue financing creation of cooperatives and/or POs, which can take on the role of pooling of quantities produced and thus increasing the offer, and can also be the beneficiaries of targeted aid and assistance.

In 2014 a total of 3.316,4 tons of fisheries products were imported in Montenegro, out of which 2.000 tons of fresh, frozen and fileted products. On the other hand, only 11 tons of fisheries products were exported. With the estimated catches of some 700 tons a year (excluding freshwater catches) and the farmed production roughly of the same quantity, it is evident that there is a demand and a market for these products in Montenegro. Montenegro has the potential to secure the supplies of domestic market and its processing industry from domestic catches and farming, provided that the primary production is increased and the prices at first sales are reduced. The most important question in realizing this goal relates to financial resources. IPARD program foresees some measures to that end.

Short-term goals also include creation of new small and medium production capacities, compliance with health standards (described in detail in relevant documents covering veterinary issues and consumer protection) and creation of a promotional campaign to increase domestic consumption of fish products.

## **3.2 Long-term objectives**

### **3.2.1 Exploitation of resources**

In terms of small pelagic fisheries and purse seine fleet segment, the goal of Montenegro is to ensure the activity of its fleet, modernize it and increase its viability, while securing overall sustainable development of the sector. The activity of this fleet is in principle outside the 3 NM from the coast. Scientific data indicate that these catches, with the currently known parameters and available data, are sustainable in long terms, and Montenegro considers that this catch may secure the raw material for the domestic processing industry. Montenegro intends to use the management plans and the collection of relevant data to closely monitor the status of the resources in order to match the management measures with available resources.

In terms of coastal gears, Montenegro intends to maintain the fleet capacity at the estimated number of 180 vessels. Scientific data indicate that the status of coastal resources is satisfactory, and that the estimated number of vessels may result in sustainable status of resources in the long-term. Economic viability of this segment shall be secured through linkage with tourism and development of the markets.

Generally, Montenegro sees the development of its capture fisheries based on scientific data and on the implementation of management plans.

In bottom trawl fisheries, Montenegro intends to, during the pre-accession period, finance the replacement of engines and modernization of vessels aiming to increase the safety at sea of the fleet. Total capacity of this segment shall be determined in 2020 and it is expected that the increase, as compared to the present situation, shall be minimal given that additional technical changes need to be made on the vessels and that vessels need to be re-measured. Montenegro does not intend to substantially increase the activity of the bottom trawl fleet in comparison to the present situation, and sales channels are primarily seen in linkages with the tourism and fresh markets primarily at national level, but with a view of exploring other possibilities in the region. One of the possibilities of development of this fishery is seen in exploitation of resources at depths over 300 m and outside the 8 NM zone, where scientific data indicate that there are available unexploited resources.

The long-term goal is also to secure adequate monitoring and control of the activity, primarily in terms of implementation of the landing obligation (the species under minimum reference conservation sizes from Annex III of the Mediterranean Regulation which are under the new CFP basic regulation considered as species for which the discard ban applies). In order to meet this obligation, Montenegro intends to secure the landing capacities with minimum investments and one place of first sale (with cooling capacities) where control and monitoring of landings shall be secured. These capacities are planned to be constructed using the international aid, considering the Montenegro does not have sufficient national resources to realize this project from own funds. Another goal is the replacement of gears to switch to more selective ones, which is a measure to be financed through Agro-budget.

### **3.2.2 Aquaculture**

In addition to the development of farming of mussels, oysters, bass and bream, Montenegro intends to continue the development of farming activities for trout and carp, followed by the linkage of farming with processing capacities. Montenegro can not produce these species in quantities and at prices competitive with those at EU level, but the development may be linked with tourist capacities (hotel chains) and with production of high added value produce (smoking, filleting etc.). Montenegro also sees its development potential in linkage of its producers with other EU member states and the countries encompassed by the Adriatic-Ionian Strategy.

Particular attention shall be given to spatial planning, where Montenegro sees the possibility of planning and using the sites on locations further away from the coast. By identifying new sites for farming it is expected that the production can be further increased. Spatial planning can also help increasing the sustainability, social acceptance and competitiveness of aquaculture activities.

In addition to creation of new sites, development of aquaculture is also seen in continued modernization and automatization of the production both in freshwater and marine environment.

The increase of production of farmed fish and other aquatic organisms shall be followed by development of markets and processing. By starting the marketing campaigns, Montenegro intends to increase its per capita consumption in the long-term period from the currently estimated 5 kg to at least 8 to 10 kg per capita. Marketing campaign is planned to include a specific study providing a realistic estimate of consumption with a regional approach in order to clearly identify the preferences and trends. Furthermore, the development of aquaculture is seen in branding and labelling schemes.

As can be seen from import data, dominant imported fisheries commodities are processed and frozen products. The development of farmed production can provide raw material for processing as well, which is seen as the economic activity to be directed towards high value-added product niches.

### **3.2.3 Processing and markets**

Montenegro intends to modernize and develop its processing capacities by linking them with domestic farming and capture fisheries. It is foreseen that the process of linking of primary production and processing shall continue through creation of cooperatives and/or POs in fisheries and aquaculture. The development of markets is seen in branding of the products and meeting certain standards. Montenegro sees its processing industry development primarily in development of high-value niche products followed by a promotional campaign. In addition to branding of the final product, Montenegro considers the possibilities of certification of its fisheries, through for example applying for the MSC certificate.

## **4 HARMONIZATION STRATEGY IN THE FIELD OF FISHERIES (CHAPTER 13)**

### **4.1 Fleet and resources**

#### **4.1.1 Administrative capacities**

Although most of the current tasks of the Unit (Group) for resource management and planning are directly related to fleet and resource management issues as they are defined and regulated under the CFP, available administrative capacities are sufficient to discharge the obligations. In order to meet the requirements, changes in task description of the employees is foreseen, as well as internal re-organization and the increase in the total number of employees. It is foreseen that by the date of accession the number of employees in the Division shall be 6. This figure does not include the inspection services, where it is foreseen that a total of 7 inspectors shall be employed by 2020.

Within the foreseen re-organization, the tasks of the Unit (Group) for resource management and planning in fisheries shall include definition and management of entry-exit scheme (when introduced in Montenegrin legal system), coordination and drafting of management plans, coordination of data collection, maintenance of registers and data bases, issuance of licenses and overall policy creation in fleet and resource management as well as vessel monitoring. This Unit's tasks shall also include aquaculture management (both freshwater and marine, including license issuance and data collection). Furthermore, its tasks shall also include preparation of programming documents for measures to be funded in fisheries, as market and state aid elements are not expected to play a significant role in the administrative tasks.

Since the Unit (Group) for resource management and planning in fisheries is foreseen to be responsible for running and maintenance of fleet and license registers as well as for data collection in terms of catch and landing data, further activities are foreseen in the setup and upgrading of the information systems.

As this Unit (Group) shall be responsible for maintenance of all required registers, it is foreseen that it shall also be responsible for the issuance of catch certificates for Montenegrin catches. As the level of exports from Montenegro to the EU is small (11 tons in 2014), the certificates shall be issued upon request, and shall verify that the vessel is in the fleet register and is licensed. It shall also contain verification that all other requirements are met. Generally, it is assessed that it is not viable to set up a specific system for issuance of catch certificates for Montenegrin catches, and that this segment should be linked with the general information system in fisheries. The issuance of catch certificates for Montenegrin catches shall cease to be necessary for exports to the EU upon accession. Hence, it is assessed that more significant efforts need to be placed in control of imports and certificates of catches coming from third countries.

#### **4.1.2 Legislation harmonization**

The Law contains basic legal framework for fleet and resource management and measures. However, with the reform of the CFP and the adoption of the new Basic Regulation (Regulation (EU) no 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC), management measures foreseen by Montenegrin law will require further changes and

harmonization. As the key principle of the reform is the implementation of the discard ban, Montenegro intends to introduce the relevant provisions in its national legal framework. However, it is important to point out that Montenegrin fisheries do not have the discard practices as they have been defined by the *acquis*. As the landing obligation relates to the species for which the minimum reference conservation sizes have been defined (from Annex III of the Council Regulation (EC) No 1967/2006 of 21 December 2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea, amending Regulation (EEC) No 2847/93 and repealing Regulation (EC) No 1626/94 as it has been amended) and are applicable as of 2019, Montenegro shall first and foremost invest efforts into the data collection framework in order to assess the level of further activities needed. The changes of the Law foreseen in 2017 shall contain relevant provisions on discard ban. Montenegro, in accordance with the presently available data, fulfills the terms for application of the *de minimis* exemption for discards as it has been defined by Article 15 of the Basic Regulation and as applicable for EU member states in the Adriatic as it has been defined by recently adopted delegated Commission regulation. The new law shall create the necessary conditions and legal grounds for the implementation of the *acquis* in this respect.

As a short-term priority and pending the adoption of the new law, Montenegro has changed the Law in 2014 (draft adopted by the Government in December) in key elements of data collection and introduction of catch certificate schemes.

In addition to the provisions on discard ban, the new law is foreseen to include the provisions on reaching the MSY values by 2020. According to the available data, and having in mind the present activity of Montenegrin fleet, the role played by Montenegro in reaching the MSY values is relatively small. Montenegro participates in the total catches in the Adriatic with negligible percentages, and hence it is assessed that the key role is played by other countries fishing in the same area. In general, the MSY values are intended to be reached through the implementation of the management plans and further cooperation with other countries in the Adriatic basin. Montenegro shall carefully follow the activities of other players in this respect and shall continue close and intensive cooperation with neighboring countries primarily within the framework of FAO AdriaMed and the GFCM.

Montenegro shall continue to align and harmonize its Fishing fleet register with the provisions of the Commission Regulation (EC) no. 26/2004.

In accordance with the current legal framework, international provisions have the power above national laws of Montenegro, and the recommendations of the GFCM are therefore directly applied. Albeit directly applicable, all the provisions are transposed into Montenegrin legal framework by way of ordinances.

In terms of harmonization with the provisions of the Mediterranean regulation and its amendments, in particular the Regulation no. 1343/2011, Montenegro intends to, upon adoption of the new Law draft specific regulations and ordinances governing the technical measures in terms of gear characteristics and usage. Although the minimum catch sizes are already mostly in line with the EU ones, Montenegro intends to continue the harmonization in further changes of the legal framework. It should be noted that Montenegro recognizes a significantly higher number of species for which minimum catch sizes have been set, although this goes beyond the obligations of the *acquis*. The envisaged ordinances (in 2018 and 2019) are expected to include specific provisions on technical measures in terms of spatial and temporal regulation, including issues of environment protection and protection of biodiversity (in cooperation with relevant ministries and institutions). As the



Montenegrin legal framework does not allow for penalty provisions to be included in any other legal instrument but the Law itself, the provisions on prohibitions shall be contained therein.

Full harmonization with the applicable measures is expected by accession, with the exception of some specific issues that shall need particular attention (traditional gears in coastal fisheries).

Montenegro shall continue to participate and closely follow the developments of the legal framework within the GFCM throughout the accession period. This particularly relates to measures for small pelagic species. As previously stated, all subsequent measures shall be incorporated into national legal framework.

Montenegro is aware of the need to draft a management plan for eel. Given the existing constraints in human and technical capacities, Montenegro intends to tackle this issue at a later stage, with the envisaged date of drafting of the plan in 2019.

The new law shall foresee the adoption of the national strategic plan for aquaculture as well. This document is foreseen to be drafted in 2019 in order to encompass the development vision of Montenegrin aquaculture in the period from 2020 to 2027. Until 2020, Montenegro intends to continue implementing the strategic guidelines for aquaculture development as they have been developed and adopted under the strategies prepared for the period up to 2016 and as they are contained in this document.

#### **4.1.3 Measures to be taken**

Based on the current legal framework, further improvements and upgrades in the fleet register are envisaged. However, since the full harmonization of data in the Fleet register requires re-measurement of the vessels, the finalization of this process is expected by accession.

As the Fleet register currently does not contain all the data in line with the provisions of the Council Regulation (EC) No 1224/2009 and its implementing regulation (Commission Implementing Regulation (EU) No 404/2011), request for further technical assistance is foreseen. This particularly relates to establishment of adequate databases and communication channels/techniques with the EC (FLUX). Montenegro intends to carefully follow the changes in the *acquis* as regards the most recent technical changes and the foreseen changes in this element.

In terms of system development, the introduction of ERS (Electronic recording and reporting system) is foreseen for 2016. ERS is used to record, report, process, store and send fisheries data (catch, landing, sales and transshipment). The key element is the electronic logbook where the master of a fishing vessel keeps a record of fishing operations. The record is then sent to the national authorities, which store the information in a secure database. Development of the secure database is foreseen for 2018. Initial steps in this direction are foreseen through the IPA <sup>15</sup>II project for which Montenegro applied, and whose implementation is foreseen in 2016-2017.

By the date of accession, Montenegrin fisheries administration shall be able to exchange all relevant data with the EC. The re-measurement of the fleet shall be done in cooperation with port authorities, and the data on vessel tonnage shall be corrected in the register. Particular attention shall be paid to re-measurement of the small fleet, given their specificities.

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<sup>15</sup> "Enhanced control and management of fisheries", 550.000 EUR value, Commission Implementing Decision of 10.12.2014 adopting a Annual Country Action Programme for Montenegro for the year 2014

In 2016 and 2017 it is expected that the register shall be upgraded in terms of software and analytical possibilities, while the full EU-compliant functionality is expected in mid-term period. Although data on re-measurement of tonnage may not be final, the fleet register structure shall match the one required by the *acquis*.

In 2019 and 2020 MARD intends to prepare the draft of the management plans for active gears (purse seines, bottom trawlers, active small coastal gears – beach and boat seines). The management plans shall contain all the key elements required by the Mediterranean regulation. Montenegro intends to restrict the trawling activities to areas outside the 3 NM zone or 50 meters of depth. Larger purse seiners are also intended to be restricted in operational areas to outer parts of the fishing seas. Such operational restrictions are envisaged in order to safeguard the small coastal fishery segment. The coastal gears and fisheries are seen as having the largest potential for development and supply of the markets. In drafting the plans, the scientific data of IMBK shall be used as well as the data on activity and catches from the logbooks and catch reports, VMS and AIS systems. Montenegro intends to pay particular attention to the management plan for small traditional coastal gears that are operational in the narrow coastal area and the area of Boka Kotorska Bay. Montenegro considers that these fisheries are of particular socio-economic importance and that they have special role in maintaining the tradition and the population in the coastal areas. Prior to embarking on the drafting of the management plans, Montenegro intends to regulate certain elements in terms of fisheries and technical gear characteristics by way of national regulations and ordinances.

## **4.2 Markets and structural measures**

### **4.2.1 Market organization**

#### **4.2.1.1 Administrative capacities**

Internal organization of fisheries administration of Montenegro at the moment does not meet the requirements of the CFP in terms of discharge of obligations under the new COM Regulation<sup>16</sup>.

Given the size of the sector, it is not likely that any producer organization (POs) shall be created soon, but conditions for their recognition need to be created. At present, Montenegro does not have the structure within fisheries administration that would be capable of performing the duties of the responsible authority in charge of recognition or withdrawal of recognition of the POs.

To this end, it is foreseen that one person is dedicated to this policy segment. Creation of the specific post is foreseen in the mid-term period. The tasks of the officer shall include drafting of implementing regulations for recognition and withdrawal of recognition of POs in fisheries and/or aquaculture, contacts with the sector and drafting of relevant procedures. In addition to these tasks, the officer shall be in charge of cooperation with EUMOFA and other relevant platforms, as well as cooperation with customs and statistical services in order to follow up on the data on imports and prices. Furthermore, the tasks shall include development of relevant guidelines for labeling requirements, in cooperation with the administrative units in charge of general labeling rules.

Control of compliance of the PO with the rules of the CMO shall be performed by the dedicated officer, and in later stages by control officers of the Paying Agency that shall be the intermediary body of the Managing Authority for the structural mechanisms. Control officers shall not have the authority

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<sup>16</sup> OJ L 354, 28 December 2013, p. 1-21

to grant or withdraw the recognition, and such a decision shall be left to the Division for Fisheries. These provisions shall be contained in the new law.

#### **4.2.1.2 Legislation harmonization**

As the Law presently contains some elements of the market organization, it is foreseen that a specific law on structural measures and market organization shall be adopted in the short-term period. The law shall contain the rules for labeling and product information and the overall legal basis for recognition of producer organizations. It is envisaged that this law shall be adopted in 2017.

#### **4.2.1.3 Measures to be taken**

Upon adoption of the Law on structural measures and organization of market in fishery sector (provisional name), MARD intends to draft the procedures required for recognition of producers' organizations. The procedures shall contain key elements and guidance notes in order to inform the sector on possibilities and requirements. It is expected that the guidance notes for creation of POs shall be ready by 2018. Commercial designations of products are envisaged to be drafted by the end 2018. Guidelines on labeling rules shall be prepared in cooperation with administrative bodies in charge of general labeling rules, and are foreseen for 2019. Having the overall organization of the sector in mind, it is not expected that the POs shall be created in Montenegro. However, Montenegro intends to support fishermen associations in order to enable them to become the POs should the interest of the sector exist.

### **4.2.2 Structural measures**

#### **4.2.2.1 Administrative capacities**

In order to set up the system for implementation of structural measures in fisheries, Montenegro needs to designate the relevant managing authority, certifying authority and audit authority for the implementation of structural measures as they are foreseen under the *acquis*. Since the relevant obligations have changed in 2014 with the entry into force of the new financial framework and the new structural policy, Montenegro intends to embark on setting up of relevant structures in accordance with the *acquis* as it is on 1 September 2014. This implies initial harmonization with the provisions of the Regulation (EU) 1303/2013<sup>17</sup> and Regulation 508/2014<sup>18</sup>

The envisaged change of internal structure and job description within the MARD – Division for fisheries foresees the creation of a unit for structural measures and markets. It is expected that this Unit shall be created in 2018. Staffing is foreseen during the period 2018 to 2019. The tasks of this unit shall include programming and implementation of structural measures. The Unit shall take over the role of the managing authority, and the overall responsibilities for programming and monitoring and control of the implementation of structural measures.

In addition to the changes in internal structure of the Division for fisheries, Montenegro plans to delegate certain tasks of the managing authority to the Paying Agency in Rural Development and Agriculture. The delegation of tasks is foreseen at the earliest by mid-2018. The division of tasks and delegation shall be described in details in the Memorandum of Understanding.

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<sup>17</sup> OJ L 347, 20.12.2013, p. 320–469

<sup>18</sup> OJ L 149, 20.5.2014, p. 1–66

Audit and certification of expenditures are planned to be delegated to respective units within the Agency. Separation of tasks shall be secured as well as independency of different bodies.

Specific training for staff both in the Division and in the Agency shall be requested in 2018 and 2019, aiming at enabling the administration to prepare and implement the relevant provisions of the *acquis* in management and control of the operational program for fisheries.

#### **4.2.2.2 Legislation harmonization**

The Law on structural measures and organization of market in fishery sector (provisional name) is foreseen for 2017. The law shall contain the key provisions from Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 and the Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council.

It shall contain the provisions on delivery, control and monitoring mechanism for the implementation of the structural measures. Prior to accession, Montenegro shall co-finance measures in fisheries with its own sources. This results in a specific situation whereby all the support is paid as state aid and all the schemes may be considered as state aid. However, Montenegro intends to implement those schemes in line with relevant provisions of implementation of structural measures, including programming and management and control of the implementation. The system of implementation is not expected to be fully operational before 2019, but at least one co-financing scheme shall be implemented prior to that date using procedures similar to those required under the structural funds regulatory framework of EU.

Upon adoption of the law, Montenegro plans to publish specific ordinances on measures. The law shall contain the key divisions of tasks, but specific manner of implementation and criteria for selection of the beneficiaries shall be contained in the ordinances.

Montenegro does not plan to have an Operational Program nor a specific programming document as a basis for implementation of structural measures in the short-term period. It is assessed that the available strategies provide for sufficient data and guidelines to the measures of co-financing from the state budget (Agro-budget). Montenegro plans to develop the description of the managing and control system for structural measures in 2019.

#### **4.2.2.3 Measures to be taken**

Funding of the sector is at the moment implemented by way of Agro-budget. Each year the budget is planned in a way to include measures and schemes for co-funding in fisheries. This is in line with the general rules of financing in the agriculture and fisheries. During 2015 and 2016 Montenegro intends to continue implementing the same system, with the indicative budget foreseen for each subsequent year. In 2015 and 2016 it is envisaged to co-finance the measures aiming at increasing the level of organized buy-off, replacement of engines for small commercial vessels and replacement of gears in

order to switch to more selective ones, and in 2017 measures for improving the conditions for securing the maintenance of product quality on board. Montenegro intends to co-finance measures in processing and aquaculture as well. The individual amounts of co-financing per beneficiary in general may not exceed 10.000 EURO. Given the specific situation of Montenegro, all the schemes envisaged would fall under the *de minimis* exemptions for state aid. Never the less, Montenegro intends to set up the structures necessary for implementation of structural measures upon accession by way of implementing some of those schemes partially in line with the requirements of the Regulations 1303/2013 and 508/2014 during the pre-accession period.

As the law on structural measures is foreseen for 2017, the setup of the adequate mechanisms is foreseen for 2018, enabling the implementation of some measures in 2019. No specific operational program is foreseen, but Montenegro intends to draft the annual financing program for 2019 in a manner that shall contain measures and requirements similar to the ones needed in an operational program. Given that the current programming period at the level of EU expires in 2020, future developments of EU structural policy in fisheries shall have to be taken into account in implementation of this strategy.

Following the adoption of the law, the final decision on tasks to be delegated to the Paying Agency shall be taken and the description of the system for implementation drafted. This task is envisaged for 2018 and 2019. In the meantime, Montenegro intends to request specific training for staff currently employed in issues related to implementation of structural measures.

In line with available strategic documents and studies, Montenegro intends to continue implementing the measures aimed at fleet modernization in terms of increasing its safety and security at sea. Given the structure of the fleet and the nature of operations, these measures are envisaged to be implemented during the next 3 years. In order to start the process of harmonization of the implementation of structural measures with the *acquis*, Montenegro intends to draft the ordinances on calls for tenders (currently under the Agro-budget) specifying the selection criteria and ranking.

Internal procedures for future managing authority are envisaged to be drafted in 2018 and 2019.

Depending on future developments of structural measures at the level of EU, Montenegro intends to start drafting programming documents and to initiate the necessary procedures, including the *ex-ante* evaluation in 2019 and 2020.

### **4.3 State aid**

#### **4.3.1 Administrative capacities**

Montenegro, as a non-EU country, has a specific situation in which all the measures implemented through Agri-budget are in actual fact state aids, as they are funded from the national budget. The state aids thus provided are not given as grants or schemes, but as elements of co-financing in most cases. State aid rules in the EU are governed by horizontal regulatory framework and the Treaty of Functioning of the EU, and are targeting primarily other sectors, rather than fisheries and/or agriculture. The currently existing rules in Montenegro do not differentiate between the state aid mechanisms in general and in fisheries, and overall amount of money being directed to the sector never exceeds the thresholds of the *de minimis* exemption as defined under the *acquis* in Chapter 13.

The rules on state aid in fisheries shall be drafted prior to accession. This is primarily due to the fact that until that date all the co-financing measures applied by Montenegro shall be financed from

national sources and hence shall at the national level be considered state aids. All co-financing programs Montenegro intends to implement prior to accession would fall under the *de minimis* exemption as defined in the *acquis* (less than 30.000 EURO per beneficiary over 3 years). As currently there are no specific administrative structures within the competent authority, and as it is not expected that state aids shall constitute a significant issue in the policy of Montenegro upon accession, it is envisaged that the tasks related to state aids shall be performed by the persons employed for the purposes of setting up of necessary mechanisms for structural measures.

#### **4.3.2 Measures to be taken**

During 2019 and 2020 Montenegro intends to set up the legal framework, register and structures necessary for informing the Commission on beneficiaries and state aids upon accession.

### **4.4 Data collection**

#### **4.4.1 Administrative capacities**

The changes of internal job description of the Division for fisheries shall enable Montenegro to secure the scientific data collection and data processing in accordance with the DCF provisions. It is expected that the full capacities will, however, be reached only upon accession, given the budgetary constraints and requirements.

Montenegro plans to employ one dedicated junior assistant for the tasks of development and follow up of the data collection requirements. The tasks of the officer will include national coordination and implementation of the general framework.

Montenegro plans to develop the first overall national data collection program in 2016, partially in line with the provisions of the DCF Regulation 199/2008 (depending on the development of the data collection system from logbooks and questionnaires as well as on the changes of the FIS). For the purposes of drafting of the program, Montenegro intends to request assistance in data analysis and fleet segmentation (metiers). It is envisaged that the data collection program shall be implemented primarily by the IMBK, in cooperation with the dedicated person in the MARD. National coordinator shall be from the MARD. MONSTAT shall be included. Data on employment and value of production are not envisaged to be collected prior to 2018, due to budgetary constraints. Mutual cooperation of MARD, IMBK and MONSTAT shall be defined by memorandum of understanding. Socio-economic data shall be covered by this agreement. It is envisaged that they shall partially be collected via MONSTAT and in most cases by IMBK.

Montenegro participates in surveys at sea in terms of international cooperation, and shall continue to do so. These activities are the key element for collection of data on biological state of the stocks. Furthermore, Montenegro collects additional data through national surveys, undertaken by IMBK on annual basis. Data collection in harbors is foreseen upon creation of adequate infrastructure, as Montenegrin fleet structure can not support inclusion of observers on board (with vessels being on average less than 10m LoA, with majority under 6 m LoA)

As data collection framework under the reformed CFP includes numerous environmental data as well, cooperation with ministry in charge of environmental protection is foreseen in order to enable the best possible usage of available budgetary lines from different sources.

The new Law shall contain the new obligations on reporting of aquaculture production data, which shall then subsequently be included in the data collection program. Data on employment in fisheries, processing and aquaculture shall be initially partially collected through a system of questionnaires to be developed, and is in the future envisaged to be structured through the cooperation with IMBK and MONSTAT. Initial questionnaires are expected to cover all basic economic data (covering costs and profits). Montenegro is aware of the complexity of the requirements under the data collection framework, and shall work towards inclusion of all needed elements prior to accession. However, given the human capacity constraints and the realities of the sector, Montenegro expects to fully meet the requirements only upon accession.

Montenegro shall continue to follow closely further developments in EU *acquis* in this area, given the changes that are expected.

#### **4.4.2 Legislation harmonization**

The latest amendments of the Law contain, among other issues, the provisions for data collection program. This includes partial harmonization with the provisions of Regulations 508/2014 and 1380/2013, as Montenegro intends to start the implementation of its data collection program under the public contract procedure and not under the Operational Program as foreseen by Regulation 508/2014. Furthermore, the changes of the Law include the provisions on data collection as they were in force in the EU by 2013. Montenegro shall closely follow the developments in regulatory framework in the field of data collection. The initial harmonization shall enable Montenegro to adopt a framework with key elements of data collection (primary focus to be placed on fleet and catch and landing data). Legal provisions shall also contain the obligation of data submission to relevant RFMOs (GFCM in particular).

The changes of the Law provide for the overall possibility of adoption of the national data collection program. However, detailed rules shall be adopted by way of ordinances to specify the contents of the program and the expected outcomes.

The new law, foreseen in 2017, shall contain provisions on data collection system in a manner as it shall be provided for in the EU *acquis* at that time.

Is there no legislative amendment required to ensure that the full set of DCF data are collected in Montenegro (as per the comments above)?

#### **4.4.3 Measures to be taken**

Drafting of the national data collection program is foreseen in 2016. Depending on the development of the FIS, and the results of the technical assistance Montenegro intends to request, it is expected to contain key modules which are also required under the Control regulation (fleet, catch and effort data). Biological data shall be included as a matter of priority, and Montenegro is aware of the requirements to structure these data in accordance with the requirements. The same applies for economic data, as has been explained before. and to provide for national arrangements of cooperation of different institutions. Support for setup of adequate electronic support (IT system required) shall be sought from international sources, as well as training for relevant scientific and administrative staff. It is expected that Montenegro shall be able to submit data in format as per data calls published by the EC in 2019 with partial compliance.

## 4.5 Inspection and control (MCS measures)

### 4.5.1 Administrative capacities

The Inspection Directorate of Montenegro is in charge of fisheries inspection. This directorate is a separate administrative body and its tasks are performed based on internal rules. MARD intends to coordinate the tasks between two bodies through a signature of a memorandum of understanding and cooperation, which shall define mutual communication and obligations. It is envisaged that the memorandum shall arrange for the exchange of information, reporting and manner of preparation of inspection plan in fisheries. As the Inspection Directorate cooperates with the maritime police, it is foreseen to sign a MoU or a similar document with the maritime police as well, or to regulate the relationships within the annual inspection plan.

The tasks of dedicated fisheries inspectors, undertaken by the Inspection Directorate, is envisaged to primarily be in control and inspection on land (ports and landing sites), whereas control at sea shall be partially delegated to other competent administrative bodies. The new Law shall provide for the division of tasks and competencies.

In order to prepare the inspection services for full discharge of their obligations under the CFP, Montenegro intends to request training for staff in 2018 and 2019. A minimum of 3 seminars is envisaged per year. As the rules of the CFP do not require specific educational requirements for inspection staff, Montenegro intends to train the inspectors through specific regular training programs, i.e. TAIEX assistance.

The amendments to the Law contain the key provisions on illegal, unreported and unregulated fisheries (IUU). Harmonization with the Regulation no 1005/2008<sup>19</sup> and its Implementing Regulation<sup>20</sup> shall be continued by way of ordinances on catch certificates. Montenegro is aware of the current discussions at the EU level on possible changes of the regulatory framework in the area of control and inspection, and shall closely follow the developments in this regard.

The new Law, to be adopted in 2017, shall contain further provisions on control of imports of fisheries products to Montenegro. The provisions shall also include designation of ports where landing of foreign vessels shall be allowed (currently only one is envisaged), with provisions for notices and port inspection schemes. These provisions do not have practical implications for Montenegro, as no landing from third countries or EU countries has thus far been reported in Montenegrin ports. The new Law shall also include the introduction of the point system for infringements, legal basis for engine certification and introduction of traceability measures in line with the Regulation 1224/2009.

Upon adoption of the new Law, implementing ordinances on external marking of vessels and gears shall be adopted, as well as implementing ordinances of requirements of port inspection schemes, traceability and cross-checks. Provisions on the content of the fishing licenses, as per the provisions of Control regulation and its implementing regulation and the issuance of licenses containing the full set of data is foreseen upon the adoption of the new law as well. The full set of implementing ordinances is expected to be in force in 2020.

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<sup>19</sup>OJ L 286, 29.10.2008, str. 1-32

<sup>20</sup>OJ L 280, 27.10.2009, str. 5-41



#### 4.5.2 Measures to be taken

Since fisheries products (being products of animal origin as per regulations governing veterinary and food and feed health issues) may only be imported in Montenegro through border inspection posts where both customs and veterinary inspections are present, the task of control of catch certificates on imports shall be charged to the Border Veterinary Inspection service and the Customs. Guidelines issued by the EC on implementation of the catch certification scheme and control of imports shall be used for education of the border inspection, and a Memorandum of Understanding shall be signed with respective services. The memorandum is expected to be signed in 2018. The envisaged system entails the border checks of catch certificates with consignments coming from third countries, including the documentation checks of catch certificates adopted under different RFMO rules. The imports in Montenegro are possible over 2 border inspection points, one of which is a port open for international traffic (Bar). Catch certificates for catches from third countries shall be checked at these points.

Catch certificates for Montenegrin catches shall be issued by the Division for fisheries and as per request. The form of the catch certificate shall be defined by an ordinance based on the amended Law. The ordinance is foreseen for 2015. In 2017 it is envisaged that the automatic system for issuance of catch certificate shall be partially operational. The system shall entail cross-checks of data in the Fisheries information system (connection of fleet and license register with data on catch and landing). It is intended that the certificate shall be issued as an automatically generated document valid in its electronic form. Each catch certificate shall have unique identifying number in order to verify its originality.

In terms of point system, changes in legal provisions shall allow for the setup of relevant databases. It is envisaged that additional IT equipment and technical equipment shall be needed for the inspection services. Financial support shall be sought from international sources in order to set up the required databases and information exchange systems. This primarily relates to the obligations from the Control Regulation. Furthermore, it is estimated that additional purchases of equipment and vehicles shall be needed for the inspection services, including inspection kits (mesh gauges and similar elements) etc.

It is foreseen that the Engineering faculty shall perform the engine certification. The process is expected to start in 2019. In order to initiate this process, Montenegro intends to enhance the FIS as to be able to perform adequate administrative checks and controls on engine power.

As Bar is the only port open for international traffic implying the possibility to import goods of animal origin, Montenegro intends to list this port as one where landing from third country vessels shall be possible. Port inspection rules shall be developed for this port in 2018 in cooperation with the Port Authority and other relevant inspection and control services (Customs, veterinary services).

Upon signature of the memorandums of understanding with relevant services, it is planned to develop the annual inspection plans.

As the FIS is already set up in the MARD, it is foreseen that the existing software shall be further developed and additional modules introduced. The modules shall be linked with inspection services, in order to enable effective cross checks. The system is envisaged to be developed in 2017.

The key issue in inspection and control for Montenegro is the development of coastal network of landing sites and points of first sale. Given the structure of the fleets and its manner of operation, 6

key landing places/points of first sale have been identified: Herceg Novi, Ulcinj, Bar, Budva, Tivat and Kotor. Available data indicate that the highest number of vessels currently operate from Bar, Kotor and Herceg Novi. These three locations shall have priority in designation of landing places and the setup of coastal infrastructure. Currently, the location in Bar can be determined as the initial step. The setup does not envisage a full construction of the fishing port, or the construction of a wholesale market, as the quantities of the catches and the size of the fleet do not justify such an investment. However, Montenegro intends to set up basic infrastructural objects in the existing port of Bar, designating a section of the port as the fishing one. It is foreseen that basic infrastructure to be included shall include possibly an easy-to-assemble portable establishment (e.g. container-type) meeting all the hygiene and veterinary requirements, with weighing and recording equipment installed. It is currently estimated that this approach may guarantee support to the fishermen without requiring significant financial sources. Further development of the port of Bar is foreseen in the long-term period, with inclusion of storage facilities (envisaged again as easy-to-assemble freezers) and support storages and services for the fleet. Similar approach is envisaged for other ports and landing sites, with the exception of fleet services as these shall need to be assessed through feasibility studies that need to be undertaken prior to construction.

VMS system currently installed does not fully meet the requirements of the *acquis* and shall be upgraded. It is envisaged that the upgrade of the system shall be initiated in 2017 with 2018 as the envisaged end date of full operability. Montenegro shall consider the issue of costs of the VMS signal, given the specific operational characteristics of its fleet.

AIS system shall be installed on vessels over 10 meters. Montenegro intends to install this system as from 2016. This goes beyond the requirements of the *acquis*.

Currently, the vessels have not been re-measured in accordance with the requirements of the *acquis*. This process shall be initiated in 2017 by the Directorate of maritime safety and shall encompass all Montenegrin merchant vessels.

The traceability system for fisheries products is foreseen for introduction in 2018. This process shall be linked with the introduction of electronic logbook and data exchange system, and shall be linked with the obligation to land the catches in designated landing places. Control of catch and landing declarations shall be made at landing places.

The current size and manner of operation of Montenegrin fisheries sector does not justify capital investments in auctions or similar systems of first sales. It is hence envisaged that the points of first sale (including meeting the food safety and other veterinary standards) shall be organized at establishments that can meet the requirements without requesting high investment costs. Montenegro is currently considering such establishments in Bar and Herceg Novi.

## 5 ACTION PLAN

During the screening phase, Montenegro has accepted the *acquis* in the field of fisheries and has committed to harmonize the national policy with the CFP provision until the accession. Montenegro accepts the *acquis* in the field of fisheries and its subsequent changes, but considers that some specific issues shall need further attention in the process of accession.

The *acquis* in fisheries consists of regulations, which are directly applicable in the member states. For the effective implementation of the CFP it is of paramount importance that all the stakeholders are informed on obligations in a timely manner and that adequate institutional capacities capable of discharging their obligations are in place.

This Action plan is the integral part of the Strategy and contains steps and envisaged financial means Montenegro intends to direct towards the fisheries sector (including administrative costs and costs of capacity building).

The *acquis* in fisheries is grouped in several areas, which are reflected in the Strategy and the Action plan. The areas include: fleet and resource management, market organization, structural measures, data collection, state aids, monitoring, surveillance and control measures and international agreements.

The total cost of the harmonization (including structural measures and excluding operational and maintenance costs) is estimated at 7.9 million EUR over the next five years.

### 5.1 Fleet and resources

#### 5.1.1 EU *acquis*

The *acquis* consists of numerous regulations, most of which are not of direct relevance for Montenegro neither prior nor upon accession. The Strategy and the Action plan hence list only the ones that are seen as the immediate priority with direct relevance for fisheries of Montenegro and that will represent the most demanding task in setting up of the necessary structures and/or in their implementation.

The *acquis* has been substantially changed in 2013 by the reform of the CFP.

The regulations defining issues of fleet and resource management that are seen as of high and immediate importance for Montenegro are:

- Regulation (EU) no 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) No 1954/2003 and (EC) No 1224/2009 and repealing Council Regulations (EC) No 2371/2002 and (EC) No 639/2004 and Council Decision 2004/585/EC
- Council Regulation (EC) No 1967/2006 of 21 December 2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea, amending Regulation (EEC) No 2847/93 and repealing Regulation (EC) No 1626/94 as it has been amended and the Regulation (EU) no 1343/2011 of the European Parliament and the Council of 13 December 2011
- Commission Regulation (EC) No 26/2004 of 30 December 2003 on the Community fishing fleet register

- Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing, amending Regulations (EEC) No 2847/93, (EC) No 1936/2001 and (EC) No 601/2004 and repealing Regulations (EC) No 1093/94 and (EC) No 1447/1999
- Commission Regulation (EC) No 1010/2009 of 22 October 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 1005/2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing

The reform of the CFP is based on the need to reach the MSY by 2020 the latest, introduction of the discard ban and strengthening of the regional approach. Discard ban is applicable in the member states as of 1 January 2015 and entails landing of all quantities of regulated species or in the Mediterranean for those having a minimum conservation reference size defined under the *acquis*. Montenegrin fisheries do not have the discarding practice, but the most important element Montenegro intends to put in place prior to the accession relates to monitoring and controls of landings. Montenegro does not have the capacities for storage of organisms under the minimum conservation reference size at present.

In terms of technical measures, the most important ones for Montenegro are those related to the Mediterranean (regulations 1967/2006 and 1343/2011), which entail the creation and the implementation of management plans as well as the changes to the gear dimensions in commercial fisheries. Minimum catch sizes as well as some temporal and spatial restrictions shall also need to be introduced. Montenegro intends to maintain and safeguard some traditional forms of fisheries in its coastal area.

As relates to the IUU fisheries, the key element for Montenegro is setting up of the system of controls of catch certificates at imports (from third countries upon accession).

In terms of catch and landing data, the *acquis* entails real time data submission, which shall include significant efforts both in informing the stakeholders and in setting up the necessary IT systems.

### 5.1.2 National legal framework

The national legal framework relating to fleet and resource management at the moment consists of the Law and the ordinances adopted pursuant to the Law. The most important ones are:

- Ordinance on form and content of logbook, landing declaration, catch report and on deadlines for submission of reports on total catch and landing and the manner of information and registration of transshipment of fish and other marine organisms (OG MNE no 8/11)
- Ordinance on form of fishing license, manner of issuance, manner of payment of the license fee for commercial fisheries and on terms of transfer of commercial fishing license (OG MNE no 8/11)
- Ordinance on basic technical characteristics, manner of usage, time of usage, target species, quantity and types of fishing gears and tools that may be used in large and small commercial fisheries (OG MNE no 8/11 and 27/14)
- Ordinance on terms, limitations and order of conduct of fishing activities in certain fishing areas (OG MNE no 8/11)
- Ordinance of fishing fleet register (OG MNE no 8/11)

- Order on prohibition of catches and marketing of juveniles and undersized fish and other marine organisms (OG MNE no 08/11)
- Decision on amount of individual fees for commercial fisheries and marine aquaculture (OG MNE no 14/11)
- Ordinance on delimitation lines where waters cease to be salty in rivers flowing into the sea and on delimitation lines for protected fishing areas (OG MNE no 39/13)
- Ordinance on sport and recreational fisheries at sea (OG MNE no 34/10 and 22/14)

### 5.1.3 Harmonization actions

The process of harmonization is based on adoption of different acts (first and foremost the new law on marine fisheries and marine aquaculture) and on setting up of necessary administrative structures capable of discharging their obligations under the *acquis*.

For the purposes of the harmonization process, prior to its accession Montenegro shall adopt the new Law on marine fisheries and marine aquaculture, based on which numerous ordinances will have to be adopted. The harmonization shall be undertaken in a step-wise manner during the pre-accession period.

In addition to the new Law, the following steps are considered basic in the process:

- Development of the Fishing fleet register
- Gradual development of management plans for key fisheries
- Gradual education of stakeholders in relevant provisions of the CFP

The necessary financial means shall be secured in Agro-budget. As the IPARD program does not include any measures targeting capture fisheries sector and its adaptation, Montenegro can finance the sector from national sources only. This shall present a significant burden in terms of securing the adequate means. In that respect Montenegro intends to plan the resources within the Agro-budget (see section on structural measures) in order to co-finance fleet modernization, replacement of gears and engines, the installation of the equipment necessary for electronic monitoring as well as the necessary biological data collection.

In financing the administrative capacity building, Montenegro intends to benefit from available pre-accession assistance instruments.

	Actions and activities	Responsible institution	Benchmark/Means of verification	Necessary financial support/Source	Estimated financial needs (EUR)
2015	Upgrade of the fleet register	MARD		Service, equipment and human resources; Agro-budget, international assistance	20.000
2016	Technical assistance in FIS development (IPA II – 2014)	MARD		International assistance	550.000
	ERS reporting system setup – start	MARD	Installed system and devices/EC reports	International assistance	IPA II (see above)

	Actions and activities	Responsible institution	Benchmark/Mean of verification	Necessary financial support/Source	Estimated financial needs (EUR)
<b>2017</b>	Draft of new Law on marine fisheries	MARD	Government adopts the law/EC reports and OG MNE	TAIEX	
	ERS reporting system setup – finalization	MARD		International assistance	150.000 and IPA II (see above)
	Electronic issuance of catch certificates (functional system)	MARD	Catch certificates issued/databases, customs and MARD reports; EC reports	International assistance/ National budget	50.000
	Training on fleet and resource management measures (at least 10 persons trained from MARD and IMBK)	MARD, IMBK	Attendance lists, reports	International assistance (FAO/GFCM, TAIEX)	20.000
<b>2018</b>	Upgrade of the fleet register	MARD	EC reports	National budget, possible international assistance	20.000
	Ordinances with implementing provisions pursuant to the Law	MARD	OG MNE		
	IT support on database setup and development of communication channels with EC	MARD	Initial communication established/EC reports	National budget/international assistance	100.000 and possible continuation from IPA <sup>21</sup>
	Setup of secure database (services and equipment, IT support)	MARD/Inspection directorate	Functionality checks/EC reports	National budget/international assistance	100.000
<b>2019</b>	Ordinances with implementing provisions pursuant to the Law – landing obligation	MARD	Published ordinances/OG MNE/EC reports		
	Ordinances with implementing provisions pursuant to the Law	MARD	Published ordinances/OG MNE/EC reports		
	Finalization of the fleet register	MARD	Data submitted in accordance with <i>acquis</i> /EC reports		30.000

<sup>21</sup> Note: All figures indicating IT support are estimated as per current market prices (2015). It is possible that the overall figure shall change, depending on integration with other IT systems and data needs, particularly in relation to inspection and control activities.

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Mean of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	IT support on database setup and development of communication channels with EC	MARD	Initial communication established/EC reports	National budget /international assistance	150.000
	Education on fleet reports and CFP measures in resource management (at least 10 people trained)	MARD/IMBK	Attendance lists and reports	National budget/ international assistance	10.000
	Ordinance on entry-exit scheme	MARD	Published ordinance/ OG MNE		
	Draft management plan for bottom trawlers, purse seines and beach seines	MARD, IMBK	EC reports	National budget	20.000
<b>2020</b>	Established database and IT links with EU institutions	MARD	Successful data transmission/EC reports		
	Finalization of the fleet register	MARD			
	Adoption of management plans	MARD	Plans published and in implementation/O G MNE, EC reports		
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>				<b>1.100.000</b>

## 5.2 Market organization

### 5.2.1 EU acquis

The *acquis* governing the Common Organization of Markets in Fishery and Aquaculture products has been substantially changed in 2013 with the adoption of the CFP reform package. In principle, the COM in fisheries relied on interventions and storage mechanisms, whose primary goals were to regulate the prices on the EU market. With the CFP reform this system has changed in a way to phase out intervention and storage mechanisms, and to give a more important role to the Producers' Organizations in management of the resources, thus regulating the quantities of product that are marketed on the EU market. In most Mediterranean countries the POs in fisheries have not achieved significant impacts on the market and price trends, given that many products are imported and there are no catch limitations. Spain and France have strong POs, primarily due to the fact that they both have strong fisheries in the north, where catch quotas apply (on Mediterranean coast of these countries the POs are formed more along the traditional organizational lines, as co-operatives or *cofradías*). Montenegro intends to set up the basic mechanisms necessary for the functioning of the COM in administrative sense, but it is estimated that Montenegrin sector does not have sufficient interest in organizing itself in the form of the POs (neither in catch nor in farming sector). Montenegro intends to strengthen the role of the cooperatives and producer groups and unions that exist at the moment, aiming to guide them towards creation of the POs. It is not realistic to expect that such a development would be possible prior to 2020.

Regulations governing COM that are of relevance for Montenegro are:

- Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organization of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000
- Commission Implementing Regulation (EU) No 1419/2013 of 17 December 2013 concerning the recognition of producer organizations and inter-branch organizations, the extension of the rules of producer organizations and inter-branch organizations and the publication of trigger prices as provided for by Regulation (EU) No 1379/2013 of the European Parliament and of the Council on the common organization of the markets in fishery and aquaculture products
- 32014H0117: 2014/117/EU: Commission Recommendation of 3 March 2014 on the establishment and implementation of the Production and Marketing Plans pursuant to Regulation (EU) No 1379/2013 of the European Parliament and of the Council on the common organization of the markets in fishery and aquaculture products
- Commission Implementing Regulation (EU) No 1420/2013 of 17 December 2013 repealing Regulations (EC) No 347/96, (EC) No 1924/2000, (EC) No 1925/2000, (EC) No 2508/2000, (EC) No 2509/2000, (EC) No 2813/2000, (EC) No 2814/2000, (EC) No 150/2001, (EC) No 939/2001, (EC) No 1813/2001, (EC) No 2065/2001, (EC) No 2183/2001, (EC) No 2318/2001, (EC) No 2493/2001, (EC) No 2306/2002, (EC) No 802/2006, (EC) No 2003/2006, (EC) No 696/2008 and (EC) No 248/2009 following the adoption of Regulation (EU) No 1379/2013 of the European Parliament and of the Council on the common organization of the markets in fishery and aquaculture products



- Commission Implementing Regulation (EU) No 1418/2013 of 17 December 2013 concerning production and marketing plans pursuant to Regulation (EU) No 1379/2013 of the European Parliament and of the Council on the common organization of the markets in fishery and aquaculture products

### 5.2.2 National legal framework

There is no specific legal framework governing the COM, apart from certain basic provisions in the Law. The Law contains key legal grounds for future regulation, but the implementing ordinances are envisaged to be adopted at a later stage of the accession process (upon adoption of the new law).

### 5.2.3 Harmonization actions

In terms of market organization, Montenegro intends to set up all the necessary structures and procedures prior to its accession, but it is not expected that the organized structures shall be set up by the sector in a manner as it is envisaged by the *acquis* (POs). Montenegro shall continue to finance consolidation and structuring of the sector through the development of co-financing schemes for the existing forms of organizations in fisheries. The measures are described in the section on structural measures, since Montenegro intends to implement these schemes in a manner similar to the one applicable to POs in the EU (co-financing through structural measures).

The key instrument in legislation harmonization is the new Law on market organization and structural measures in fisheries (working title) and the adoption of implementing ordinances based upon it.

	Actions and activities	Responsible institution	Benchmark/Means of verification	Necessary financial support/Source	Estimated financial needs (EUR)
<b>2017</b>	Drafting of the Law on market organization and structural support in fisheries	MARD	Law adopted/OG MNE, EC reports	TAIEX	5.000
	Guidance notes and information on POs	MARD	Published guidelines/web-site		
	Education on COM and state aid rules	MARD	Attendance lists	International assistance	10.000
<b>2018</b>	Ordinance on recognition of POs	MARD	Ordinance published/OG MNE, EC reports		
	Ordinance on commercial designation of fisheries products	MARD	Ordinance published/OG MNE, EC reports		
	Ordinance on labeling of fisheries products	MARD	Ordinance published/OG MNE, EC reports		
<b>2019</b>	Drafting of internal procedures for recognition of POs	MARD	Internal reports of MARD	Possible international assistance (TAIEX, FAO)	2.000

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	Guidance notes on labeling rules	MARD	Published guidelines/web-site	Possible international assistance (TAIEX, FAO)	2.000
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>				19.000

## 5.3 State aid

### 5.3.1 EU acquis

In terms of state aid, it is at the level of the EU regulated by horizontal rules by which the state aid is prohibited unless it is allowed by specific exemption. These general rules differ between agriculture and fisheries. In the sector of fisheries two specific regulations apply governing the exemptions for state aid. In this area, Montenegro intends to set up the state aids register prior to its accession to the EU.

Regulations governing state aids in fisheries and aquaculture and are of priority relevance for Montenegro are:

- Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union
- Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector

### 5.3.2 National legal framework

There is no specific legislation governing the issues of state aid in fisheries and aquaculture in accordance with the *acquis* in Montenegro.

### 5.3.3 Harmonization actions

In the area of state aids, Montenegro intends to continue to co-finance its sector from the national sources prior to the accession, given that there are no available mechanisms of EU assistance that the capture sector could use in the pre-accession period. Details are provided in the section on structural measures.

The key instruments in legislation harmonization are primarily within the scope of the competition rules, and Montenegro intends to develop specific registers and procedures necessary for assessment and registration of state aids in fisheries and aquaculture. Specific rules on state aids in fisheries shall be developed by way of ordinances.

	Actions and activities	Responsible institution	Benchmark/Means of verification	Necessary financial support/Source	Estimated financial needs (EUR)
2017	Drafting of the Law on market organization and structural support in fisheries	MARD	Law adopted/OG MNE, EC reports	TAIEX	2.000
	Education on COM and state aid rules	MARD		International assistance	See in chapter on market
2019	Structuring of state aid register	MARD/competit	EC reports,	Agro-	40.000

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	(purchase of software and equipment, with initial system integration)	ion rules authority	MARD reports	budget/international assistance	
	Ordinance on state aids in fisheries and aquaculture	MARD			
<b>2020</b>	Structuring of state aid register (continued)	MARD/competition rules authority	EC reports, MARD reports	Agro-budget/international assistance	20.000
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>				62.000 <sup>22</sup>

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<sup>22</sup> Note: Initial estimated amounts on state aid register may be decreased if integrated systems are used on national level. This shall be assessed in later stages in cooperation with other responsible state aid authorities in Montenegro

## 5.4 Structural measures

### 5.4.1 EU *acquis*

The *acquis* governing structural measures has changed substantially in 2013 and 2014 with the new multi-annual financial framework (MFF), the horizontal regulation on structural and investment funds (Common Provisions Regulation) and finally the new Regulation on the European Maritime and Fisheries Fund.

The key regulations of relevance for Montenegro are:

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006
- Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council
- Commission Delegated Regulation (EU) No 1014/2014 of 22 July 2014 supplementing Regulation (EU) No 508/2014 of the European Parliament and of the Council on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council with regards to the content and construction of a common monitoring and evaluation system for the operations funded under the European Maritime and Fisheries Fund
- Commission Implementing Regulation (EU) No 771/2014 of 14 July 2014 laying down rules pursuant to Regulation (EU) No 508/2014 of the European Parliament and of the Council on the European Maritime and Fisheries Fund with regard to the model for operational programmes, the structure of the plans for the compensation of additional costs incurred by operators in the fishing, farming, processing and marketing of certain fishery and aquaculture products from the outermost regions, the model for the transmission of financial data, the content of the ex-ante evaluation reports and the minimum requirements for the evaluation plan to be submitted under the European Maritime and Fisheries Fund
- Commission Implementing Regulation (EU) No 772/2014 of 14 July 2014 laying down the rules on intensity of public aid to be applied to the total eligible expenditure of certain operations financed under the European Maritime and Fisheries Fund

### 5.4.2 National legal framework

National legal framework currently regulating the issues of structural measures in fisheries and aquaculture (co-financing of the sector) includes the Law and the Law on Agriculture and Rural

development. These two legal instruments relate to the mechanism of co-financing of fisheries from the Agro-budget, but they do not govern any specific issue in terms of delivery mechanism nor measures in fisheries.

#### 5.4.3 Harmonization actions

Structural measures in fisheries and aquaculture sector entail the co-financing of structural changes in the sector aiming to reach the long-term sustainability goal. The new regulation on the EMFF contains a wide array of measures the member states can co-finance in line with their Operational programs and the Partnership Agreement (over-arching document pursuant to the Common Provisions Regulation). Montenegro cannot benefit from the EMFF prior to its accession, and as the IPARD program does not contain measures in capture fisheries sector, Montenegro intends to co-finance this sector from national sources in the pre-accession period. The financing of the administrative structures necessary and the activities funded by the EU through different regional and cross-border cooperation projects shall continue to be funded from such projects and other sources of international assistance.

The key element in the harmonization process in the area of structural measures relates to the setup of all necessary administrative structures as well as to information and education of stakeholders in the fisheries sector (fishermen, processing industry, farmers) in order to be able to benefit from the funds that shall be at disposal for Montenegro upon accession. Montenegro intends to use the administrative structures already set up in the framework of harmonization process in the field of agriculture and rural development, intending to nominate the future Paying Agency for agriculture and rural development as the intermediary body in the implementation of the structural measures in fisheries (the structure and the activities of the Paying Agency are described in more detail in the specific strategy and the action plan relating to rural development of Montenegro).

In terms of legislation harmonization, the key element is the adoption of the new Law on COM and structural measures in fisheries (working title), as well as numerous ordinances that will have to be adopted based on it. In the pre-accession period Montenegro shall continue to co-finance its sector through Agro-budget, while at the same time developing all the mechanisms and procedures that shall be, to the maximum possible extent, in line with the *acquis* as it is on 1<sup>st</sup> January 2015. Given that the *acquis* shall undergo another change with the adoption of the next MFF (now 2014-2020), Montenegro shall closely follow the developments in this area in order to set up the adequate structure in a timely manner.

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
<b>2015</b>	Implementation of aids under Agro-Budget mechanism	MARD	Published schemes/OG MNE	National budget	300.000
<b>2016</b>	Implementation of aids under Agro-Budget mechanism	MARD	Published schemes/OG MNE	National budget	350.000
<b>2017</b>	Law on market organization and structural support in fisheries	MARD	Law adopted/OG MNE, EC reports		

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	Implementation of aids under Agro-Budget mechanism	MARD	Published schemes/OG MNE	National budget	350.000
	Education of Agency and MARD personnel on implementation of structural measures (at least 10 people trained)	MARD/Paying Agency	reports	International assistance	20.000
<b>2018</b>	Development of operational structure and Memorandum of understanding with Paying Agency on delegation of tasks in implementation of structural measures (EMFF or future instruments)	MARD/Paying Agency	MoU signed/MARD reports, EC reports		
	Training on operational procedures in implementation of structural measures (at least 10 people trained)	MARD/Paying Agency	Training manual/MARD reports, EC reports	International assistance	20.000
	Implementation of aids under Agro-Budget mechanism	MARD	Published schemes/OG MNE	National budget	350.000
	Implementing ordinances on Law (for specific measures)	MARD	EC reports		
<b>2019</b>	Drafting of internal procedures for designation of relevant bodies for implementation of structural measures	MARD/Paying Agency	Procedures in place/OG MNE, EC reports	International assistance	3.000
	Drafting of operational program/other programming document (depending on future developments of <i>acquis</i> governing structural actions in fisheries)	MARD/IMBK/Paying Agency/authority responsible for regional development	OP drafted and published/EC reports	International assistance	20.000
	Description of the system for implementation of structural measures (EMFF or other instrument) and operational setup	MARD/Paying Agency/Ministry of finances/authority responsible for of regional development	System description drafted /EC reports	International assistance	20.000
	Training on operational procedures in setup and functioning of the delivery system for structural	MARD/Paying Agency		International assistance	20.000

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Mean of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	measures				
	Implementation of aids under Agro-Budget mechanism	MARD	Published schemes/OG MNE	National budget	400.000
	(poss.) ex-ante evaluation of programing document	MARD	Ex-ante evaluation report/EC reports	Agro-budget/international assistance	100.000
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>				<b>1.953.000</b>



## 5.5 Data collection

### 5.5.1 EU acquis

Data collection is one of the key elements for implementation of the CFP. Although the *acquis* on data collection is currently undergoing certain changes (the new framework is expected to be adopted in the course of Montenegrin accession process), the key obligations include setting up of a system capable of gathering all the fisheries-dependent data as well as the biological data and data from the surveys at sea, including also elements of socio-economic data and some environmental data. Upon the adoption of the CFP reform, it is expected that the new *acquis* shall include more elements on environmental data and biodiversity data. Montenegro shall continue to carefully follow the developments in this area in order to be ready to adapt and modify the data collection requirements in a timely manner.

Presently, the key legal framework includes:

- Council Regulation (EC) No 199/2008 of 25 February 2008 concerning the establishment of a Community framework for the collection, management and use of data in the fisheries sector and support for scientific advice regarding the Common Fisheries Policy
- Commission Regulation (EC) No 665/2008 of 14 July 2008 laying down detailed rules for the application of Council Regulation (EC) No 199/2008 concerning the establishment of a Community framework for the collection, management and use of data in the fisheries sector and support for scientific advice regarding the Common Fisheries Policy

### 5.5.2 National legal framework

National legal framework currently includes only the Law. The changes of the Law (in 2014) give the legal basis for adoption of future regulatory framework.

### 5.5.3 Harmonization actions

Data collection in accordance with the *acquis* includes the drafting and the adoption of the national data collection program that contains numerous elements. Montenegro shall in that sense approach the issue of data gathering in a gradual manner, starting with the basic elements of the program. The key priority in the short-term period is the issue of fleet segmentation and overall data reporting, that also need to be aligned with the *acquis*.

The new Law shall contain the new obligations on reporting of aquaculture production data, which shall then subsequently be included in the data collection program. Data on employment in fisheries, processing and farming shall be initially partially collected through a system of questionnaires to be developed, and is in the future envisaged to be structured through the cooperation with IMBK and MONSTAT

Inclusion of systematic and continuous gathering of environmental data, as well as socio-economic data, shall depend upon available financial resources in Agro-budget and upon available human and technical capacities. Montenegro expects the possibility to fully implement the data collection program only upon its accession to the EU. In the pre-accession period harmonization shall primarily be directed towards the collection of data required by the international organizations in which Montenegro participates or is a member of.

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
<b>2015</b>	Drafting of Memorandum of Understanding with MONSTAT and IMBK	MARD/MONSTAT/IMBK	MoU signed/MARD reports		
<b>2016</b>	Drafting of data collection program	MARD/IMBK/MONSTAT	Program drafted and adopted/MARD reports, EC reports	Agro-budget, international assistance	20.000
	Setup of necessary IT structure for data collection program	MARD/IMBK	EC reports, MARD reports, IMBK reports	International assistance	50.000 (plus partially IPA assistance)
	Expert assistance in fleet segmentation	MARD		International assistance	10.000
	Training for MARD, MONSTAT and IMBK in data collection (at least 10 people trained)	MARD/IMBK/MONSTAT		International assistance	20.000
<b>2017</b>	Draft of new Law on marine fisheries – inclusion of new data collection provisions (depending on developments at EU level)	MARD	Law adopted and published/OG MNE, MARD reports, EC reports		
	Drafting of amended ordinance on data collection program pursuant to new Law	MARD/IMBK/MONSTAT	Ordinance published/OG MNE, MARD reports, EC reports	International assistance	
<b>2018</b>	Drafting of revised data collection program	MARD/IMBK/MONSTAT	Program drafted/OG MNE, EC reports, MARD reports, IMBK reports	International assistance	10.000
<b>2019</b>	Implementation of data collection program (inclusion of environment parameters)	MARD/IMBK/MONSTAT/Ministry of environment	Results and data submitted/EC reports, MARD reports, MONSTAT reports	International assistance, Agro-budget, Montenegro national budget for environmental protection	50.000
<b>2020</b>	Implementation of data collection program (inclusion of economic parameters)	MARD/IMBK/MONSTAT	Results and data submitted/EC reports, MARD reports, MONSTAT reports	International assistance, Agro-budget	50.000
	Submission of data to EU institutions as per data	MARD/IMBK	Data submission reports/EC reports		

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	call – partial compliance				
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>				210.000

## 5.6 Inspection and control (MCS measures)

### 5.6.1 EU acquis

MCS measures of the CFP represent the most demanding element in terms of administrative and technical requirements, and the harmonization in this segment is particularly linked with administrative, institutional and technical capacities of state administration bodies. Montenegro intends to continue the harmonization process in a step-wise manner, given the importance of this segment of CFP and given the challenges it presents in terms of human and material resources.

The key legal instruments at the EU level are:

- Council Regulation (EC) No 1224/2009 of 20 November 2009 establishing a Community control system for ensuring compliance with the rules of the common fisheries policy, amending Regulations (EC) No 847/96, (EC) No 2371/2002, (EC) No 811/2004, (EC) No 768/2005, (EC) No 2115/2005, (EC) No 2166/2005, (EC) No 388/2006, (EC) No 509/2007, (EC) No 676/2007, (EC) No 1098/2007, (EC) No 1300/2008, (EC) No 1342/2008 and repealing Regulations (EEC) No 2847/93, (EC) No 1627/94 and (EC) No 1966/2006
- Commission Implementing Regulation (EU) No 404/2011 of 8 April 2011 laying down detailed rules for the implementation of Council Regulation (EC) No 1224/2009 establishing a Community control system for ensuring compliance with the rules of the Common Fisheries Policy

These two regulations govern the issues of member states' obligations in terms of control, and include among other issues the setup of the point system for infringements.

It is expected that the *acquis* shall change during the Montenegrin accession process, following the changes of the CFP in 2013. Montenegro shall continue to carefully follow the developments in order to be prepared to discharge its obligations in a timely manner.

Following the CFP reform, the manner in which the co-financing of MCS measures is implemented at EU level has changed. In the previous period, the measures were co-financed by the EC in direct management, whereas presently they should be part of the Operational programs in the shared management system of the structural measures. In that sense, the EU has adopted the inspection priorities that are also of relevance for Montenegro.

- 2014/464/EU: Commission Implementing Decision of 15 July 2014 identifying the priorities of the Union for enforcement and control policy in the framework of the European Maritime and Fisheries Fund

In addition to the above-mentioned regulations, a specific inspection program as well as specific inspection obligations apply in GSA 17 for small pelagic species, pursuant to the plan adopted at the level of the GFCM.

### 5.6.2 National legal framework

Key national legal instruments include the Law, the Law on inspection, Law on consumer protection and the Law on food safety. Key ordinances include:

- Ordinance on satellite monitoring system for fishing vessels and types of vessels for which the system is being set up (OG MNE no 39/13)

- Ordinance on form and content of logbook, landing declaration, catch report and on deadlines for submission of reports on total catch and landing and the manner of information and registration of transshipment of fish and other marine organisms (OG MNE no 8/11)

### 5.6.3 Harmonization actions

Harmonization process in the segment of MCS measures shall entail significant financial means, given that Montenegro does not have the coastal infrastructure in places nor the infrastructure necessary for full discharge of the obligations of the CFP, and given that the inspection needs to be staffed and equipped. With this in mind, the harmonization shall be implemented in a step-wise manner, with the priority in the development and finalization of the VMS and AIS systems as well as in the designation of landing places and places of first sales where controls shall be possible. A significant part of the harmonization process shall entail administrative capacity building and education of all the authorized personnel.

Montenegro is aware of the currently on-going changes at the level of the EU in respect of the Control Regulation and its Implementing Regulation, and shall continue to carefully follow the developments in order to be ready to discharge its obligations in a timely manner.

In the pre-accession period Montenegro shall finance most of the MCS measures from Agro-budget and the national budget for administration, while some capital investments are envisaged to be financed through international assistance. Montenegro intends to request international assistance for acquisition of necessary equipment for its inspection services.

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
<b>2016</b>	VMS – continuation of system development and functionalities	MARD	VMS functional/MARD reports, EC reports	National budget, international assistance	10.000 plus IPA assistance
	Initiation of AIS system requirements	MARD/Ministry of transport and maritime safety	AIS system partially in place/EC reports, MARD reports,	International assistance	see IPA figures in previous chapters
<b>2017</b>	Draft of new Law on marine fisheries – inclusion of infringement point system and other key elements	MARD	Law adopted and published/OG MNE, MARD reports, EC reports		
	Signature of Memorandum of Understanding with maritime police and Inspection directorate	MARD/Inspection Directorate	MoU signed/MARD, EC an inspection reports		
	Drafting of rules of procedure for inspection services	MARD/Inspection Directorate	Rules agreed/EC and MARD reports, inspection reports		

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	Designation of ports for third countries	MARD/Port authorities/customs	Port designated/custom, MARD and EC reports		
	Drafting of inspection plan for 2018	MARD/Inspection Directorate	Plan drafted/EC reports, MARD and inspection reports		
	VMS – continuation of system development and functionalities	MARD	VMS functionality/EC and MARD reports	International assistance	20.000
	Development of AIS system requirements (including relevant ordinances)	MARD/Ministry of transport and maritime safety	AIS functionality/EC reports and MARD reports, OG MNE	International assistance	see IPA figures in previous chapters
	Development of IT support and linking of FIS with inspection services	MARD/Inspection Directorate	Functional system	International assistance	30.000 and IPA assistance
	Memorandum of understanding with port authorities	MARD/Port authorities and Inspection Directorate	MoU signed/ EC reports		
	Re-measurement of vessels	Directorate of maritime safety/ port authorities	Fleet figures updated / EC reports, fleet reports, MARD reports	National budget	10.000
	Designation of landing sites – Bar and Kotor (including inspection requirements, initial investments in support facilities)	MARD/Ministry of transport and maritime affairs	Ports designated and inspection undertaken / inspection reports and EC reports	National budget/International assistance	900.000
<b>2018</b>	Training of inspectors, maritime police and senior officials authorized for inspection tasks	MARD/Ministry of transport/Ministry of internal affairs/Inspection directorate	Mission reports/EC reports	International assistance	20.000
	Drafting of rules of procedure for inspection services	Inspection Directorate/MARD	Rules drafted/ EC reports		
	Development of IT support and linking of FIS with inspection services	MARD/Inspection Directorate	Functional system/ MARD reports	National budget/International assistance	50.000
	Memorandum of understanding with Border Veterinary Services and	MARD/Customs	MoU signed/ customs repots, EC		

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	Custom service on control of catch certificates at imports		reports		
	Training of border veterinary inspection and customs for catch certificate control (at least 15 people trained)	MARD/Customs	Mission reports/ EC reports	International assistance	30.000
	Ordinance on external marking of vessels and gears	MARD/Ministry of transport	Ordinance drafted / OJ MNE, EC reports		
	Ordinance on engine certification	MARD/Engineering Faculty	Ordinance drafted / OJ MNE, EC reports		
	Re-measurement of vessels	Ministry of transport	EC reports	National budget	20.000
	Development of port inspection scheme in designated port	MARD/Ministry of transport/port authorities/inspection	Port inspection scheme developed / EC reports		
	Drafting of inspection plan for 2019	MARD/Ministry of internal affairs/Inspection directorate	Inspection plan drafted / EC reports		
	Development of AIS system	Ministry of transport/MARD	AIS functionality/ EC reports	International assistance/national budget	IPA assistance, possibly further costs of 20.000
	VMS – continuation of system development and functionalities	MARD	VMS functionality / EC reports	National budget	10.000
	Training of traceability system in accordance with <i>acquis</i> (at least 10 people trained)	MARD/Inspection Directorate	Mission reports, EC and MARD reports	International assistance (TAIEX, FAO)	20.000
	Introduction of traceability system	MARD/Inspection Directorate	EC, MARD and Inspection reports	International assistance	50.000
	Designation of landing sites – Herceg Novi and Ulcinj (including inspection requirements)	MARD/Ministry of transport/Ministry of regional development	Ports designated and inspection undertaken / inspection reports and EC reports	National budget/International assistance	850.000
	Designation, equipping and setting up of places of first	MARD/Ministry of transport/Ministry	Ports designated and inspection	International assistance	950.000

	<b>Actions and activities</b>	<b>Responsible institution</b>	<b>Benchmark/Means of verification</b>	<b>Necessary financial support/Source</b>	<b>Estimated financial needs (EUR)</b>
	sale – Bar and Herceg Novi	of regional development	undertaken / inspection reports and EC reports		
<b>2019</b>	Training of inspectors, maritime police	MARD/Ministry of internal affairs/Inspection directorate	EC and Inspection reports	International assistance/national budget	20.000
	Re-measurement of vessels	Ministry of transport		National budget	10.000
	Engine certification	Engineering faculty		National budget	10.000
	Designation of landing sites – Budva and Tivat (including inspection requirements)	MARD/Ministry of transport/Ministry of economy	Ports designated and inspection undertaken / inspection reports and EC reports	National budget/International assistance	750.000
	Introduction of traceability system	MARD/Inspection Directorate	EC and Inspection reports	International assistance/national budget	20.000
	Designation, equipping and setting up of places of first sale – Bar and Herceg Novi (IT functionality, equipment, services)	MARD/Ministry of transport/Ministry of regional development	Ports designated and inspection undertaken / inspection reports and EC reports	International assistance/National budget	800.000
<b>2020</b>	Engine certification	Engineering Faculty		National budget	10.000
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>				4.610.000 <sup>23</sup>

<sup>23</sup> Note: This figure does not include operational and maintenance costs, or overheads.



## 5.7 Administrative capacities

In the pre-accession period, the key issue for Montenegro is to develop adequate administrative capacities. Although the fisheries and aquaculture sector has a small overall economic importance, due to the number of vessels and the length of Montenegrin coast, a certain number of additional staff shall have to be trained and employed. The highest number of new employees in MARD shall be tasked with issues related to structural measures, while another important segment is in control and monitoring. All employees in all state administration bodies having any competence in fisheries issues need to be adequately trained, given the requirements of the CFP and the expected activities that Montenegro shall have to undertake and be prepared for by the date of accession.

	Actions and activities		Responsible institution	Benchmark/Means of verification	Necessary financial support/Source	Estimated financial needs (EUR) <sup>24</sup>
2016	Number of employees	5	MARD	Employment records	State budget – administration	48.000
	Number of employees	7	IMBK	Employment records	State budget – administration	60.000
	Publication of tender for recruitment; number of employees	4+2	Inspection Directorate	Employment records/EC reports	State budget – administration	55.000
2017	Number of employees	5	MARD	Employment records/EC reports	State budget – administration; possible international assistance requested	48.000
	Change of internal structure		MARD	Organization published/OG MNE, MARD reports, EC reports		
	Publication of tender for recruitment; number of employees	6+1	Inspection Directorate	Employment records/EC reports	State budget – administration	60.000
2018	Publication of tender for recruitment; number of employees	5+1	MARD	Employment records/EC reports	State budget – administration	55.000
	Publication of tender for recruitment;	7	Inspection Directorate	Employment records/EC reports	State budget – administration	60.000

<sup>24</sup> Note: the figures are estimated annual budget for wages, gross values

	Actions and activities		Responsible institution	Benchmark/Means of verification	Necessary financial support/Source	Estimated financial needs (EUR) <sup>24</sup>
	number of employees					
<b>2019</b>	Number of employees	<b>6</b>	MARD	Employment records/EC reports	State budget – administration	55.000
	Number of employees	<b>7</b>	Inspection Directorate	Employment records/EC reports	State budget – administration	60.000
	<b>TOTAL AMOUNT FOR ACTIVITIES (until 2020)</b>					501.000 <sup>25</sup>

<sup>25</sup> Note: This figure includes only wages. Operational costs and daily allowances are not included. By Montenegrin legal framework, amounts of DSAs are calculated as percentages of daily wages, and overheads and operational costs can be generally estimated at 20% additions to wages, amounting to a total of 100.000 EUR over the period covered. Overheads, travelling costs and operational costs are estimated to be the highest in inspection services, where the overall indicated amount is expected to increase by as much as 30% of the wages per year.