



GUIDELINES TOURISM IN MONTENEGRO

2022



Montenegrin
Investment
Agency

INTRODUCTION

Ancient walled towns, UNESCO-protected national park, Europe's deepest canyon, and a breath-taking fjord enchant those who visit Montenegro with its wild beauty.

Tourism is recognized as one of the strategic development sectors in Montenegro, while the country has been recognized for many years as an attractive tourist destination.

Montenegro is a relatively small country, but it is rich in natural diversity. It is filled with natural contrasts in the North and South. Such natural diversity includes five national parks, four UNESCO protected areas, six nature parks, two declared marine protected areas, three Ramsar sites, numerous lakes, rich cultural-historical and multicultural heritage, authentic gastronomy—and countless other features.

As the dominant development branch of Montenegro, tourism is key to achieving economic stability in the country. In addition, it impacts the development of other economic sectors, mainly the industries of agriculture and food, transport, trade, and construction.

Statistical overview

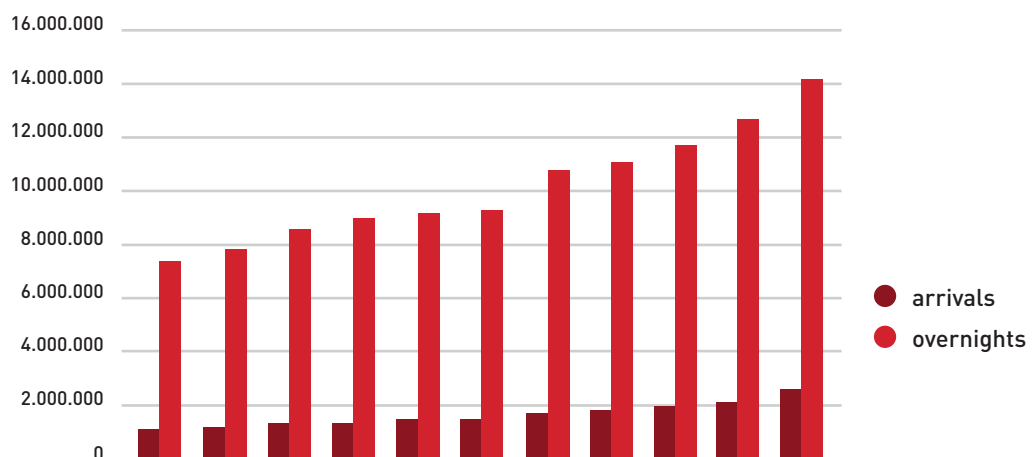
Key indicators from the report of the World Travel and Tourism Council (WTTC) for Montenegro, referring to 2019, are the following: the total (direct and indirect) contribution of the tourism and travel sector to GDP was 30.9%, the total contribution of employment was 31.9%, and the share of tourism in exports was 52.6%. If we observe the period from 2009-2019, it can be stated that the number of tourists increased by 119%, the number of overnight stays by 91%, and the total revenue by 92%. Statistics show that over 90% of tourists visit the coastal region mainly during the short summer period (June-September).

The most important official statistical indicators include trends in the period from 2009-2019 and the current touristic landscape. However, 2020 is treated with particular attention due to the global epidemiological situation that severely affected this sector worldwide. The draft Tourism Development Strategy also provides analysis excerpts until 2025.

Tourist arrivals and overnight stays

From 2009 to 2019, Montenegro recorded a constant increase in tourist arrivals and overnight stays. As a result, the sector recorded the second largest growth of international tourist arrivals in Europe, with 20.84% compared to 2018, which is 3.9% of the average growth on this continent. Specifically, with only 0.6 million inhabitants, Montenegro was visited by 2.5 million international tourists.

Graph 1: Overview of arrivals and overnight stays, total, for period 2009-2019



Source: MONSTAT, processed by Ministry of Economic Development

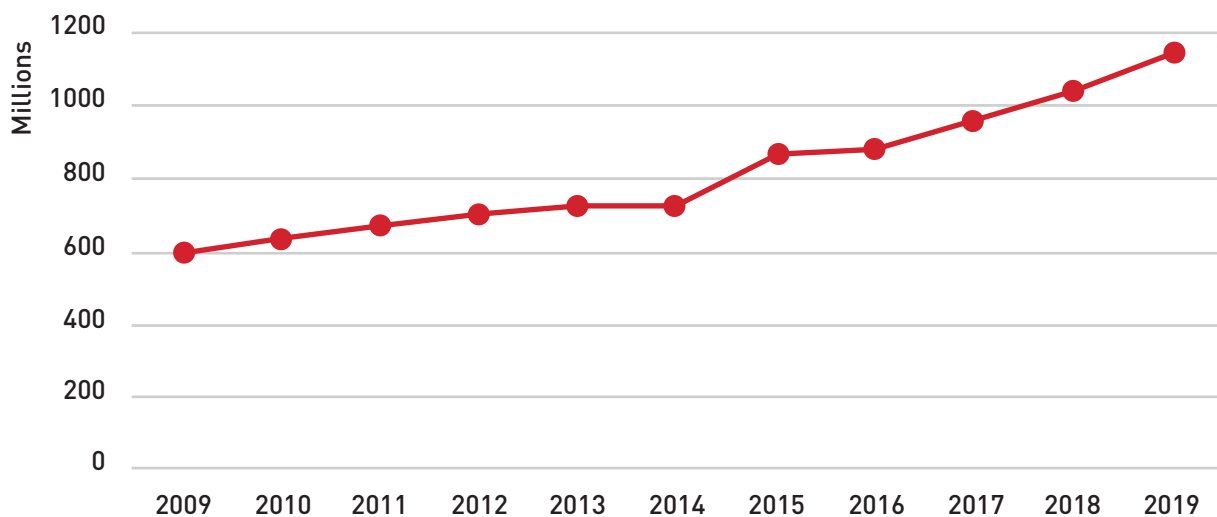
67% of overnight stays were reserved in collective accommodation, and 21.7% of the total number of overnight stays together in individual and collective accommodation were in hotels.

Revenues in tourism

Revenues in tourism have constantly been increasing in the period 2009-2019.

Montenegro is a country that relies heavily on international tourism. Exports from international tourism reached 1.1 billion euros in 2019. According to the analysis of the Central Bank of Montenegro, exports from the international market accounted for 64% of global exports of services and 50.6% of total exports of goods and services. Over the last five years, and before the COVID-19 pandemic, tourism revenues in Montenegro have grown at an average annual rate of 10%.

Graph 2: Overview of revenue growth in tourism for the period 2009-2019



Source: Analysis of the Ministry of Economic Development based on data from the Statistical Office (MONSTAT)

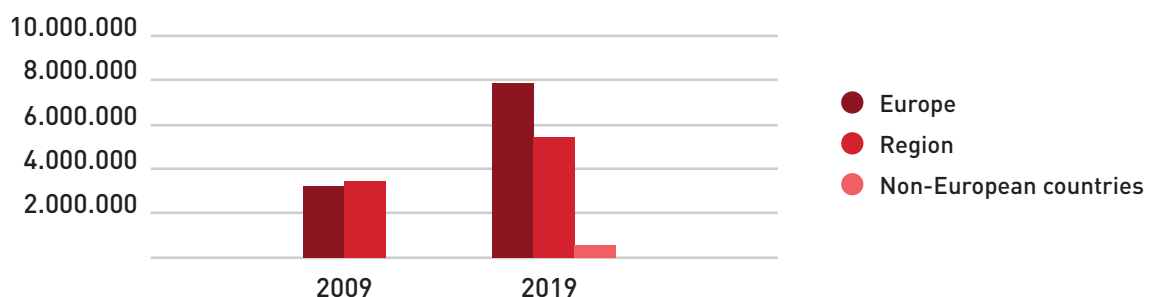
This positive trend in tourism was confirmed in the Montenegro Report of the World Travel and Tourism Council (WTTC), according to which, in 2019, the total (direct and indirect) contribution of tourism to GDP was 30.9 % (the most significant share since 2003 when the WTTC started drafting reports for Montenegro). In addition, the total contribution of tourism to employment was 31.9%, while the share of tourism in exports was 52.6%. These data confirm the optimistic predictions of the WTTC, praising Montenegro as one of the top countries in terms of speed of development in the next ten years.

Seasonality and regional inequality

Monthly tourist traffic from 2009 – 2019 shows that the primary tourist season has extended and that the season now starts earlier (March-April) and ends later (October-November). However, despite this fact, it can be concluded that there is still a pronounced seasonality and a high concentration of tourists in the coastal region during the main tourist season (June-August). This causes enormous pressures on infrastructure, environmental segments, beach facilities, hospitality, etc.

The main motives primarily cause the pronounced seasonality in the business of the tourism industry for coming to Montenegro. Namely, according to the survey conducted among visitors ("Guest survey 2017", NTO and "Survey on the attitudes and consumption of tourists in Bar in 2019", TO Bar), the main reasons for staying in Montenegro are holidays (69%, or 74.8%) and entertainment (58% and 49.3%, respectively). Therefore, these motives are the leading causes of a high degree of seasonality, as they are predominantly related to the tourist offer during the summer tourist season. According to the structure of arrivals in 2019, the most visited are coastal places, constituting 85.8% of total arrivals. The number of tourists on the coast was higher by 21.2% than the previous year. Considering the data related to tourist arrivals in Montenegro in 2019, it can be stated that as much as 91.1% of total arrivals and 95.9% of the total number of overnight stays were realized by tourists from Europe. Analysing the structure of guests (EU countries, regional countries, i.e. Serbia, BiH, Kosovo, Macedonia, and Albania, and non-European countries), and the number of their overnight stays, it can be stated that during the past ten years, due to investments and relatively good connections, capacity, improvement of the quality of tourist products and promotional activities, there was a change in the structure of guests. Further, in 2019 in Montenegro, there were significantly more overnight stays of tourists from Europe than the predominantly present guests from the region in 2009.

Graph 3: Overview of the number of tourists overnight stays from Europe, the region and non-European countries



Source: MONSTAT

The average length of stay of tourists

Regarding the average length of stay of tourists in Montenegro, in 2009, it was 6.41 days, while in 2019, it was 5.8 days.

The analysis of the average retention of visitors by municipalities (Graph 8) found that tourists stay the longest in Bar (9.54 days), Budva (8.74 days), Herceg Novi (8.11), Tivat (7.24)) and Rožaje (5.76). The data is in close dependence on local offerings (in Bar, the product is based on the sea, the lake) and the structure of guests (in Plav, guests from the diaspora predominate).

Accommodation capacities, collective and individual accommodation

According to official data, the number of accommodation units in hotels in Montenegro has increased over the past decade as the most important segment of the accommodation offer. Namely, in 2010 there were 308 registered hotels and similar facilities (collective accommodation), and in 2019 there were 403 facilities, representing a growth of 30.8%. When the 2017 and 2019 periods are compared, there is an increase of 8.9% in accommodation capacities in collective accommodation (since 2017 MONSTAT, according to the new methodology, publishes data only for collective accommodation):

Namely, in 2019, hotels and similar facilities of four- and five-stars make up 56.04% of the total capacity.

Small hotels and hotels accounted for 67% of collective accommodation facilities in 2019. Four- and three-star facilities (within collective accommodation) accounted for 81% of the total number of accommodation facilities (Source: MONSTAT).

The impact of the coronavirus pandemic on tourism in 2020 and 2021

Given that the coronavirus pandemic has caused drastic changes in almost all economic activities, both on the supply and demand sides, the tourism sector has suffered substantial business losses as an extremely sensitive activity to unpredictable circumstances.

Assessment of the situation in tourism in 2020

Due to the global situation caused by the COVID-19 pandemic, international travel has been reduced to a minimum, so in 2020 Montenegro was visited by 444,065 tourists, or 83.21% less than in 2019, with 2,587,255 overnight stays, or 82.10% less than the previous year. Also, instead of focusing on regional tourism and ensuring its preservation, the Montenegrin government closed its borders to traditionally important regional markets. Such a move resulted in a collapse of the summer tourist season, limiting it to predominantly domestic tourists who could neither quantitatively nor qualitatively compensate for the lack of foreign tourists (from the region and Europe).

Domestic tourists realized 93,270 arrivals (-31.21%), which resulted in 360,729 overnight stays (-30.95%), while foreign tourists realized 350,795 arrivals (-86.02%) and 2,226,526 overnight stays (-84, 02%). Foreign tourists participated with 79.00% in realized arrivals and 86.06% in realized overnight stays in 2020. Citizens of Serbia (20.21%), Russia (17.71%), Bosnia and Herzegovina (15.20%), Ukraine (8.52%), and Albania had the largest share in the total overnight stays of foreign guests. %).

On the other hand, one should keep in mind the fact that Montenegro is a small market, i.e., domestic tourists have a relatively small share in total tourist traffic, and that their purchasing power is low, which puts it at a disadvantage in terms of comparison with significant tourist destinations, whose domestic tourists, to some extent, compensated for the reduced arrival of foreign tourists during the pandemic. This was an additional reason for Montenegro to focus on the regional market, in line with the recommendations of renowned international tourism organizations, which advised that small countries must focus on the region.

Despite unfavorable business conditions in the new circumstances caused by the pandemic during 2020, there are 13 unique hotels with 686 beds.

Summer tourist season 2021

According to the official data of the Statistical Office of Montenegro/MONSTAT, during the first nine months of 2021, 631,970 tourist arrivals were recorded in collective accommodation (hotels and similar accommodation capacities), which is an increase of 162.9% compared to the same period in 2020.

During the nine months of 2021, the arrival of 553,838 foreign guests was recorded, which is an increase of 241.8% compared to the corresponding period in 2020.

According to the Port of Kotor, in the first ten months of 2021, 55 cruisers with 7,912 visitors sailed into the port. The countries from which the companies whose arrivals were realized this year are Norway, Belgium, the Netherlands, Malta, the Bahamas, France, and Croatia.

The World Tourism and Travel Council (WTTC) awarded Montenegro the international Safe Travels label in 2020. It is a specially designed label that allows passengers to identify destinations and companies worldwide that have adopted global health and hygiene standards, as an essential prerequisite for safe travel, during the pandemic.

Incentives

Incentive measure	Short description
1 Income tax exemption	Tax incentive measure for Montenegrin companies in the form of a tax exemption for newly established legal entities that perform activities in economically underdeveloped municipalities. The calculated income tax for the first eight years of operation of such companies is reduced by 100%, provided that the total amount of tax exemption for a period of eight years may not exceed 200,000.00 euros.
2 Tax exemption of personal income tax	A taxpayer who employs a person for an indefinite time or at least five years is exempted from the obligation to pay calculated and withheld income tax for that employee for four years from the day of employment.
3 Reduction of income tax liability	A legal entity that pays the calculated income tax within the period determined by law may exercise the right to reduce the tax liability by 6% of the calculated and paid income tax.

- 4 Tax exemption VAT - zero rate for catering facilities with the rating of five or more stars**
- The Law on VAT prescribes exemption from VAT for the supply of products and services for the construction and equipping of a catering facility with the rating of five or more stars
- 5 VAT exemption - energy facilities**
- The Law on VAT prescribes the exemption from VAT payment on the supply of products and services for the construction and equipping of an energy facility for electricity production with an installed capacity of more than 10 MW.
- 6 VAT exemption - manufacturing capacities**
- The Law on VAT prescribes the exemption from payment of VAT on the supply of products and services for the construction and equipping of capacities to produce food products classified within sector C group 10 of the Law on Classification of Activities ("Official Gazette of Montenegro," No. 18/11), with investment value exceeding 500,000 euros;
- 7 Income VAT refund**
- Suppose the tax liability (output tax) for the taxable period is lower than the input VAT deductible for the same period. In that case, the difference is either recorded as a tax credit for the coming period or refunded, following the taxpayer's request, within 60 days from the date of submission of the VAT return. To taxpayers who are predominantly involved in export and those who have shown excess input VAT in three consecutive VAT assessments, this difference is refunded within 30 days from the date of submission of the VAT return. If the taxpayer defaults on the payment of other taxes, such tax arrears are subtracted from the VAT refund due.
- 8 VAT exemption - free zone**
- The Law on VAT prescribes the exemption from VAT payment for the delivery of products to a free zone, free and customs warehouses, and the delivery of products within a free area, free and customs warehouses.
- 9 Introduction of international standards**
- Entrepreneurs, micro, small and medium enterprises have the right to participate in this Program Line. The support is intended to co-finance the costs of the following activities: Accreditation of conformity assessment bodies; Regulation of operations following international business standards (implementation/certification/recertification):
- Eligible costs of support are costs of accreditation, implementation of standards, certification, and recertification, which the company realizes under the condition:
- That they were created during the implementation of the program line in the calendar year 2020;
 - That they are stated in the offer/invoice and/or the Contract;
 - To be measurable and to be recorded according to applicable accounting standards;
 - To be reasonable following the requirements of financial management, especially in terms of economy and efficiency;

10 Modernization of production processes

The right to participate in the Program Line has registered micro, small and medium companies and entrepreneurs who have been operating for at least two years and whose predominant activity is recorded in the fields of manufacturing. Funds may be intended to purchase new production machines and/or specialized equipment commissioning of purchased machinery, used production machinery and/or equipment (not older than five years), and/or specialized equipment for the commissioning of purchased machinery.

The program line implies realizing the planned investment - purchasing equipment (in part or whole) through a credit arrangement with the Investment and Development Fund of Montenegro (IRF) or commercial banks.

Suppose the economic entity meets the conditions of this program line, and the IRF/commercial bank approves the loan. In that case, the potential beneficiary may be entitled to a subsidy of up to 35% of the equipment purchase value (excluding value-added tax) on the amount of eligible equipment purchase costs, based on the Program Line for modernization of production processes and rules granting state aid. Accordingly, the value of the procurement of equipment to which the grant is awarded ranges from 20,000 to 200,000 euros, and the number of funds approved to the user cannot be less than 7,000 or more than 70,000 euros.

11 Decree on business zones at the state and local level - tax relief for personal income tax, contributions for compulsory social insurance on salaries and local taxes and fees (local fees and real estate tax)

For persons employed in the business zone, the business zone user shall not pay: 1) Contributions on wages for mandatory social insurance (contribution for pension and disability insurance, contributions for health insurance, contributions for unemployment insurance) and contributions to the Labor Fund, and 2) Personal income tax, for a period of 5 years from the date of positioning the capacity in the business zone.

The Decree provides relief and benefits granted by local self-government units to individual decisions for businesses registering their business in a business zone, following the legislation regulating the matter. Incentives are provided from the local level related to: favorable prices for land lease/purchase; exemption or reduction of utility fees and fees for equipping construction land; reduction of real estate tax rate to the limit prescribed by law; one-stop-shop at the local level; additional infrastructural equipping of locations by the local self-government unit. Investors engaged in doing business within the business zone are not excluded from the possibility of applying for incentives at the national level. The maximum allowed aid intensity is 70% for micro and small businesses; up to 60% for medium-sized companies following the legislation regulating State Aid. The user of the business zone may use the listed exemptions for a maximum of five years from the day of employment of persons in the business zone.

12 Support for digitization

Entrepreneurs, micro, small and medium enterprises have the right to participate in this Program Line. The support is intended to co-finance the costs of developing a personalized solution for digitization of organizational and business processes of enterprises and the following activities: development and/or implementation of solutions for the digitalization of human resources management; and/or implementation of solutions for the digitalization of sales and/or communication with customers/suppliers. Therefore, the Ministry of Economic Development approves the reimbursement of part of the costs in the amount of up to 50% of the eligible costs without VAT, in a maximum scalar amount of up to 6,000 euros without VAT; or up to 80% of qualified expenses without VAT for companies with at least 50% of shares owned by females and/or persons up to 35 years of age, in the maximum amount of up to 7,500 euros without VAT.

13 Stimulating the circular economy

Entrepreneurs, micro, small and medium enterprises have the right to participate in this Program Line. Support is intended to co-finance the costs of the following activities: Component I - Wastewater treatment in the agri-food industry designed for entrepreneurs and micro-enterprises; Component II - Wastewater treatment in industry intended for small and medium enterprises and hotels.

Eligible costs of the Program Line for Stimulating the Circular Economy are costs that the company realized under the condition: that they were incurred during the realization of the program line in the calendar year 2021; that they are stated in the offer/invoice and/or the Contract; that they are measurable and are recorded according to applicable accounting standards; to be reasonable following the requirements of financial management, especially in terms of economy and efficiency. The subject of co-financing is activities that will be started after signing the Co-financing Agreement. The Ministry of Economic Development will reimburse the applicant, in accordance with the signed contract, a part of the costs in the amount of up to 70% (for micro and small enterprises) or up to 60% (for medium-sized enterprises) of the number of eligible costs without VAT, in the maximum amount of 10,000 euros without VAT. The funds will be refunded to the company after completing the contracted activities, and the submission of evidence of the activities carried out and the payment made.

14 Support for small investments of entrepreneurs (women, young people in business, and craftsmen)

Entrepreneurs, micro, small, medium enterprises, and artisans have the right to participate in this Program Line (100% owned by females and/or persons up to 35 years of age, without any change in the ownership structure for six months until the public call). The program line is intended for co-financing the costs of procurement of fixed assets (i.e. equipment) and part of intangible assets (i.e. software) that is directly involved in the production process, required for providing services: new production equipment and/or machinery, new computer equipment, laptops, printers, scanners, and related software; new equipment for 3D scanning, 3D printing, and related software; software for office applications from Microsoft manufacturers; software used in CAD design (AUTOCAD, ARHICAD, CATIA, SOLIDWORKS, and other software that have applications in computer-aided design, software used in CAM, or computer-aided manufacturing, used production equipment and/or machinery, not older than three years, which is directly in the function of creating products and/or services; new parts, specialized machine tools, domain purchase and hosting lease. Companies can submit one application for financial assistance for one or more project activities within a single investment of eligible program line activities. Eligible costs of the Program line for support of small investments of entrepreneurs are costs that the company realizes under these conditions: that they were incurred during the realization of the program line in the calendar year; that they are stated in the offer/invoice and/or contract; that they are measurable and are recorded according to applicable accounting standards, that they are reasonable in accordance with the requirements of financial management, especially in terms of economy and efficiency. The Ministry of Economic Development approves the reimbursement of part of the costs in the amount of up to 50%: up to a maximum amount of 6,000 euros without VAT for micro, small and medium enterprises; up to 80% of eligible costs excluding VAT in the maximum amount of up to 7,500 euros excluding VAT for women and young entrepreneurs up to the age of 35; craft activities up to 70% of eligible costs without VAT, in the maximum amount of 7,000 euros.

15 Providing mentoring services

Entrepreneurs, micro, small and medium enterprises have the right to participate in this Program Line. The mentoring process takes place according to the established mentoring scheme, developed in cooperation with the Japan International Cooperation Agency (JICA), according to which the mentor with the founder and/or responsible person of the entity spends a certain number of hours, 25 for newly established companies and 50 for existing ones, at the user's premises (not less than 70% of the total number of planned hours).

The founder and/or responsible person of the business entity and the mentor jointly study the current business, analyze the current situation, diagnose the causes of current problems or obstacles to further development, see the growth potential, and prepare a development plan based on the case. Mentoring service is free for end-users - entrepreneurs, micro, small and medium enterprises.

16 Customs exemptions - free zones

Customs and customs duties shall not be paid for goods brought into a free zone and warehouse used or consumed in accordance with the Law on Free Zones.

The above goods may remain in the zone or warehouse indefinitely. However, these provisions shall apply only to goods used in the zone or warehouse for the purpose of their processing, treatment, inward processing, or subject to the usual forms of handling in accordance with the Customs Act.

Goods from the zone and warehouse that are sent to the rest of the territory of Montenegro for placing on the market are subject to pay import duties, as well as to the application of restrictive or protective measures prescribed by the law governing foreign trade.

The value of the listed domestic raw materials or domestic components in the goods is not included in the customs value.

17 Value Added Tax (VAT) relief - free zones

The goods entered into the free zone and the free warehouse and used or consumed in accordance with the Law on Free Zones shall not be subject to customs duties and customs charges.

The goods referred to above may remain in the zone or warehouse indefinitely. These provisions shall apply only to goods used in the zone or warehouse for the purpose of their processing, treatment, inward processing, or subject to the usual forms of handling in accordance with the Customs Law.

Any goods dispatched from the zone and the warehouse to the rest of the territory of Montenegro, for the purpose of their placing on the market, shall be subject to payment of import duty and value-added tax, as well as to any restrictive or protective measures provided for under the law governing foreign trade.

The value of domestic raw materials or domestic components of the goods shall not be calculated into the customs value.

18 Real estate tax relief for catering facilities

For a catering facility, the tax rate may be reduced in relation to the tax rate determined in accordance with Article 9 of this Law, for a catering facility: category 3 **** up to 15%; category 4 **** up to 30%; category over 4 **** to 70%.

- 19 Tax breaks in real estate tax for agricultural producers**
- For real estate whose owner or user is a person entered in the register of agricultural producers, a legal entity and an entrepreneur engaged in the production, processing, packaging, or manufacturing of agricultural products produced in Montenegro, and which are used to perform this activity, the tax rate may be reduced in relation to the tax rate determined by law by up to 90% of the tax liability.
- 20 Incentives for the use of renewable energy sources and highly efficient cogeneration-feed in-tariffs;**
- The use of renewable energy sources and highly efficient cogeneration is encouraged by promotional and incentive measures in accordance with the law. Operators of plants that produce electricity from renewable energy sources can obtain the status of "privileged producer" and then acquire the right to an incentive price for the produced electricity in accordance with legal requirements. This financial incentive for NEW projects in the renewable energy sector was abolished in 2018.
- 21 Agrarian policy measures**
- By the beginning of the fiscal year, the conditions, manner, and dynamics of implementing agrarian policy measures determined by the Strategy for Development of Agriculture and Rural Areas shall be regulated in more detail by a Government regulation (hereinafter: Agro budget).
- The Agro budget contains: planned funds for individual agricultural policy measures; conditions and criteria for the use of incentive measures determined by this Law; the manner of control in the implementation of agricultural policy measures; the manner of monitoring and evaluating the effects of agricultural policy measures; the method and procedure of allocating incentive funds; measures to eliminate identified irregularities in the use of incentives. The Agro budget is published in the "Official Gazette of Montenegro."
- A. Market-price policy is realized by implementing: 1) measures for market stabilization (foreign trade; intervention measures in domestic transport) 2) direct payments to agricultural holdings (measures that directly affect the income of agricultural holdings). B. Rural development policy is achieved through the implementation of the following groups of measures: measures to strengthen the competitiveness of food producers; measures for sustainable management of agricultural resources; measures to improve the quality of life and the expansion (diversification) of economic activities in rural areas; leader projects for rural development.
- 22 Subsidies for the development of agriculture and rural areas**
- At the beginning of each year, the Government adopts the Decree on the conditions, manner, and dynamics of implementing agricultural policy measures (hereinafter: Agro budget). Agro budget measures through which Montenegrin farmers can gain support through various measures and programs defined by the Agro budget in the form of direct payments and through support to investments in crop and livestock production. The support is provided to producers who comply with the requirements and conditions laid down in the Agro budget. The amount of the Agro budget changes on an annual basis.
- 23 Tax relief - customs duties and value-added tax**
- Equipment used for scientific research, which is received as a donation from abroad or is purchased abroad, may be exempt from customs duties and value-added tax, based on the opinion of the Ministry. Scientific research activity is based on the principles of: 1) dissemination and deepening of scientific knowledge; 2) development of science in order to increase the efficiency, preservation and development of the general fund of knowledge; 3) increasing the efficiency of scientific research

activities and connecting organizations in the field of science, education and economy; 4) inclusion in the European Research Area and the European Union Framework Programs for Scientific Research and other international programs; 5) inclusion in regional cooperation programs in the field of scientific research; 6) freedom and autonomy of scientific creativity, which should be morally and intellectually independent of any political authority and economic power and which is performed with respect for ethical standards, principles of scientific truth and criticism; 7) ethics and responsibilities of persons engaged in scientific research for the consequences of their work; 8) education of top experts for research and development; 9) sustainable development and protection and improvement of the environment; 10) protection of the personality and dignity of persons engaged in scientific research; 11) international quality standards; 12) connecting persons engaged in scientific research at the national and international level.

24 Incentives for the development of research and innovation, in terms of this law, are reduction, exemption, or relief in relation to 1) personal income tax and a surtax on tax; 2) contributions for compulsory social insurance; 3) corporate income tax; 4) fees for communal equipment of building land; 5) use of real estate and/or land owned by the state, and 6) real estate tax.

The total amount of all reductions, exemptions, or reliefs realized by using the incentive measures referred to in paragraph 1 of this Article, for one legal or natural person, may not exceed 300,000 euros on a three-year basis.

According to the law governing state aid, entities of innovation activity may use several incentive measures simultaneously, provided that the total amount of incentive measures does not exceed the permitted limit.

Entities of innovation activity, which are classified in the category of large enterprises in accordance with the law governing accounting, may use only the incentive measure for income tax of legal entities for investments in other entities of innovation activity in accordance with this law. The Ministry shall prescribe a more detailed manner of using incentive measures. Incentive measures may not be granted to legal and natural persons who perform the following activities: 1) production and sale of weapons and military equipment; 2) organizing games of chance; 3) production and trade of any products or activities that are considered illegal or harmful to the environment and/or human health; 4) activities which are considered prohibited in accordance with the law; 5) production and trade of excise goods; 6) political parties; and 7) activities that endanger human dignity.

25 Co-financing of scientific research and innovation activities

One of the fundamental mechanisms to support the scientific research community is in the segments where it is estimated that scientists and researchers from Montenegro most need it. Detailed conditions and procedure for approval and manner of use of funds for innovation activity, referred to in paragraph 1 of this Article, shall be prescribed by the public administration body or local self-government unit implementing the support program or fund encouraging innovation activity, in accordance with state aid regulations.

26 Exemption from contributions for compulsory social insurance

1) startups and spin-offs for their employees are exempted from paying contributions at the employer's expense for a period of a total of three years from the day of the decision on granting the status of a beneficiary of incentive measures.

2) persons employed in scientific research institutions and entities that perform scientific research or innovation activities, who are additionally engaged in scientific research and innovative programs or projects, are exempt from paying contributions at the expense of the employee and the employer, for the duration of the project

3) persons employed or engaged in scientific research institutions and entities performing an innovative activity, on scientific research and innovative programs or projects, and not exercising the right to social insurance with another legal entity, are exempted from paying contributions at the expense of the employer, for the duration of the project

4) persons who perform innovative activity for the needs of foreign legal entities (freelancers), as well as inventors and innovators who earn income from creative activities are entitled to a reduction of contributions by 80% of calculated donations for compulsory social insurance, for the period of beneficiary status for incentive measures.

27 Exemption from corporate income tax

The right to exemption from income tax, in accordance with the law, may be exercised by: 1) legal entities that are registered in the Register of Innovation and reinvest funds from profits in their scientific research and innovation projects; 2) legal entities that invest in other entities of innovation activity, namely in shares or stocks of startups, spin-offs and venture capital funds for investment in entities that perform innovation activity or donate funds to scientific research institutions and subjects of innovation infrastructure; 3) legal entities that provide innovation infrastructure, and 4) Innovation Fund of Montenegro.

28 Reduction of the fee for communal equipment of building land

The right to reduce the fee for communal equipment of building land can be exercised by legal entities as subjects of innovation activity for one business facility, which is not of public interest, if at least 75% of its total net area is used for the implementation of innovative programs or projects.

29 The right to use real estate and/or land owned by the state

The right to use real estate and/or state-owned land, free of charge or under more favorable market conditions, in accordance with the law, may be exercised by legal and natural persons who have received the status of beneficiaries of incentive measures, in accordance with the law governing the disposal of state property.

30 Real estate tax reduction

The calculated amount of the tax shall be reduced by 50% for the duration of the beneficiary's status of incentives. The right for a reduction in tax on real estate may be exercised by legal entities performing innovation activities provided that the real estate is used for the implementation of: scientific research; an innovative program or project; an innovation infrastructure entity's innovative program; or a Fund's work program, based on how the status of the beneficiary of incentives was obtained.

31 Exemption from payment of customs duties

Exempt from customs duties are as follows (relevant for the database): goods for which an international agreement binding Montenegro provides for exemption from customs duties; agricultural products, fruits of field farming, animal husbandry, forestry, fish farming and beekeeping obtained on farms owned by agricultural producers from Montenegro in the border zone of the neighboring country and offspring and other products obtained from livestock on these estates due to field work, grazing or wintering; seeds, fertilizers and tillage products and crops intended for use on farms in the border zone of Montenegro owned by agricultural producers from a neighboring country; educational, scientific and cultural material, as well as scientific instruments and apparatus; goods that are directly used to

perform museum, archive, restoration, literary, art, music, stage and film activities, based on the opinion of the competent ministry; therapeutic substances of human origin and reagents for determining blood groups and tissue types; instruments and apparatus for medical research, diagnosis or treatment; reference substances for quality control of medical devices; pharmaceutical products used at international sporting events; documents intended for informing tourists; various documents, forms, printed materials, brochures, records and letter-post items; auxiliary materials for stacking and protection of goods during transport; litter, fodder and other food of any kind for the purpose of transporting animals; fuel and lubricant contained in tanks of road motor vehicles and special containers; materials for the construction, maintenance or decoration of monuments or cemeteries of war victims; funeral articles; fire prevention and extinguishing equipment. Furthermore, the said goods or objects may not be sold or disposed of on other grounds, given to another for use, pledge, rent, used for other purposes, or handed over as security for other obligations, without prior notification to the competent customs office and payment of customs duties in accordance with the law.

32 Exemption from payment of customs duties when placing goods in free circulation

The procedure for exercising the right to exemption from payment of customs duties shall be initiated by submitting a written or oral request. The customs authority shall decide on the submitted requests for exemption from payment of customs duties unless otherwise prescribed by this Decree.

If an oral customs declaration is approved, the customs authority may take a decision on exemption from customs duties in the form of a note on another document, which is submitted to the customs authority in connection with the exemption from customs duties or orally. Certificates issued by the competent authorities in accordance with this Regulation may be used in customs procedures, provided that no more than six months have elapsed since the date of issue.

33 Financial support – co-financing in tourism in accordance with the Law on Tourism and Hospitality

Tourism Incentive Program for 2020/2021; Program of incentive measures in the field of tourism to support marketing activities in emitting markets; The program of incentive measures is the enrichment and improvement of the quality of the tourist offer, along with the improvement of marketing activities, including the following measures: development of innovative tourist products that enrich the tourist offer; organizing associations of private accommodation issuers; organizing events. The program of incentive measures in the field of tourism to support marketing activities in emitting markets included three support measures, namely: 1) support for joint advertising; 2) support for conducting a campaign with tour operators; 3) support for events in the north of Montenegro.

34 Tourist development zones and state incentives - in accordance with the Law on Tourism and Catering

In accordance with Article 113 of the Law, the zone is determined by the Government at the proposal of the competent Ministry. The zone is determined on state-owned land as a functional unit with tourist infrastructure managed by a company or other legal entity based on a feasibility study for investment projects with a minimum amount of 3,000,000 euros and at least 50 accommodation units, minimum category of four stars. The criteria for determining the zones, the content of the feasibility study, and the initiative for the investment project are prescribed by the Ministry.

35 Economic development in accordance with the Law on Spatial Planning and Construction of Structures

In accordance with Article 239 of the Law on Spatial Planning and Construction of Structures, investors for certain types of facilities are exempt from paying fees for utility equipment of construction land. The measure is of a temporal character and lasts until the adoption of the general regulation plan.

36 Exemption from payment of a special fee for the construction or reconstruction of a hotel on the Montenegrin coast in accordance with the Law on Regional Water Supply

The Law on Regional Water Supply provides a special fee for constructing or reconstructing facilities on the Montenegrin coast or region. However, a special fee is not paid for investments related to the construction or reconstruction of facilities that, in accordance with the law, serve the public interest in areas of communal activities (streets and other public roads with accompanying facilities, public parking spaces, bicycle paths, underground and overground passages on public roads, bridges, city promenades, city squares and other public areas in settlements, public cemeteries, city markets, city parks, water and sewage infrastructure, landfills, public lighting facilities), as well as railway and airport infrastructure facilities, facilities for production and electricity distribution and facilities for education, science, health, culture, and social protection.

A special fee for the construction or reconstruction of the following primary catering facilities is paid at the rate of:

- 0% for 5-star hotels, except for small hotels, boutique hotels, and condo-hotels;
- 0.5% for 4-star hotels, as well as for small hotels, boutique hotels, and 5-star condo hotels.

37 Co-financing of projects and programs of non-governmental organizations supported from EU funds

Non-governmental organizations implementing EU projects in the territory of Montenegro can apply for funds from the state budget (0.1% of the current state budget), which are allocated for this purpose based on a public call published by the Ministry of Public Administration, Digital Society, and Media, all in accordance with the Law on Non-Governmental Organizations (Official Gazette of Montenegro, No. 39/11 and 37/17) and the accompanying Regulation on the procedure and manner of co-financing projects and programs of non-governmental organizations supported from European Union funds. Funds are provided in the amount of 100% of the contractually determined mandatory participation of non-governmental organizations in these projects and programs.

Investment modalities

Public-private partnership

Pursuant to Law on public-private partnership, PPP is based on the principles of protection of interest-free public management, which ensures a high degree of quality, safety, affordability, transparency, protection of competition, and protection of the environment.

When procuring infrastructure PPP/concession projects, it is necessary to go through a typical project life cycle that is recognized as best practice.

The PPP process begins with identifying projects that could be implemented using the PPP/concession model. This step is followed by detailed preparation and evaluation of projects, followed by the selection phase, which ends with selecting investors (private partners) and awarding the contract. When the PPP contract successfully enters into force (which is usually subject to financial closure), the project implementation phase begins as an essential part of the whole process in which public infrastructure is built, i.e., the service begins to be provided to the public partner and/or citizens. Finally, the public partner takes over monitoring and managing the PPP contract.

All info regarding the PPP program can be found on the Montenegrin Investment Agency website: <https://mia.gov.me/public-private-partnership/>

Economic Citizenship Program

In 2018, the Government of Montenegro adopted the Decision on criteria and manner of procedure for selecting persons who can acquire Montenegrin citizenship through the Economic Citizenship Program. The Economic Citizenship Program is a special investment program of particular importance for the economic interest of Montenegro. In the first two years, the program faced several difficulties and less interest from investors. However, in 2021 the program became one of the most popular in the market, provoking much-needed investments in the Northern part of the county.

Consequently, the Government decided to prolong the program for another year. In parallel, more severe requirements for investors were introduced to maintain the program's credibility, transparency, and efficiency. Furthermore, an additional EUR 100,000 fee for the Innovation fund was introduced.

Currently, there are 16 Development projects in tourism included in the program, 11 of which are situated in the North. In addition, the program attracted new Hotel operating groups to Montenegro, like Swiss Hotel and Radisson Blue.

Until 31/12/2021, through the program, the Agency has collected:

- 33.200.000€ which has been transferred to Developmental projects within the list
- 160.550.000€ deposited in ESCROW accounts for the same purpose

Donations for underdeveloped regions:

- 12.400.000€ transferred to the special account of Montenegrin Investment Agency
- 54.700.000 € still deposited in ESCROW accounts, waiting to be transferred

- 27.760.000€ has been transferred to the state Budget through taxes

The government established the Innovation Fund in 2021.

The establishment of the Fund achieves a synergistic effect of all actors involved in innovation. It shows a clear commitment of Montenegro to further orient its development towards a society based on knowledge and innovation. The Innovation Fund of Montenegro aims to significantly strengthen innovative entrepreneurship in the country, contribute to a more efficient implementation of the Smart Specialization Strategy, and raise absorption capacity in attracting EU funds and preparing for European Structural and Investment Funds.

The Ministry of Economic Development supervises the work of the Fund, and the partners from UNDP support the process of establishing and starting the work of the Fund. The Fund will provide initial funds for its activities from the state budget, but in the very near future by attracting international funds, especially from EU sources of funding. The Fund will be one of the important institutions on the path of Montenegro's approach to the EU.

Ongoing investment projects

Montenegro hosts world luxury hotel brands like One & Only, Chedi, Radisson, and Regent, which now feature a truly compelling hotel portfolio for incentive and meeting programs.

Regent

PORTO MONTENEGRO

THE CHEDI

LUŠTICA BAY, MONTENEGRO

One&Only

PORTONОВI

Radisson



List of development projects in the field of tourism

1. Construction of condo-hotel "Kolašin Resort & Spa," Kolašin
2. Construction of the hotel "Breza," Kolašin, according to the condo business model
3. Construction of the hotel "Kraljičina plaža," Miločer, Budva, according to a mixed business model
4. Construction of the hotel "Durmitor Hotel and Villas," Žabljak, according to a mixed business model
5. Construction of the hotel "Bjelasica 1450 Kolašin", according to the condo business model
6. Construction of the hotel "K16" Kolašin, according to the condo business model
7. Construction of the hotel "Boka Place" Tivat, according to a mixed business model
8. Construction of the hotel "Bobotov hotel and resort" in Žabljak, according to the condo business model
9. Construction of hotel "D" with annex "E," Kolašin, according to the condo business model
10. Construction of the Elite Hotel & Residence, Kolašin, according to the condo business model
11. Construction of the hotel complex Montis hotel & resort, Kolašin, according to the condo business model
12. Construction of the hotel complex Amma Resort, Čanj, Bar, according to a mixed business model
13. Construction of the Black Pine Hotel, Mojkovac, according to the condo business model
14. Construction of the tourist complex Hotel with villas 4 *, Zabljak
15. Construction of the hotel "Cruiser," Budva, according to the mixed business model.
16. Construction of the hotel „Liko Soho” Bar, according to the condo business model

Investment opportunities

Per zones

Montenegro as a tourist destination is divided into seven tourist development zones, which differ in socio-cultural, historical, traditional, natural, and economic characteristics, representing the basis for a unique and specific tourist product of Montenegro:

1. Ulcinj with Ada Bojana and Solana (Ulcinj municipality)

Main tourist products

- Nature-based tourism (bird watching, hiking, cycling, hiking tours "salt" in Ulcinj saltworks, horseback riding, etc.)
- Sports and recreational tourism (kitesurfing, windsurfing, wakeboarding, paragliding and surfing, camps for athletes, sports schools, ...)
- MICE (number of hotels with congress facilities)
- Health tourism (Women's beach, healing mud)
- Nudist tourism
- Gastronomic and enotourism

Prospective tourist products

- Cultural tourism - events, cultural heritage, legends
- Family tourism
- Digital nomads

2. Budva and Bar Riviera (municipalities of Budva and Bar)

Main tourist products

- Swimming tourism - sandy and pebble / rocky beaches
- High quality and exclusive hotels with developed MICE and spa & wellness offer
- Nautical tourism
- Gastronomic and enotourism

Prospective tourist products

- Cruising tourism
- Diving tourism
- Cultural tourism
- Festivals, fairs and concerts, nightlife

3. Bay of Kotor (municipalities of Herceg Novi, Tivat, and Kotor)

Main tourist products

- High quality and exclusive resorts and hotels with developed MICE and spa & wellness offer
- Nautical tourism
- Cultural tourism - museums, castles, religious buildings, archaeological sites, authentic architecture
- MICE offer
- Gastronomic and enotourism

Prospective tourist products

- Diving tourism
- Cultural manifestation tourism
- Excursion tourism

4. Old Royal Capital Cetinje and Skadar Lake (Old Royal Capital Cetinje)

Main tourist products

- A product based on active tourism - hiking, mountaineering, cycling, etc.
- Cultural tourism - museums, castles, religious buildings, archaeological sites, architecture
- Rural tourism
- Gastronomic and enotourism
- Bird watching

Prospective tourist products

- Sports tourism
- Excursion tourism
- Adventure tourism
- Cultural manifestation tourism

5. Central region (Capital Podgorica, municipalities Tuzi, Danilovgrad and Nikšić)

Main tourist products

- MICE tourism
- Products based on active tourism - hiking, mountaineering, cycling, etc.
- Rural tourism
- Protected areas
- Cultural tourism - museums, religious buildings, archaeological sites, authentic architecture

Prospective tourist products

- Gastronomic and enotourism
- Cultural manifestation tourism
- Fishing and sport-fishing tourism
- Excursion tourism
- Adventure tourism, etc.

6. Bjelasica, Komovi and Prokletije (municipalities of Bijelo Polje, Kolašin, Mojkovac, Berane, Andrijevica, Plav, Gusinje, Petnjica and Rožaje)

Main tourist products

- Protected areas (national parks and nature parks) with a diversified offer
- Winter tourism - ski centers
- Nature-based tourism - hiking and mountaineering, cycling, skiing, horseback riding, etc.
- MICE tourism (existing and under construction capacities)
- Rural tourism - rural households and cottages

Prospective tourist products

- Gastronomic and enotourism
- Eco- and ethno-villages
- Hunting and fishing tourism
- Cultural tourism (events, cultural heritage)
- Family tourism.

7. Durmitor and Sinjajevina with the canyon of the river Tara (municipalities Žabljak, Pljevlja, Plužine, and Šavnik)

Main tourist products

- Winter tourism - ski centers
- Protected areas (national park and nature park) with a diversified offer
- Nature-based tourism - hiking and mountaineering, cycling, camping, skiing, horseback riding, etc.
- Adventure tourism - rafting, zip line, canyoning, etc.
- MICE tourism (existing and under construction capacities)
- Rural tourism - rural households and cottages
- Gastronomic and enotourism

Prospective tourist products

- Offer of eco- and ethno-villages, traditional gastronomy
- Hunting and fishing tourism
- Family tourism
- Cultural tourism - religious buildings, stećak tombstones, and other cultural heritage landmarks

Per Tourist product

Rural tourism

Rural tourism creates conditions to meet the needs of a growing number of tourists who strive for a healthy lifestyle and seek experiences that include experiencing a sense of satisfaction in nature, traditional cuisine, hospitality of households in rural areas, tradition and preserved customs, and other authentic experiences.

According to the research of the organization "United Rural Households - Rural Tourism" and the Regional Development Agency "Bjelasica, Komovi and Prokletije" from 2021, the most significant interest in this type of offer was expressed by tourists from France, Belgium, Germany, Russia, USA, and others.

Cultural tourism

The potential for forming and developing a tourism product based on culture is evident in the rich tangible and intangible cultural heritage created from Montenegro's turbulent history.

According to numerous analyses, cultural tourism is one of the main drivers of the development of cities, regions, and countries. Moreover, the social impact of cultural tourism is not only material but also has intangible effects, such as developing awareness of the importance of caring and preserving the country's cultural heritage and creating the cultural identity of the destination.

The report, compiled through a survey of UNWTO member countries, confirms that cultural tourism today plays a significant role in global tourism and is in line with changes in tourism, transformed by lifestyle changes, new forms of culture and creativity, evolution, and technology innovation.

As one of the oldest forms of tourism, religious tourism is an important element of cultural tourism in Montenegro. This form of tourism includes visits to religious centers of all three religions; visits to monuments, buildings, and various localities; participation in major religious events; and paying attention to the church and monastery architecture, iconography, authentic souvenirs, and more. When it comes to the development of this form of cultural tourism in Montenegro, it can be said that the potential is huge. Regular visits to shrines such as the Ostrog Monastery, Our Lady of the Rocks, and Hussein Pasha's Mosque are frequent, attracting

more and more attention from foreign tourists and pilgrims, and are especially associated with festivals related to the dates that mark these holy places.

According to the Guest Survey from 2017, for 7.8% of tourists, getting to know cultural sights, events and happenings is the leading motive for coming to Montenegro.

These data indicate interest, but for a quality tourist offer. As such, it is necessary to valorize existing resources, make cultural heritage more visible and accessible, and take advantage of technology (e.g. virtual reality and audio guides).

Sports tourism

Montenegro has natural potential for various segments of sports and recreational tourism.

According to the Guest Survey from 2017, for 7.7% of tourists, sports and recreation were the leading motive for coming to Montenegro.

In accordance with the Work Program of the Government of Montenegro in 2022, it is planned to adopt the Program for the Development of Sports Tourism in Montenegro 2023-2026 with the Action Plan.

Health tourism

The tourism and travel sector is becoming an increasingly important factor in economic prosperity. Health tourism is experiencing great expansion and is one of the fastest growing segments of the world's tourism offer.

Montenegro has excellent preconditions that are not sufficiently used or promoted for the development of profitable health and tourism activities: natural resources, rich historical, cultural and industrial heritage, favorable geographical position, traditional hospitality, existing tourist infrastructure, and the multi-ethnic character of Montenegro. Montenegro's multicultural traditions, alongside the growing awareness of tourism professionals of the benefits of health tourism, signal the potential of health tourism to boost the country's economic development.

The importance and sustainability of health tourism is reflected in the fact that, even in the years of crisis, it did not record negative trends.

Having in mind the significant natural and infrastructural potential for the development of this form of tourism, the Government of Montenegro has adopted the Health Tourism Development Program of Montenegro 2021-2023 with the Action Plan until 2023.

Nautical tourism

Nautical tourism in Montenegro is becoming increasingly important as a new value of the tourist offer.

Montenegro has positioned itself as a destination that, with its great natural wealth and significant cultural and historical heritage, is becoming a recognizable center of nautical tourism. In the past period of accelerated tourism development, Montenegro has recognized the importance of investing in a high-quality tourist offer. The development of this type of tourism represents a new opportunity for the fuller valorization of Montenegro's clear potential, with significant improvement of the quality of services in all existing marinas. In the previous period, through strategic documents, strategic planning, and construction of a significant number of

The number of yachts in Montenegro, both stationed and in transit, is increasing from year to year. Such a trend represents a relevant indicator that the country is on track to achieving the set goals in the field of nautical tourism.

In 2019, 4,775 foreign vessels for leisure, sports and recreation (MONSTAT) entered the territorial sea of Montenegro, which is 1.4% more than in 2018. Of these, 4,211 vessels sailed by sea, and 564 were brought ashore. The number of passengers who arrived on these vessels in 2019 was 28,562, which is 3.2% more than in 2018.

The main challenges facing nautical tourism in the Adriatic are:

- Lack of resources in existing ports - small number of berths,
- Lack of adequate infrastructure for receiving passengers,
- Lack of infrastructure for waste and wastewater collection,
- Lack of quality local, small, and medium enterprises that would support the organization of excursion programs and transfers, etc.

In accordance with the Work Program of the Government of Montenegro in 2022, it is planned to adopt the Nautical Tourism Development Program in Montenegro 2023-2026 with the Action Plan.

Tourism of protected areas of Montenegro

In world practice, protected areas represent exceptional tourist potential and directly affect the creation of the destination's image. The importance of protected areas is closely related to tourism, which is confirmed by the role of the International Union for Conservation of Nature (IUCN) and the Commission for Protected Areas (WCPA) in defining international standards in the field of protected area categories and principles, including tourism. From the above, it follows that protected areas, in addition to systems, levels and protection measures, represent a significant niche in the world's tourist offer.

Montenegro, with its 5 national parks, 6 nature parks, 2 declared marine and coastal protected areas, 4 UNESCO protected assets, and many other natural potentials, is an ideal destination for the development of this type of tourism. Attached to the above are the results of the "Guest Survey" survey from 2017, according to which 21.1% of tourists stated that getting to know the natural beauty is the motive for coming to Montenegro.

NP Skadar Lake, Lovćen, NP Durmitor and NP Prokletije, except for NP Biogradska gora, are open for visits throughout the year.

In the forthcoming period, the development of the Tourism Development Program in Protected Areas 2025-2027 is planned with the Action Plan, in order to strategically plan the development of a sustainable tourism product in protected areas.

Adventure tourism

Adventure tourism is a form of recreational tourism based on recreation, but with the presence of risk and excitement, and requires physical and mental preparation from the participants. In fact, this form of tourism is a combination of sports, recreation and entertainment, and is intended for tourists who want to experience the excitement of their journey but enjoy the natural beauty of the chosen destination.

The Association for the Adventure Travel Trade (ATTA) defines adventure tourism as a journey that includes at least two of the following three elements: physical activity, natural environment, and cultural experience.

According to the 2014 UNWTO Global Adventure Tourism Report, adventure tourism is resilient, attracts

tourists with high purchasing power, benefits the local economy / community, and encourages sustainable practices.

Adventure tourism is becoming increasingly popular in the world due to its positive impact on people, the environment and the economic growth of the destination. The development of this type of tourism is most influenced by trends, but also by people's fast-paced lives. People increasingly want to fill their free time with activities in which they would spend excess energy and, in slang terms, "recharge their batteries".

The development of adventure tourism in Montenegro is mostly based on preserved natural resources.

Numerous adventurous activities have been practiced in Montenegro for many years, such as the inevitable rafting on Tara, canyoning in the canyon of the river Nevidio, as well as in the canyons of the rivers Mrtvica and Medjureč, speleological tours in Lipa Cave, ziplining on Đurđević Tara bridge, Brajić, and other still lesser-known activities that need to be better promoted in marketing. Tourists have at their disposal many other adventurous activities such as hiking on the mountaintops of Durmitor and Prokletije, cycling on mountain trails, bungee jumping, safari tours, paragliding, paintball and more.

Windsurfing and kitesurfing are extremely popular at Ada Bojana, as well as at the Great Beach in Ulcinj. Also, Skadar Lake has the potential to develop the offer of this type of adventure tourism. In addition, diving is currently an adventure sport increasing in global popularity. It belongs to extreme sports--not only because of the conditions in which it takes place, but also because of the necessary psycho-physical demands, equipment and risks that this type of tourist service carries. Diving in the waters of Montenegro provides exceptional experiences in the underwater landscape, caves and both sunken warships, and ships that are purposely sunk. Diving as a special type of tourist offer in Montenegro will be further improved in the coming period, both through legal regulations and program documents.

The Government of Montenegro and the Consortium consisting of Novi Volvox d.o.o. Podgorica and Leitner S.P.A., Italy (Consortium "Leitner - Kotor 1350 Cable Car") have successfully completed negotiations and the signing of the Contract on the construction of the cable car is expected soon. The total investment required for the implementation of this project is estimated at 20 million euros.

The starting station is planned in Kotor, and the final one at the Kuk site in Lovćen. The Kotor-Lovćen cable car project represents a chance to connect the Bay of Kotor, Lovćen National Park and Njegoš's mausoleum in a modern and tourist-attractive way, but also an opportunity for new investments and further development of the entire economy of this part of Montenegro.

MICE tourism

MICE (meetings, incentives, conferences, exhibitions) tourism is very popular among businesspeople, because it leads to live interaction, which is still ahead of virtual communication despite the great technological advances. It usually takes place in attractive tourist destinations, so that, in addition to work, tourist attractions and culture of a certain destination can be seen.

In Montenegro, there is potential for the development of this offer in all regions of the country. All hotel facilities that contain congress halls and smaller meeting rooms with the necessary technical support have a predisposition for MICE tourism.

What is characteristic of all MICE destinations is a good geographical position, good traffic connections both internationally and nationally, a rich offer of high-quality hotels and restaurants and a variety of cultural facilities.

Camping

Camping, and especially camping with a mobile home, are among the most popular types of vacation in almost all European markets.

According to EUROSTAT (European Union Statistics Office), in 2018, there were 23,200 registered camps in Europe. The vast majority of them were located in rural areas (68%) or cities and suburbs (26%), while 6% of camps were located in cities. Visitors made a total of 352 million overnight stays in EU camps in the same year, accounting for 13% of all overnight stays in tourist accommodations within the EU. These data clearly indicate the economic benefit and stability of this tourist offer.

The main motives of campers to choose Montenegro as a destination for rest and entertainment are undoubtedly a specific experience of untouched nature, picturesque landscapes, protected natural assets, natural sandy beaches, numerous glacial lakes and mountain peaks, rich biodiversity, etc. In this regard, Montenegro has all the predispositions for the development of this tourist offer and the conditions to be a famous camping destination.

Recently, a more glamorous type of camping has appeared, which is called "glamping" and means accommodation more luxurious than those of traditional camping. Unlike traditional camping, glamping is an active vacation that allows you to enjoy nature in accommodation that satisfies a high quality of service. In fact, glamping has become especially popular in recent years among tourists looking for the luxury of five-star hotel accommodations, but in conditions that could be described as camping in nature. At a time of mass tourism, which is causing significant damage to many tourist destinations and historic sites around the world, more and more people are embracing this ecological concept of travel.

Gastronomic and enotourism

The modern tourist is constantly looking for authentic and unique experiences when visiting a particular tourist destination. Getting to know and consuming local food and wine creates a special experience for tourists that connects them and introduces them to the culture of the local population. Gastronomic and enotourism represent the travel and stay of tourists in destinations with a dominant motive of enjoying gastronomic specialties and wines of a particular area.

Thanks to the interest in gastronomy and food and beverage culture of various countries and regions, culinary and oenological trips are becoming more and more popular all over the world, and gastronomic and oenological tourism is slowly becoming a separate product within tourism.

UNWTO perceives gastronomic and enotourism as critical for tourism as a whole, so in 2015 the UNWTO gastronomic network was created. This organization also co-organizes 5 Global Conferences on wine tourism. The main characteristic of the rich Montenegrin gastronomic offer is its tradition. The skills of growing fruits and vegetables, indigenous grape varieties and food making have been passed down for generations, and Montenegro can boast of several products for which it is recognizable. The richness of nature, relief shape, and climatic zones also shaped the diverse cuisine and marked it in three so-called "zones": coastal, central, and mountain. Namely, geographical diversity and natural conditions dictate the type of agricultural production, available food, and diet.

During the year, a significant number of events are held in Montenegro, which is an exceptional opportunity for guests to get acquainted with local customs, food traditions, and wines from the Montenegrin region.

According to the Guest Survey from 2017, for 33.6% of tourists, the enjoyment of eating and drinking (gastronomy) is the motive for coming to Montenegro.

SOURCES

- Ministry of Capital Investments
- Ministry of Economic Development
- Ministry of Agriculture, Forestry and Water Management
- Government of Montenegro
- Directorate for Statistics

DOCUMENTS

- Draft strategy for tourism development until 2025
- Health Tourism Development Program 2021-2023

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