

Release on the number and structure of foreign-owned business entities in Montenegro

This release presents data on the number and structure of business entities with foreign ownership in Montenegro as of June 30th, 2012. The data source is the Statistical Business Register, which is the framework for all statistical surveys which has the companies and its branches as the reporting units or the central register of economic entities. Profit is the main objective of all the investments. The pursuit on new markets is one of the most important motives that foreign investors have. Foreign companies have the necessary technologies and financial resources and they are expected to contribute to the efficiency of domestic enterprises and to improve the management of companies.

From the total number of foreign-owned businesses, 12.8 % are owned by foreign legal persons, while the remaining subjects are property of foreign physical persons.

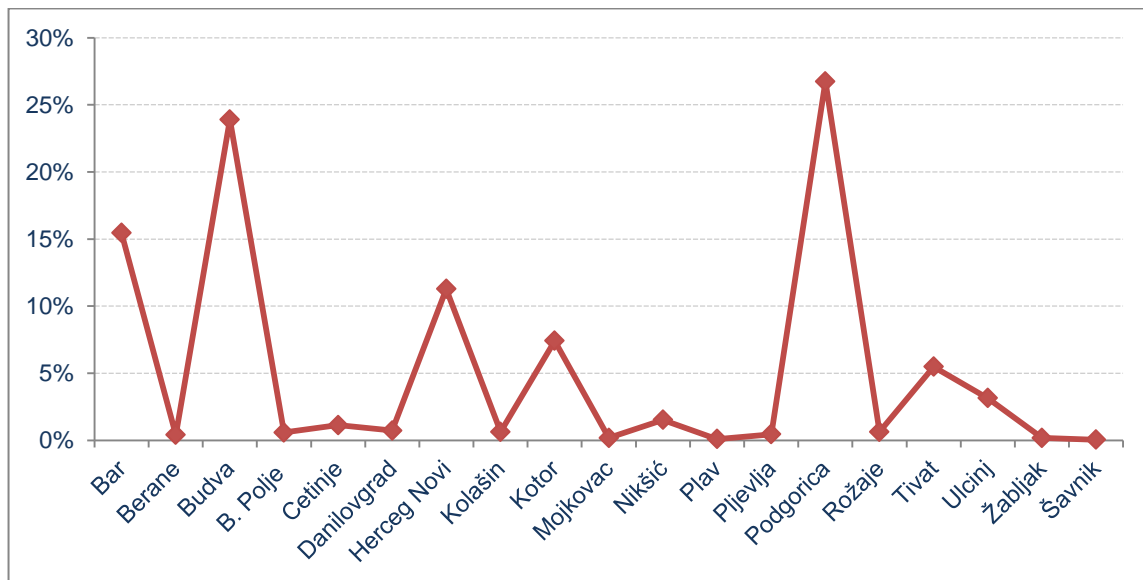
The table below shows the percentage participation of business entities with foreign ownership, viewed in the level of municipalities, compared with the total number of businesses that are foreign-owned.

Table 1. Percentage participation of businesses with foreign ownership by municipalities

Municipalities	Percentage Participation
Bar	15.46 %
Berane	0.40 %
Bijelo Polje	0.58 %
Budva	23.91 %
Cetinje	1.12 %
Danilovgrad	0.72 %
Herceg Novi	11.28 %
Kolašin	0.63 %
Kotor	7.42 %
Mojkovac	0.18 %
Nikšić	1.53 %
Plav	0.09 %
Pljevlja	0.45 %
Podgorica	26.74 %
Rožaje	0.63 %
Šavnik	0.04 %
Tivat	5.48 %
Ulcinj	3.15 %
Žabljak	0.18 %

As it can be seen, the largest percentage participation of the observed subjects is in the municipality of Podgorica (26.74 %). Then, a significant number of entities whose founders are not citizens of Montenegro is located in the municipalities of Budva (23.91 %), Bar (15.46 %) and Herceg Novi (11.28 %). In municipalities Andrijevica and Plužine no businesses entities are foreign-owned.

Graph 1. Percentage participation of businesses with foreign ownership by municipalities



The forms of economic activities are business organizations and other forms designated by the Law on Companies of Montenegro.

Table 2. The percentage share observed by country of origin of the owner











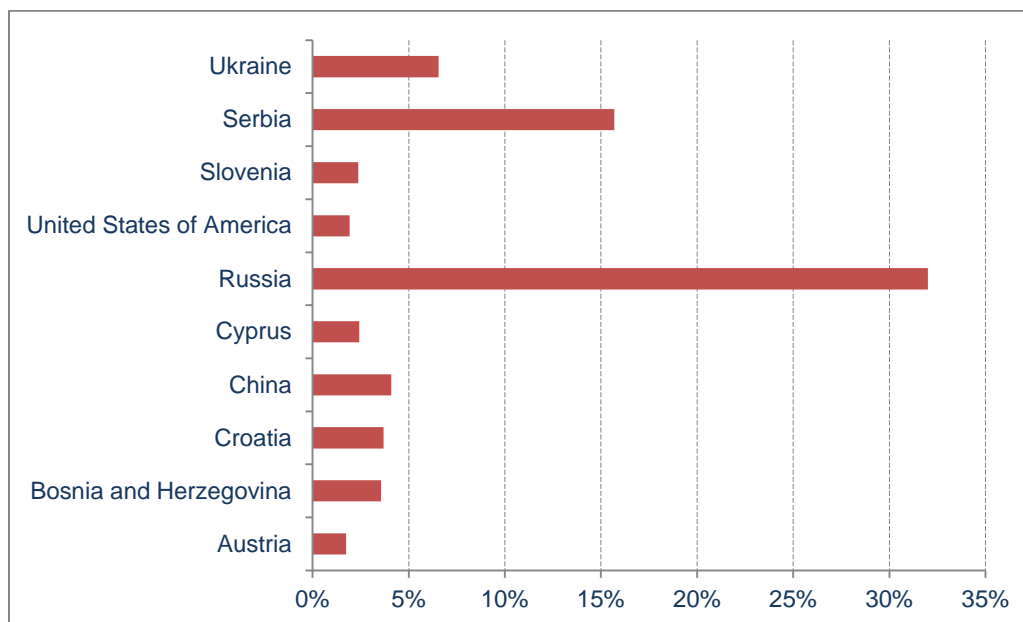
Country	The percentage share of foreign countries in the ownership of business entities
 Austria	1.75 %
 Bosnia and Herzegovina	3.55 %
 Croatia	3.69 %
 China	4.09 %
 Cyprus	2.43 %
 Russia	32.00 %
 United States of America	1.93 %
 Slovenia	2.38 %
 Serbia	15.69 %
 Ukraine	6.56 %

Table No. 2 shows the percentage of participation in ownership of business entities that carry out their activities in the territory of Montenegro, viewed by countries of origin of the owner-founders (natural and legal persons).

It can be seen that the percentage share of the lead-owners (founders) originated from Russia (32.00 %), followed by Serbia (15.69 %) and then Ukraine (6.56 %).

Graph 2. The percentage share observed by country of origin of the owner



METHODOLOGICAL NOTES

Business entity with foreign ownership can be defined as an entity whose owners (natural and / or legal persons) coming from certain foreign countries. (We recognize these entities by the type of origin of capital).

Statistical business registry is a reliable source of data on population and demography of business subjects. It serves as a frame for taking samples for all statistic surveys that for reporting unit have enterprises, their parts or entrepreneurs. It provides the basis from which are taken address data for sending of questionnaires in statistical surveys. Such a questionnaire is considered the system that turns the data from administrative sources to data suitable for statistical use. Significance of statistical business registry is also in that it is an updated file that contains all the statistical units active on territory of Montenegro, which make incomes and possess relevant statistical administrative attributes.

Subjects of this register are active economic subjects. **Active economic subjects** are those observed who performed in referent year, certain economic activity, had employed and made turnover.

Units covered within Statistical Business Register are:

- Legal entity and
- Statistical units: enterprise, local unit and group of enterprises.

Legal unit

Legal unit, alone, or combined with other legal units represents legal base for one of the most important statistical unit-enterprise. It is not directly statistical unit but it performs completely or partially productive activity and it is used to constitute enterprise.

Administrative sources provide information on starting and presence of legal units and for statistical unit it can be said that there are “artificial” units, although very often they present real economic structure and not correspond always completely to well-known legal or administrative units.

Enterprise

Enterprise is: an organizational unit producing goods and services, which enjoys a certain level of autonomy in decision making especially regarding the distribution of its current resources. Enterprise does one or more activities on one or more locations. Relations between enterprise and legal unit are determined in accordance with definition: enterprise is legal unit or (the least) combination of legal units.

Local unit

Local unit is enterprise or part of enterprise (workshop, factory, storehouse, office, mine or depot etc.) which is located on a geographically determined location. On that or from that location economic activity is done, apart from certain exceptions, one or more workers (who may be employed and in no full working time) for the same enterprise.

Previously mentioned means that this register covered, beside units performing economic activity also units which does not perform economic activity, but which are needed because of statistical surveys as subject of observation.

While classifying these units there are used criteria defined in regulation EEC 696/93:

- legal, accounting and organizational criteria;
- Geography criteria ;
- Activity criteria.

Data sources for updating of BR are divided in external and internal. External sources are administrative sources (Tax Administration; Central Register of Commercial Court and Central bank) and internal sources are statistical surveys used for updating of this register as well as for comparative analysis with data from administrative sources.

Size class is determined based on three criteria:

- Number of employed,
- Made turnover and
- Active.

Legal persons, related to this law are divided into small, medium and large, depending on average number of employed, total income on annual level and total assets.

In medium legal persons there are classified legal persons who at the day of composition of financial reports fulfill two of the following criteria:

- that average number of employed in the year that annual report is submitted is from 50 to 250;
- that total income on annual level is from 10 000 000 to 50 000 000 EUR;
- that total assets is from 10 000 000 to 43 000 000 EUR.

Legal persons whose two of three criteria are less from the least criteria from paragraph 2, item 3a are classified into small legal persons and legal persons whose two of three criteria are higher than the highest criteria from paragraph 2 of the same item are classified into large legal persons.

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81000 Podgorica, IV Proleterske 2, phone (+382) 20 230-811, fax (+382) 20 230-814

Release prepared by:

Marijana POPOVIĆ-RONČEVIĆ, MSc.

Phone: +382-20-230-969; +382-20-230-969

contact@monstat.org