

Release on the number and structure of foreign-owned business entities in Montenegro, 2017

This release presents data on the number and structure of business entities with foreign ownership in Montenegro, in 2017 year. The data source is the Tax Authority - Central register of business 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.

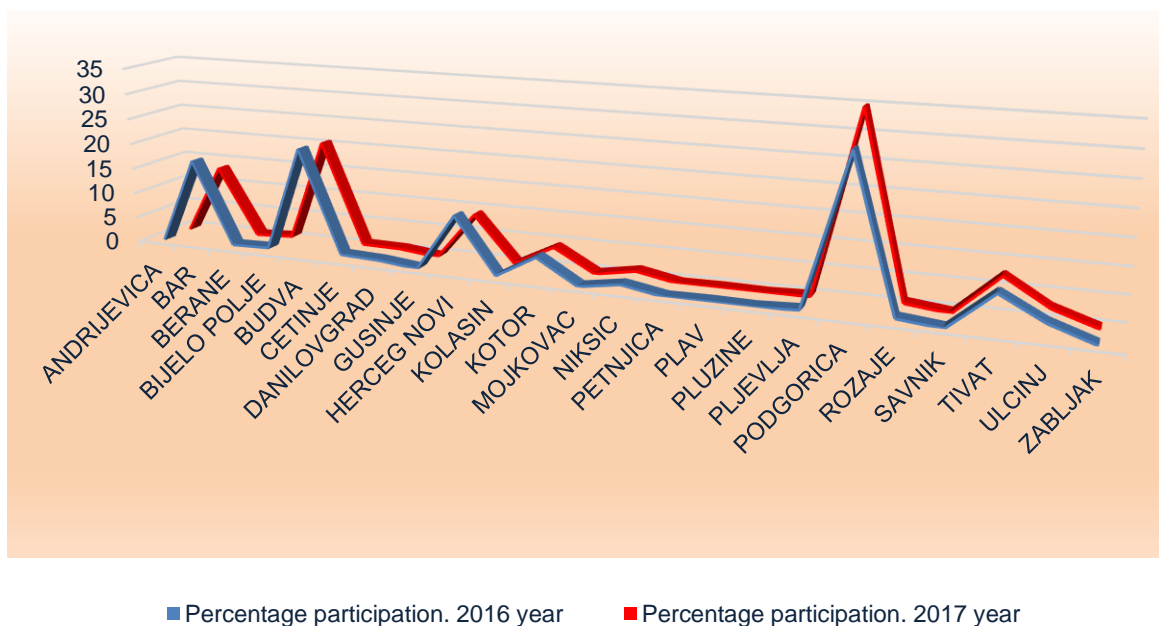
The table below shows the percentage participation of business entities with foreign ownership, viewed in the level of municipalities, compared with the total number of businesses that are foreign-owned.

Table 1. Percentage participation of business entities with foreign ownership by municipalities

Municipalities	2013	2014	2015	2016	2017
ANDRIJEVICA	0.1%	0.1%	0.1%	0.1%	0.1%
BAR	17.6%	20.1%	19.4%	16.9%	13.6%
BERANE	0.6%	0.6%	0.6%	0.6%	0.5%
BIJELO POLJE	1.3%	1.0%	0.7%	0.8%	0.9%
BUDVA	22.3%	23.1%	21.8%	21.2%	20.7%
CETINJE	1.1%	0.9%	1.0%	1.1%	0.9%
DANILOVGRAD	0.9%	0.8%	0.9%	0.8%	0.8%
GUSINJE	-	-	0.0%	0.0%	0.0%
HERCEG NOVI	8.6%	11.3%	12.0%	11.1%	9.2%
KOLASIN	0.4%	0.4%	0.4%	0.4%	0.4%
KOTOR	6.1%	4.9%	4.8%	4.8%	4.4%
MOJKOVAC	0.2%	0.1%	0.1%	0.1%	0.1%
NIKSIC	2.1%	1.5%	1.4%	1.4%	1.5%
PETNJICA	-	-	0.0%	0.0%	0.0%
PLAV	0.1%	0.1%	0.1%	0.1%	0.1%
PLUZINE	0.0%	0.0%	0.0%	0.0%	0.0%
PLJEVLJA	0.7%	0.3%	0.3%	0.4%	0.3%
PODGORICA	26.8%	23.8%	25.8%	29.3%	35.0%
ROZAJE	1.3%	0.9%	0.9%	0.8%	0.9%
SAVNIK	0.2%	0.1%	0.0%	0.0%	0.0%
TIVAT	5.6%	7.2%	7.1%	7.2%	7.7%
ULCINJ	3.8%	2.7%	2.5%	2.9%	2.8%
ZABLJAK	0.2%	0.1%	0.1%	0.1%	0.1%
UKUPNO	100.0%	100.0%	100.0%	100.0%	100.0%

As it can be seen, the largest percentage participation of the observed subjects is also in 2017 year, 2016 year as in the previous four years observed, in the municipality of Podgorica, (2017 – 35.0%, 2016 – 29.3%). Then, a significant number of entities whose founders are not citizens of Montenegro is located in the municipalities of: Budva (2017 – 20.7%, 2016 – 21.2%), Bar (2017 – 13.6%, 2016 – 16.9%) and Herceg Novi (2017 – 9.2%, 2016 – 11.1%).

Graph 1. Percentage participation of business entities 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 (for certain countries)

Country	2013	2014	2015	2016	2017
Austria	1.0%	0.5%	0.6%	0.7%	0.9%
Bosnia and Herzegovina	4.5%	4.8%	4.9%	5.3%	4.8%
Croatia	2.8%	2.7%	2.8%	2.7%	2.7%
Italia	3.5%	4.8%	5.2%	6.2%	5.6%
China	2.2%	1.4%	1.3%	1.2%	1.1%
Macedonia	2.0%	1.6%	1.7%	1.7%	1.7%
Germany	1.7%	2.1%	2.2%	2.1%	2.1%
Russia	32.4%	38.1%	32.0%	26.7%	20.2%
SAD	0.9%	0.8%	0.7%	0.9%	1.0%
Slovenia	2.7%	1.7%	1.4%	1.4%	1.7%
Serbia	28.0%	17.0%	18.7%	20.3%	19.1%
Ukraine	2.2%	7.7%	10.6%	9.0%	6.7%
United Kingdom	3.2%	1.4%	1.0%	1.4%	2.1%

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), from year to year, originated from Russia, followed by Serbia and then from Bosnia and Herzegovina. What can be noted from the above is that from year to year, a significant percentage increase comes from companies owned by natural and legal persons originating in Ukraine. Also, the analysis shows that an increasing number of companies that are owned by natural and legal persons from Turkey are emerging from year to year, and in 2017, their percentage share was 8.7%.

Graph 2. Percentage share of foreign-owned business entities, according to the country of origin of the owner

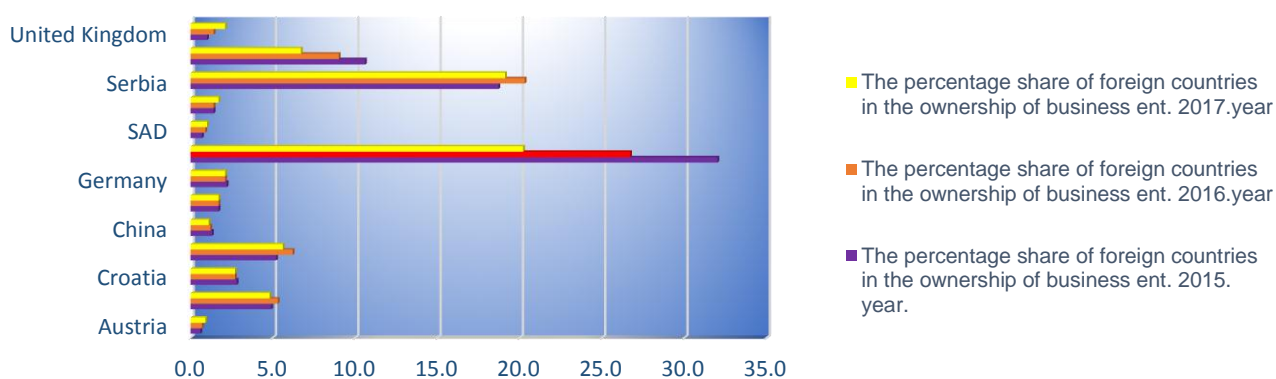


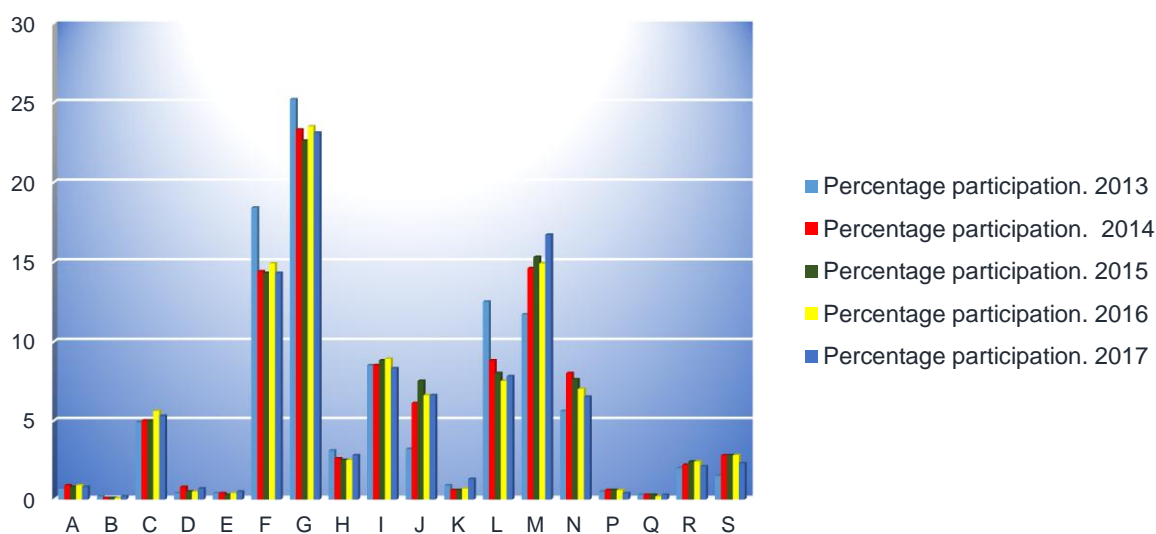
Table. 3 shows the percentage participation of foreign-owned business entities that perform their activities on the territory of Montenegro, observed by sectors of activity.

Table 3. Percentage share of foreign-owned enterprises, observed by sectors of activity

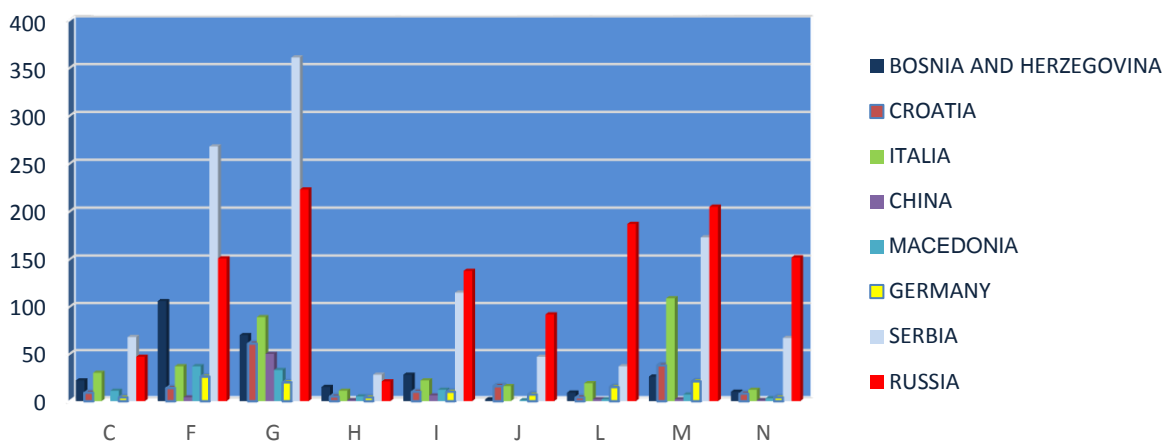
Sector code	Sector name	2013	2014	2015	2016	2017
A	AGRICULTURE, FORESTRY AND FISHING	0.7%	0.9%	0.8%	0.9%	0.8%
B	MINING AND QUARRYING	0.2%	0.1%	0.1%	0.1%	0.2%
C	MANUFACTURING	4.9%	5.0%	5.0%	5.6%	5.3%
D	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	0.4%	0.8%	0.5%	0.5%	0.7%
E	WATER SUPPLY; SEWERAGE; WASTE MANAGMENT AND REMEDIATION ACTIVITIES	0.4%	0.4%	0.3%	0.4%	0.5%
F	CONSTRUCTION	18.4%	14.4%	14.3%	14.9%	14.3%
G	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	25.2%	23.3%	22.6%	23.5%	23.1%
H	TRANSPORTING AND STORAGE	3.1%	2.6%	2.5%	2.5%	2.8%
I	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	8.5%	8.5%	8.8%	8.9%	8.3%
J	INFORMATION AND COMMUNICATION	3.2%	6.1%	7.5%	6.6%	6.6%
K	FINANCIAL AND INSURANCE ACTIVITIES	0.9%	0.6%	0.6%	0.7%	1.3
L	REAL ESTATE ACTIVITIES	12.5%	8.8%	8.0%	7.5%	7.8
M	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	11.7%	14.6%	15.3%	14.9%	16.7%
N	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	5.6%	8.0%	7.6%	7.0%	6.5%
O	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	0.0%	0.0%	0.0%	0.0%	0.0%
P	EDUCATION	0.5%	0.6%	0.6%	0.6%	0.4%
Q	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0.3%	0.3%	0.3%	0.2%	0.3%
R	ARTS. ENTERTAINMENT AND RECREATION	2.0%	2.2%	2.4%	2.4%	2.1%
S	OTHER SERVICES ACTIVITIES	1.5%	2.8%	2.8%	2.8%	2.3%
T	ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; UNDIFFERENTIATED GOODS - AND SERVICES - PRODUCING ACTIVITIES OF HOUSEHOLDS FOR OWN USE	0.0%	0.0%	0.0%	0.0%	0.0%
U	ACTIVITIES OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	0.0%	0.0%	0.0%	0.0%	0.0%
	TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

What can be seen is that by percentage participation in 2017. as in previous years. predominant owners - founders who perform their activities in the sectors: wholesale and retail trade; repair of motor vehicles and motorcycles (2017 – 23.1%, 2016 - 23.5%, 2015 – 22.6%, 2014 – 23.3%); construction (2017 – 14.3 %, 2016 - 14.9%, 2015 – 14.3%, 2014 – 14.4%); professional. scientific and technical activities (2017 – 16.7%, 2016 – 14.9%, 2015 – 15.3%, 2014 – 14.6%) and real estate activities (2017 – 7.8%, 2016 - 7.5%, 2015 – 8.0% 2014 – 8.8%).

Graph 3. Percentage share of foreign-owned enterprises. observed by sectors of activity

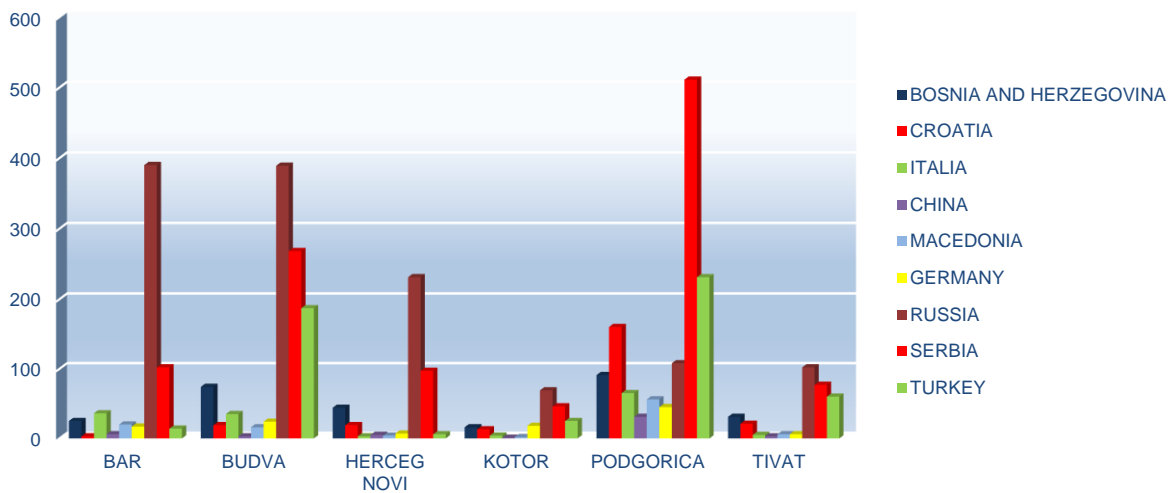


Graph 4. Foreign-owned business entities observed by sectors of activity and country of origin of the owner



Graph no. 4 shows the share of foreign-owned enterprises according to the sectors of activity and country of origin of the owner. What can be noticed is that in all sectors of activity, as in the previous year, the most represented are business entities whose owners originate in Russia and Serbia. It can also be concluded that the business entities owned by natural persons and legal entities originating in the People's Republic of China and Italy, on the territory of Montenegro, are mostly oriented towards activities within the sector G Wholesale and retail trade; repair of motor vehicles and. It is also evident that apart from business entities whose owners are from Russia and Serbia and business entities owned by legal entities and natural persons from Bosnia and Herzegovina, they are very much represented in the sector F Construction.

Graph 5. Foreign-owned business entities monitored by municipalities and country of origin of the owners



Observing Graph no. 5. which represents the participation of foreign-owned business entities observed by the municipalities and the country of origin of the owners in 2017 to that year. we note that business entities that are owned by natural and legal persons from Russia most in the coastal cities of Montenegro (Bar. Budva. Herceg Novi . Kotor and Tivat.. Also. it is noted that business entities owned by natural persons and legal entities from Italy and Serbia. mostly in the territory of Podgorica.

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).

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.

The data sources used for this analysis are:

- external sources (administrative source - Central Registry of Business Entities - Tax Administration)
- internal source- Statistical Business Register used exclusively for statistical purposes.

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.

Published by Statistical Office of Montenegro (MONSTAT)
81000 Podgorica, IV Proleterske 2, phone (+382) 20 230-811, fax (+382) 20 230-814

Release prepared by:

Marijana POPOVIĆ-RONCEVIC, MSc.

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

contact@monstat.org