

## Introduction

Montenegro is a country located in Southeastern Europe. It has a coast on the Adriatic Sea and is bordered by Croatia, Bosnia and Herzegovina, Serbia, Kosovo, and Albania. The geography of Montenegro is varied from mountain ranges along Serbia and Albania to a narrow Adriatic coastal plain. The government system is a parliamentary republic; the chief of state is the president, and the head of government is the prime minister. Montenegro has a service-based market economy in which the prices of goods and services are determined in a free price system. Montenegro is a member of the Central European Free Trade Agreement (CEFTA).



**Location:** Southern Europe

**Capital City:** Podgorica (+1 GMT)

**Chief of State:** President Jakov Milatovic

**Head of Govt.:** Prime Minister Milojko Spajic

**Currency:** Euro (EUR)

**Major Languages:** <p>Serbian 42.9%, Montenegrin (official) 37%, Bosnian 5.3%, Albanian 5.3%, Serbo-Croat 2%, other 3.5%, unspecified 4%</p>

**Primary Religions:** <p>Orthodox 72.1%, Muslim 19.1%, Catholic 3.4%, atheist 1.2%, other 1.5%, unspecified 2.6%</p>

**Calling Code:** 382

**Voltage:** 220

## Key Websites

Main Government Page: [gov.me](http://gov.me)

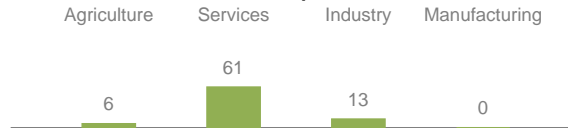
Commerce Ministry: [gov.me](http://gov.me)

Investment Promotion Agency: [mipa.co.me](http://mipa.co.me)

## Key Economic Facts

Income Level (by per capita GNI):	Upper Middle Income
Level of Development:	In Transition
GDP, PPP (current international \$):	\$16.63 billion (2022)
GDP growth (annual %):	6.09% (2022)
GDP per capita, PPP (current international \$):	\$26,984.07 (2022)
External debt stocks, total (DOD, current US\$):	\$10,552,323,759.10 (2021)
Manufacturing, value added (% of GDP):	3.85% (2021)
Current account balance (BoP, current US\$):	-\$0.83 billion (2022)
Inflation, consumer prices (annual %):	13.04% (2022)
Labor force, total:	285,554 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	15.40% (2022)
Imports of goods and services (current US\$):	\$4.63 billion (2022)
Exports of goods and services (current US\$):	\$3.21 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	63 / 178
Global Competitiveness Index	73 / 141
Global Enabling Trade Index	62 / 136
Index of Economic Freedom	77 / 176
International Logistics Performance Index (LPI)	77 / 160
KOF Index of Globalization	63 / 185
Networked Readiness Index (NRI)	51 / 139

## Risk Assessment (Provided by Coface)

**Country rating: C** - A very uncertain political and economic outlook and a business environment with many troublesome weaknesses can have a significant impact on corporate payment behavior. Corporate default probability is high.

**Business Climate rating: A4** - The business environment is acceptable. Corporate financial information is sometimes neither readily available nor sufficiently reliable. Debt collection is not always efficient and the institutional framework has shortcomings. Intercompany transactions may thus run into appreciable difficulties in the acceptable but occasionally unstable environments rated A4.

### Strengths

- Tourism (sea, mountains) and hydroelectric potential
- Use of the euro facilitates trade and contributes to relative financial stability
- International support, notably from the European Union (EU) and the International Monetary Fund (IMF)
- Association and Stabilization Agreement with the EU and accession negotiations since 2012
- Member of the regional common market launched in late 2020 comprising the six Western Balkan countries seeking EU membership and aiming to eliminate trade barriers between countries by 2024 and coordinate investment policies
- Member of NATO since 2017

### Weaknesses

- Small market and unfavourable demographics (38% of the population lives abroad)
- Under-diversified economy and heavy reliance on tourism (22% of GDP, including direct and indirect activities), resulting in a huge trade deficit
- Electricity generation (50%) largely based on subsidised coal, underdeveloped hydroelectric sector (about 20% of potential used).
- Unilateral adoption of the euro precludes European Central Bank (ECB) support and monetary policy independence
- Significant poverty (25% of the population in 2018) against a backdrop of high unemployment (25% in 2022), low levels of education and a large informal

economy (25% of the working population)

- Poor governance: corruption, weak media independence and organised crime; politicised court system impedes contract enforcement and the treatment of insolvency
- Despite investment, road and electricity networks are poor, hindering regional connectivity

## **U.S. Embassy**

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U.S. Embassy Podgorica  
Dzona Dzeksona 2  
81000 Podgorica Montenegro  
Phone: +382 (0)20 410 500

<https://me.usembassy.gov>