



GUIDELINES

TRANSPORT AND LOGISTICS SECTOR IN MONTENEGRO

2025



Montenegrin
Investment
Agency

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INTRODUCTION

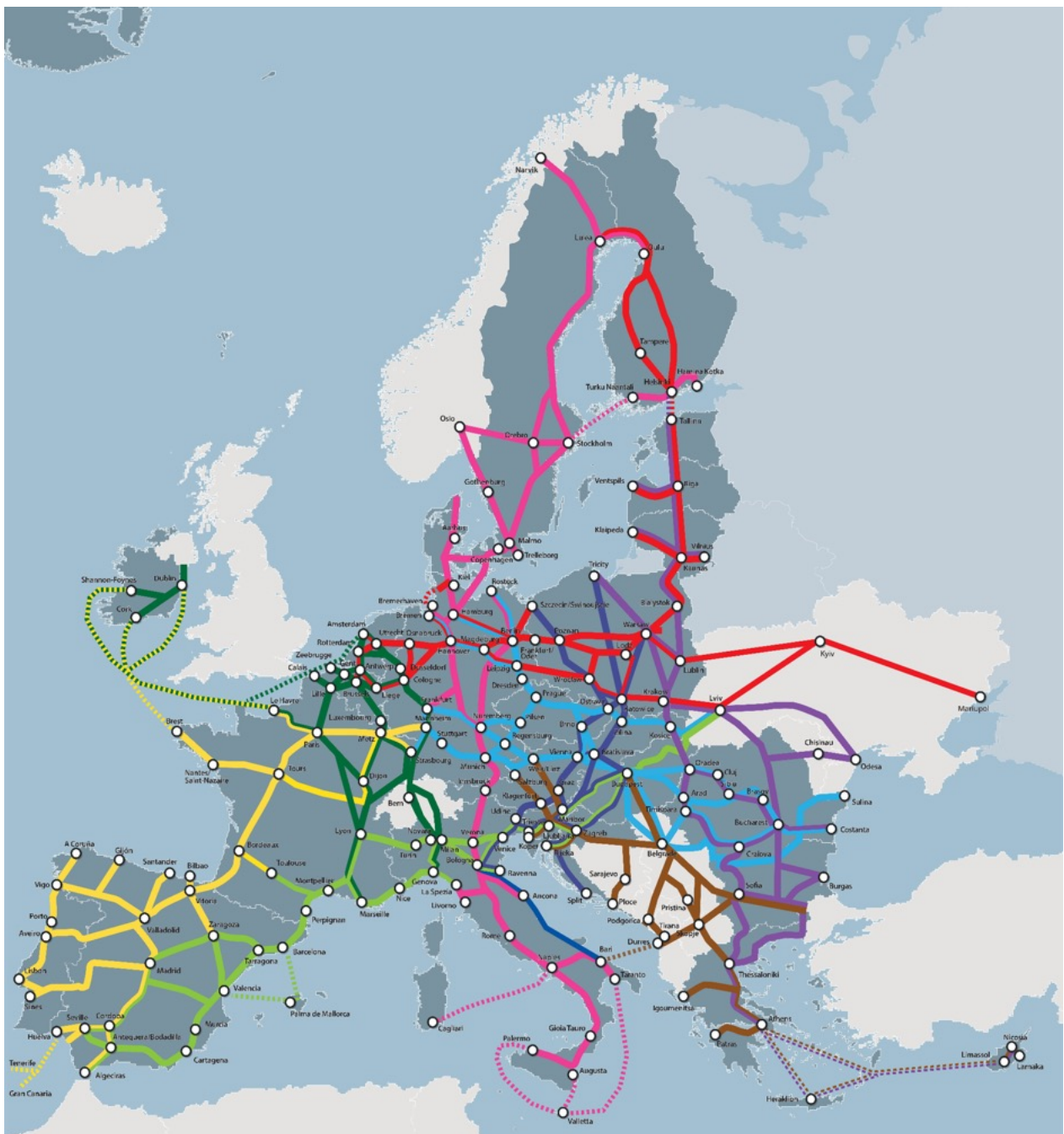
The importance of transport and logistics has been elevated enormously in the globalized economy as it represents the backbone of highly complex and globally extended supply chains, which require the efficient, cost-effective and reliable flow of goods and information. The Montenegrin transport and logistic sector contributes significantly to the Montenegrin economy. The value added and jobs generated by the sector are significant. Moreover, the sector functions as a key enabler in the effective and efficient functioning of other services and economic activities.

Montenegro is strategically positioned as part of the European transport network, connecting the Western Balkans with Central and Eastern Europe. The country's road infrastructure plays a crucial role in facilitating trade and mobility. The Trans-European Transport Network (TEN-T) recognizes Montenegro's road corridors as essential links, ensuring integration with European trade routes. The most significant investment in road infrastructure is the Bar-Boljare Highway, part of the larger Adriatic-Ionian corridor, which aims to enhance regional connectivity and trade.

The Montenegrin transport and logistics system is composed of road, rail, sea and air transport. Of all types of transport, the most investment is in road transport, which includes urban transport, highways and regular roads. The sector with the highest growth potential is railway transport, which has a large infrastructure potential especially because it is connected to the Port Bar. Montenegro is most connected by road and rail to Serbia, which is also its largest trading partner. Montenegro has five border crossings with Serbia (Vuča-Godovo, Dračnovac-Špiljani, Dobrakovo-Gostun, Ranče-Jabuka, Čemerno), eight with BiH (Metaljka, Šula-Vitine, Šćepan polje-Hum, Krstac, Vračenovići-Deleuša, Ilino brdo-Klobuk, Nudo-Arandelovo, Sitnica-Zupci), four with Albania (Sukobin-Murićani, Božaj-Hani Hoti, Cijevna zarijebačka-Gradom, Grnčar-Baškim), one with Kosovo (Kula-Kulina) and two with Croatia (Debeli brijeg - Kasarovići, Kobila-Vitaljina). It should also be noted that Montenegro has eight maritime border crossings.

Montenegro's transport and logistics sector is set for significant transformation with continued investments in infrastructure and digitalization. With the government's commitment to EU inte-

gration, regional cooperation, and sustainable transport initiatives, investment opportunities will continue to grow. As a candidate country for EU membership, Montenegro is aligning its transport policies and infrastructure with European standards, further enhancing its connectivity within the European market. As a next EU member country Montenegro transport and logistic sector offers substantial investment opportunities with legal framework which allows investors to leverage PPPs and EU funding instruments. While challenges remain, Montenegro will be positioned as a regional logistics hub within the broader European transport network.



Road transport

Montenegro is strategically positioned as part of the European transport network, connecting the Western Balkans with Central and Eastern Europe. The country's road infrastructure plays a crucial role in facilitating trade and mobility. The Trans-European Transport Network (TEN-T) recognizes Montenegro's road corridors as essential links, ensuring integration with European trade routes. The most significant investment in road infrastructure is the Bar-Boljare Highway, part of the larger Adriatic-Ionian corridor, which aims to enhance regional connectivity and trade.

Montenegro's road network consists of approximately 7,000 km, including highways, main roads, and local roads. The country's road transport is vital for passenger mobility and freight movement, with over 70% of domestic goods transport relying on road connections. The E65/E80 corridors pass through Montenegro, serving as essential links between Central Europe and the Adriatic coast, fostering regional trade and tourism.

In recent years, Montenegro has undertaken significant investments in road infrastructure, with major projects including:

- The construction of the Smokovac-Mateševac section of the Bar-Boljare Highway, completed in 2022, which enhances connectivity between the northern and central regions.
- Construction of the boulevard Jaz-Tivat which will play a pivotal role for tourism and local commerce.
- Rehabilitation of key national roads such as the Berane-Ribarevine and completion of the road Jezzerine-Lubnice and tunnel Klisura which are important for northern region connectivity.
- Montenegro's road transport is also essential for cross-border trade, with significant investments directed towards major checkpoints including:
 - Božaj (Montenegro-Albania border), a critical route for trade and tourism between the two countries.
 - Debeli Brijeg (Montenegro-Croatia border), linking Montenegro with the EU market.
 - Dobrakovo (Montenegro-Serbia border), serving as a major transit route for goods transported to and from Central Europe.

Key investment opportunities in the road transport sector

Investments in Montenegro's road transport and logistics sector are driven by infrastructure development, modernization projects, and the need for improved supply chain efficiency. The following page presents list of projects in different maturity stages which could be viable investment opportunity in the upcoming period.

Project	Estimated value	Description
Bar-Boljare Highway, Mateševica-Andrijevica section (22 kilometers)	530.000.000 €	The project is priority for Montenegro, and it is funded partially from state budget, EU grant and credit.
Bar-Boljare Highway, Podgorica bypass, section Smokovac - Tološi - Farmaci	317.500.000 €	A public tender has been announced for the development of a conceptual design for the section.
Bar-Boljare Highway, section Djurmani - Farmaci	430.463.381 €	A public tender has been announced for the development of a conceptual design for the section.
Bar-Boljare Highway, section Andrijevica - Boljare	804.871.811 €	A public tender has been announced for the development of a conceptual design for the section.
Reconstruction of the main road Šćepan Polje - Pluzine (border crossing with Bosnia and Herzegovina)	156.000.000 €	Expropriation process is underway and the project will start as soon as the expropriation process is completed.
Coastal variant of the Adriatic-Ionian Highway - expressway along the Montenegrin coast	1.176.613.000 €	A public tender has been announced for the development of a conceptual design for the Adriatic-Ionian Highway. The total length will be 42 kilometers. This project includes 7 individual projects with average investment value 168.087.571 €.
Western bypass around Podgorica	24.480.000 €	Expropriation process is underway and the project is prepared to public tender.
Rožaje bypass II phase	33.640.000 €	Project is prepared and ready for tender.

Construction companies and service providers related to road construction, maintenance, signaling and marking have at their disposal a regular annual budget that serves for the maintenance of local and highway roads and a capital budget that grows from year to year, so they can win some of the jobs through the tender process. Capital budget for Montenegro for 2025 is 280 million euros and it is an investment opportunity for companies operating in above mentioned sectors.

Rail transport



Rail transport plays a crucial role in ensuring Montenegro's seamless integration into the European freight network. The Bar-Belgrade railway serves as the main corridor for cargo transport, enabling efficient movement of goods between Montenegro and Serbia, and further into Central Europe. Rail transport offers several advantages over road transport, including lower costs for bulk shipments, reduced traffic congestion, and decreased environmental impact due to lower carbon emissions. With total length of 327 km of railroads Montenegro cargo transport offers investors good connection with Port of Bar and further with Serbia and Central Europe. The Nikšić – Podgorica railway is 56.6 km long and it is used mainly for passengers and cargo transport (bauxite).

The railway was thoroughly reconstructed and electrified in 2006–2012 period, with passenger service reintroduced. Operating speeds on this railway are now in 75–100 km/h (47–62 mph) range. In addition even if it's not operational at the moment, Podgorica-Shkoder railway which extends to Tirana was used for freight transport. There are plans to reconstruct the railway and introduce passenger traffic.

Montenegro's railway system is managed by several key operators:

- **Željeznički prevoz Crne Gore (ŽPCG)** – Responsible for passenger transport.
- **Željeznička infrastruktura Crne Gore (ŽICG)** – Maintains railway infrastructure and oversees track operations.
- **Montecargo** – The primary cargo transport operator, handling freight movement across Montenegro and into Serbia.
- **Održavanje željezničkih voznih sredstava (OŽVS)** – vehicle maintenance company

Key investment opportunities in the rail transport sector

Currently, the primary focus in Montenegro is on restructuring and modernization of the railway sector. Thus, main investment opportunities are lie within the reconstruction of the rail tracks and purchase of new trains. It is expected that by the end of 2029. whole rail system will be reconstructed and renewed which considers significant investments.

Project	Estimated value	Description
Reconstruction and modernization of the railway line Bar - Vrbnica - border with the Republic of Serbia (track rehabilitation, slope rehabilitation, landslide rehabilitation)	469.250.000 €	The main aim of the project is to enhance speed and efficiency and ultimately improve cargo and passenger operations.
Railway construction from Nikšić to border with Bosnia and Hercegovina – Trebinje - Čapljina	179.597.190 €	Project has completed planning documentation while expropriation is ongoing.
Modernization of railway from Podgorica - Tuzi	70.000.000 €	The project is in the pipeline and under preparation.
Purchase of three new trains	30.000.000 €	The budget for purchase is assured and it is expected that procedure will start by the end of Q2 2025.

Maritime transport

The Montenegrin coast stretches approximately 294 kilometers and is divided into six municipalities, with Bar, Tivat, and Kotor being the most significant for Montenegro’s economy. Kotor is home to the country’s only cruise port, while Bar hosts the only cargo port in Montenegro. The remaining coastal areas consist of smaller docks for boats and yachts.

Montenegro owns four cargo ships, which are state operated, as well as a small number of military vessels. The Port of Bar features terminals for grain (30,000 tons), general cargo, Ro-Ro units, liquid cargo, and passenger ships. Port of Adria operates a container terminal (330 meters of quay, with a capacity of 2,500 TEU) and a timber terminal. Meanwhile, the Port of Kotor is primarily focused on cruise tourism.

Regarding passenger and vehicle transport, in 2024, ferry routes were established between Bar

and Bari, as well as Budva–Dubrovnik–Budva and Kotor–Dubrovnik–Kotor. The Bay of Kotor features the Kamenari–Lepetane ferry line, which significantly shortens travel.

The ferry Dalmacija, the largest vessel in Croatia's Jadrolinija fleet, will operate on the Bar–Bari route from July 1 to August 27 in 2025, with an eight-hour journey between the ports, according to the Montenegrin government. Jadrolinija will run the route once a week, transporting passengers, cars, and trucks, with the possibility of extending service into September. The ferry will depart from Bar for Bari on Tuesdays at 11 AM and return from Bari to Bar on Wednesdays at 7 PM. Dalmacija has a capacity of 800 passengers and 280 vehicles, with a maximum speed of 30 km/h.

The Budva–Dubrovnik ferry service proved successful summer 2024 and will resume in 2025. Operated by Adriatic Lines, the service ran from late June to September and will restart at the beginning of summer 2025. This route has a crucial role in boosting tourism, easing road congestion, and improving transport infrastructure. Budva, Montenegro's largest Adriatic resort, remains a major tourist destination. Ferry line Kotor–Dubrovnik–Kotor will be established from Jun 2 to September 30.

Key investment opportunities in the maritime transport sector

Montenegro's maritime sector plays a crucial role in the country's economy, trade, and tourism. With its strategic location on the Adriatic coast, well-developed port infrastructure, and growing maritime industry, Montenegro offers significant opportunities for investment. Below we list some of the potential investments which are under plan for 2025 and onwards.

Project	Estimated value	Description
Seabed deepening in Port of Bar	15.000.000 €	The project is ready for tendering procedure and realization.
Infrastructure improvement in Port of Bar	36.015.341 €	Project has completed planning documentation while expropriation is ongoing.
Traffic information system for management and response to maritime pollution incidents (VTMIS), phase II	3.058.926 €	The project is ready for tendering procedure and realization.
Ro-Ro ferry line Bar – Bari	/	The project is opened for foreign investors and they can participate in establishment of the line through partnership with Government or through private investment.
Budva – Dubrovnik ferry service	/	The project is opened for foreign investors and they can participate in establishment of the line through partnership with Government or through private investment.

Favorable business environment, competitive tax rates, simplified regulatory framework, tourism growth which makes it suitable for maritime related services, EU accession perspectives which makes it attractive to long term investments and natural beauty which could be leveraged development of eco-friendly solutions and sustainable maritime project, makes Montenegro investment attractive destination. Thus, investment opportunities are much larger than just those presented in above table, and potential investors could focus on several high growing maritime sectors which are presented below.

Development of marinas and nautical tourism

With development of Porto Montenegro as a luxury port and marina, Montenegro was positioned as a destination suitable for high end investments in development of marinas and nautical tourism.

As a clear benefit for the investors, the Ministry of finance adopted new rule-book by which owners of yachts and other vessels are exempt from paying excise duty on fuel, which is measure to incentivize development of nautical tourism.

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Sustainable Aquaculture and Fisheries

Montenegro's clean waters offer ideal conditions for aquaculture, particularly for high-value species like sea bass and sea bream. As per the current plans, the Ministry of Agriculture supported the construction of fishing port in Ulcinj which could pave path for investment in this area.

In addition, investors are at disposal EU and state funds for development of primary and fish processing units with grant support of up to 60% of the investment amount (IPARD programme).

Marine renewable energy

With its abundant sunlight and wind resources, Montenegro has significant potential for marine renewable energy projects, such as offshore wind farms and solar-powered desalination plants. These initiatives can contribute to energy independence and environmental sustainability. The current legal framework allows investment in floating solar farms which is as an option at disposal to all investors.

Air transport

Air transport plays a crucial role in Montenegro's economy, particularly in supporting tourism, trade, and overall connectivity. Due to its mountainous terrain and limited road and rail infrastructure, air travel remains the fastest and most efficient means of connecting Montenegro with major European and global destinations.

Montenegro has four airports, two of which are international: **Podgorica Airport** and **Tivat Airport**. The airports in Nikšić and Berane are currently inactive, but future investments are expected. Other airfields are small, grass-covered, and mainly used for military exercises or pilot training.

In 2019 Government of Montenegro published pre-qualification tender for awarding concessions for airports which received seven applications, four bidders qualified, one of whom withdrew. At that time process was stopped due to Coronavirus pandemics and till this day process didn't finish. Whole process is led by the Government with assistance of International Finance Corporation (IFC) – World Bank Group. It is expected that the Government will continue negotiation process with three remaining bidders.

There are also several sports airports:

- **Berane** (1,900 m asphalt runway, not registered for civil aviation)
- **Nikšić** (Kapino Polje) (1,450 m runway, also used by the Montenegrin Army)
- **Ulcinj** (760 m grass runway)
- **Žabljak** (currently just a designated location)
- **Špiro Mugoša** (multi-purpose, used for sports flights and pilot training)

Heliports include Splendid (LYBS) and Porto Montenegro (LYTP), designated for non-commercial helicopter flights.

Air Montenegro is a new airline that succeeded **Montenegro Airlines** and operates three passenger aircraft. The country also owns ten operational helicopters, primarily for military and firefighting purposes.

Key investment opportunities in the air transport sector

To meet rising demand for passengers and cargo transport Montenegro plans investments in air infrastructure and operation (through different modalities). Below table presents projects that are planned by the Government of Montenegro, to be realized through Public Private partnership arrangement.

Project	Estimated value	Description
Development of Podgorica airport	94.842.387 €	The project is prepared and solving legal issues is under way.
Development of Tivat airport	72.100.000 €	The preparation of technical documentation is underway, once prepared it will be ready for tender procedure.
Development and operation of Berane Airport	/	The feasibility study for PPP project is under development. Once the study is developed the public call for procurement of services will be published.

As a country with several runways already constructed it is suitable for investments in development of cargo terminals, aircraft recycling facilities and air taxi business.

Development of cargo terminals

Currently, air cargo operations in the country are limited, with most goods transported via road and sea. However, several factors indicate strong opportunities for expanding air freight capacity.

Aircraft recycling facilities

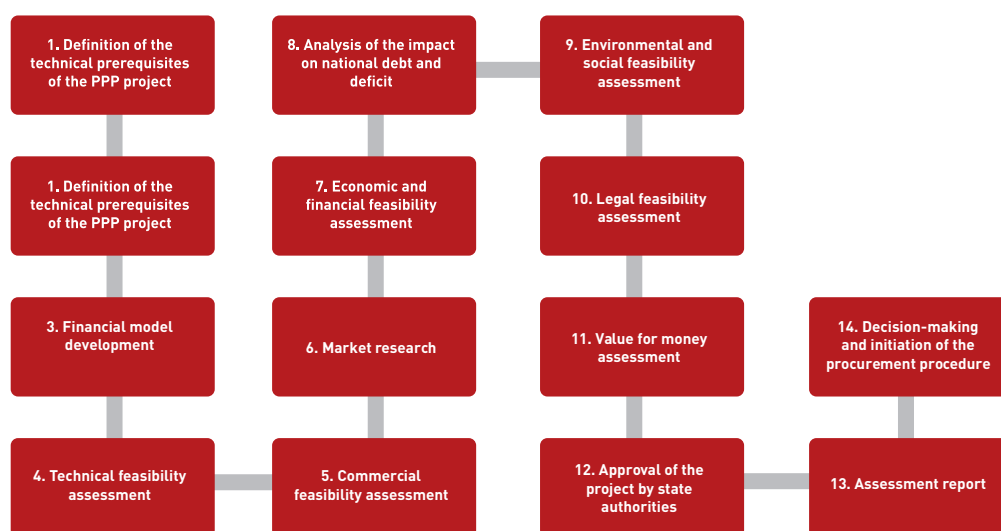
Aircraft recycling facilities business is a growing business and Montenegro is recording growing number of companies expressing interest to establish facilities in Montenegro. Airports on Kapino polje and/or Berane could be used for such facilities.

Air taxi business

Montenegro presents a strong potential for the development of an air taxi business, driven by its growing luxury tourism sector, geographical characteristics, and increasing demand for fast and flexible transportation options. Investment in small aircraft, heliports, and digital booking platforms could establish Montenegro as a premier private aviation destination in the Balkans.

PUBLIC PRIVATE PARTNERSHIP (PPP) INVESTMENT PROJECTS PROCEDURE

The legal framework for realization of PPP projects is aligned with EU best practices and it is at disposal to all domestic and foreign investors. This modality is the best fit when it comes to projects in air and maritime transport. The most important stage when considering PPP is a preparatory stage which mainly consists out of 14 steps, as follows:



It is important to note that procedure as per the Law on PPP could be initiated by the private partner for the specific project and it could be led by private partner, except when it comes to procurement which is job done by the state.

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