
HIGHWAY DEAL WITH CHINESE AROUSES SUSPICIONS IN MONTENEGRO

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Opposition parties and anti-corruption watchdogs in Montenegro have accused the government of favouring a Chinese company in a billion-euro contract to construct a highway from Montenegro to Serbia.

Criticism followed after the government signed a memorandum of understanding with China Communication Construction Company, CRBC, which is already engaged in Montenegro in a deal worth 809 million euros to construct the first 45 kilometers of the highway.

The same company is now interested in finishing the other two sections, to Boljari, on the border with Serbia, worth 1.5 billion euros, which would be funded with loans from China's Exim Bank.

Dejan Milovac, from the anti-corruption watchdog MANS, said that the memorandum openly favoured the Chinese company.

After the signing on March 23 caused criticism, the government called on other investors to express their interest" in the highway project, but Milovac dismisses this as only a show.

"The government is already setting up a working group with CRBC, and then, by the way, inviting other companies to 'show interest' in a partnership with the government," he told BIRN.

A conclusion can be drawn not only that CRBC is in a favourable position, but also suspicions that the deal was agreed in semi-official talks with the highest representatives of the government," he added.

Opposition MP Nebojsa Medojevic, one of the leaders of the strongest opposition alliance, the Democratic Front, said the government had pushed the deal with the Chinese company although it was an unprofitable project. "This will lead the country into bankruptcy," he said.

Construction of the highway, which started in 2015 and would link the capital, Podgorica, with the underdeveloped north, has already burdened the state budget, raising public debt to 83 per cent of GDP.

Opposition parties and some civil sector groups opposed the project and the loan from the China's Exim bank, signed in late 2015, saying it was too expensive and would jeopardise macro-economic stability.

The European Commission and the IMF have also expressed concern that the cost of the highway will impose a heavy burden on the budget.

In 2016, the IMF said Montenegro's national debt could spiral upwards because it took out such a big loan.

The government defends the latest decision, however, saying the highway will create better connections to Serbia and boost economic ties between the two countries.

On March 27, the Serbian government announced similar plans to expand cooperation with China's CRBC company.

Deputy Prime Minister Zorana Mihajlovic said Belgrade was set to sign a cooperation memorandum with the same company engaged in Montenegro.

She said that the possible deal would include construction of the highway from the Serbian town of Pozega to Boljare, on the border with Montenegro.

"Everything that CRBC is doing in Serbia accords with the contract and is of high quality, respecting deadlines and standards," a press release quoted Mihajlovic as saying.

<http://www.balkaninsight.com/en/article/montenegro-mulls-new-highway-deal-with-chinese-companies-03-30-2018>

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