

**Question for written answer E-003724/2021
to the Commission**

Rule 138

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Subject: Chinese loan and financial stability in Montenegro

Montenegro has concluded¹ an EUR 800 million loan agreement with a Chinese banking institution (Export-Import Bank Of China)² for a motorway construction project in which two Chinese contractors are involved.

As a result, Montenegro's public debt could increase from 65.9% to 80% of gross domestic product. The loan would involve collateral on Montenegrin land³, a situation which led the country's Prime Minister to seek EU assistance⁴.

The project has come in for criticism not only in terms of when it will be completed (according to an article in *EU Reporter* on 13 May 2021, the first section was due to be finished in 2020 but has not yet been completed), but also for its environmental impact, in particular on the Tara river⁵.

1. What impact will Montenegro's indebtedness have on the ongoing EU accession negotiations?
2. According to the *EU Reporter* article, some EUR 400 million from the huge Chinese loan was given to subcontractors, some of whom are linked to President Milo Đukanović. Does the Commission intend to seek clarification from the competent Montenegrin authorities about these allegations?

¹ 'In 2014, the Government of Montenegro selected two Chinese companies to construct a 41 km-long section of the country's highway system'; <https://www.cia.gov/the-world-factbook/countries/montenegro/#economy>

² 'Montenegro's growing debt, which currently sits at 65.9% of GDP, with a forecast, absent fiscal consolidation, to increase to 80% once the repayment of a €800 million highway loan begins in 2019'; <https://www.cia.gov/the-world-factbook/countries/montenegro/#economy>

³ 'If Montenegro were to default, the terms of its contract for the loans even give China the right to access Montenegrin land as collateral'; <https://www.ft.com/content/d3d56d20-5a8d-11e9-9dde-7aedca0a081a>

⁴ <https://www.reuters.com/article/us-montenegro-china-debt-eu-idUSKBN2BZ22Q>

⁵ <https://www.eureporter.co/world/montenegro/2021/05/13/the-billion-dollar-disaster-chinas-influence-in-montenegro/>