

Montenegrin Government announced it would deal with resolving property-legal aspects of the bankruptcy of the company "Bajo Sekulić"

It is not possible to start production this year in the Ulcinj Salina

The annual average import of salt since 2013 is worth over one million euros. Record imports were made in 2019, when 1,3112 euros worth of salt was imported

The "Bajo Sekulić" salina in Ulcinj will not produce salt this year either, which means the Montenegrin market will import more than one million euros of salt, which was the case each of the previous five years. Starting production would have multiple benefits. It would preserve the ecosystem that is collapsing along with the collapse of the factory and its infrastructure, particularly disrupting the previously rich diversity of birds that visit the site. The local government would also benefit from the re-production of the salt: it would create new jobs and reduce the import of salt. In addition to the production capacities of Salina, the most ambitious long-term scenario would include exports in the form of new products such as "flower of salt".



Foto: Peda Perović

According to Monstat data, Montenegro imported salt worth an average of 1,084,011 euros annually in 2013 (the last salt harvest) until 2019. This is

significantly less than the average recorded from 2005 to 2013, when it was 640,000 euros.

Representatives of the new Montenegrin government visited the area of Salina in the first month of their mandate, showcasing how important the area is for the executive branch.

However, there is not enough time to start with salt production during this summer. This assessment is confirmed by local experts who say that in order to start production, it is necessary to prepare the terrain, which would take more than nine months.

Studies to date have shown that the Salina's annual economic value is over five million euros.

Salina "Bajo Sekulić" Ulcinj is one of the oldest companies in Montenegro, which covers an area of 14.5 square kilometers. In terms of its area, it is among the ten largest in the Mediterranean. The oldest salt pans were built from 1926 to 1934 while the Salina was designed to produce 30,000 tons of salt. About 250 species of birds were recorded in Ulcinj salina, which is about half of the regularly occurring birds in the EU. Among them are 60 numerous and/or frequent species and 69 species that are rare and/or infrequent but still important for the area. The Greater flamingo is a typical flagship species, which should receive the greatest conservation attention. Regular and numerous breeders are Black-winged stilt, Stone curlew, Collared pratincole, Kentish plover, Little tern and Common tern.



Foto: Peđa Perović

Studies show that due to inadequate water regime management, biodiversity has deteriorated. According to a study conducted by Center for Protection and Research of Birds, out of previously 55 nesting species present, 52 were registered during 2017. It is evident that there is a decline of specific species using this area for food and rest during spring, autumn, winter and migration.

The same study, “Analysis of Legal and Institutional Challenges in the EU Integration Process and the Closure of Chapter 27” highlighted the reduced attendance of flamingos in recent years.

According to a case study conducted by NGO MANS, the closure of the factory and the failure to maintain the deteriorating infrastructure led to the impossibility of adequate water management, which has a negative impact on the ecosystem, resulting in a lack of food for birds.

The Ministry of Ecology of the Montenegrin Government believes that the resumption of Salina's work and its sustainable valorization would bring benefits to Montenegro, especially to the municipality of Ulcinj and its citizens.

However, the local Ulcinj Government, according to the Ministry of Ecology, has already missed the deadlines to establish a company for management of the Salina, which was a result of the decision to declare the Salina a protected natural area.

The Salina was declared a protected area at the national level on June 2019, while the municipality of Ulcinj was supposed to establish a company for its management by July 1, 2020, which did not happen, according to the Ministry of Ecology.

The start of salt production is currently mostly hampered by unresolved property and legal issues in the area of Salina, and it is necessary to resolve this problem as soon as possible.

“Unfortunately, it is impossible to prepare all the necessary activities and complete the process by the beginning of the summer season,” reads the statement from the Montenegrin Government, which promises to deal with property relations in Salina.

The "Bajo Sekulić" Salina was privatized in 2003, in 2005 the company went bankrupt, and salt production stopped in 2013.

The plan of the new owners to build a tourist complex in the area of the salina was halted by NGO activists supported by the then ambassador of the Republic of Germany Gudrun Steinacker, who managed to put the issue of the salina among the priority issues in Montenegro's EU accession talks.

Having been declared a protected area, the Salina was included in the Ramsar list the same year.

THREE MODELS FOR SALINA DEVELOPMENT

This research shows it is necessary to take more steps to restore production in the Salina.

In anticipation of the proclamation of the Ulcinj Salina as a protected natural area, a comprehensive "Study of the Protection of the Ulcinj Salina" was conducted by European experts, in which all issues of importance for this site were addressed.

The Study prepared an initial analysis of the required investments and running costs of maintaining the area for two options, one of which has three scenarios that include that the Solana is also maintained as a protected area.

Option 1: Re-revitalization of salt production with 3 sub-scenarios developed:

Scenario 1.1: The basic product is salt for roads in the volume of production as before 2013 (17,000 tons). The estimated initial investment is seven million euros, with annual management costs of 1.15 million euros. The required number of employees for salt production is 46, the number of employees for the management of the protected area is nine, while it is envisaged that it is necessary to hire 168 seasonal workers. This makes a total of 223 people to be hired in case of choosing this option.

The study estimated that this option is not profitable, as the prices of the salt of this type are extremely low on the market, demand for this salt is fluctuating (milder winters due to climate change) and high quantities of salt needed to be produced and sold. The costs of initial investments are also very high.

Scenario 1.2: Upgrading of the production process with refinery for production of edible salt, for an annual production of 25,000 tons of edible salt. This quantity goes beyond the capacity of the salina in the last 10 years of operation. The estimated initial investment is 10.5 million euros, with annual management costs of 1.35 million euros. The required number of employees for salt production is 61, the number of employees for the management of the protected area is nine, while it is envisaged that it is necessary to hire 168 seasonal workers. This makes a total of 238 people to be hired in case of choosing this option.

The study estimated a profit of up to 150,000 euros, and that in the foreseeable future the projected profit from the visit could reach 175,000 to 350,000 euros a year. With this option, the issue of the possibility of selling a large amount of edible salt on a saturated market is particularly emphasized.

Scenario 1.3: Production of smaller amounts of salt in a limited area, with a focus on a new salt product, the so-called "salt flower" (although the remaining part of the area will have to be restored in order to meet the requirements of biodiversity conservation through the regulation of the water regime). The estimated initial investment is four million euros, with an annual management cost of 500,000 euros. The number of required employees is 21, while the number of employees for the management of the protected area is nine, and it is planned that 30 seasonal workers should be hired. This makes a total of 60 people to be hired in case of choosing this option.

The study estimated a profit of up to 70,000 euros, and that in the foreseeable future the projected profit from the visit could reach 175,000 to 350,000 euros a year. The visitor system could include special souvenirs and salt factory products, with a special "salt flower" offering that could be sold on the European market, while the number of visitors to the area would gradually increase.

Option 2: The area will be managed as a protected area where salt will be produced in a strictly limited area for promotional and educational purposes only.

The estimated initial investment is three million euros, with an annual management cost of 600,000 euros. The number of employees for salt production is 16, the number of employees for the management of the protected area is 11, while it is envisaged that it is necessary to hire 20 seasonal workers. This makes a total of 47 people to be hired in case of choosing this option.

The study estimated a profit of up to 70,000 euros, and that in the foreseeable future, the projected profit from the visit could reach 175,000 to 350,000 euros a year.

IMPORT

According to Monstat data, from 2005 to 2019, the imported salt had a value of 12.707,106 euros. This would mean that the annual average of salt import is 847,140 euros. The data show that salt imports are increasing from year to year. The smallest was in 2005 - worth 364,436 euros, and the largest in 2019 – 1.311,581 euros.

From the last salt harvest in 2013 until 2019, salt was imported in the amount of 7.588,082 euros, or an average of 1,084,011 euros per year.

From 2015 to 2019, the value of annual salt imports exceeds one million euros.

FROM WORKER'S PERSPECTIVE

According to former head of the general, financial and commercial sector in Ulcinj's Salina "Bajo Sekulic", Sasa Mitrovic, it would take more than 1.5 million euros, in the first year, to return the Solana's land to the condition before 2013 and enable production.



Photo: Peda Perović

Initial costs, according to Mitrovic, include the purchase of a pair of machines (excavators) that are necessary for field work and for later costs to cover labor and material (boards).

A study conducted by former Salina employees three years ago projected initial costs at 1.3 million euros and a time period of six to nine months. Mitrović estimates that today, at least 30 percent more money and additional months would be necessary because the fields are even more devastated.

Mitrović claims that the main activity for the 1-2 years would be the reparation of the terrain, because, as he explains, out of several lakes in which sea water travelled, one lake was reluctantly made, etc. Mitrović says over the next 6-9 months it would be necessary to hire 8 pumps and a permanent staff of 5 watermen and 3-4 managers, as well as ~30 seasonal workers under the constant presence of one or more of our experienced technologists and a couple of managers.

With such a staff, he believes that work could be organized in two shifts when weather conditions allow.

Speaking about the importance of Solana for Ulcinj, he points out that in the past it was the pride not only of that city but of the whole of Montenegro.

“Solana was the brand of this city, at the entrance to the city of Ulcinj there was a board with the text WELCOME TO THE CITY OF SALT. Generations of our fellow citizens were educated with the help of Salina”.

-Sasa Mitrović,

former head of the general, financial and commercial sector in Ulcinj's Salina Bajo Sekulic

According to him, in the early 90's, 450 people were employed, which means that Salina fed the same number of families. He also emphasized the importance of Salina as a large habitat for birds and that this type of tourism in the world is in full swing. Additionally, he highlighted that the medicinal mud from Salina can be used for medical and wellness purposes.

Janjušević: We pay costly Himalayan salt while our Salina is falling apart

The executive director of the Center for the Study of Birds, Jovana Janjušević, points out that the return of salt production would not only help birds, but also disenfranchised workers, the local economy, and national pride.

“The irony is that today we pay costly for Himalayan salt or any other salt on the market while our saltworks is practically falling apart, and soon it is being torn to the last screw, stripped and exposed like a battlefield.”

-Jovana Janjušević,

Executive Director of the Center for the Study of Birds



Photo: Peda Perović

She claims a model of a similar habitat type as the Ulcinj salina should be an example to move forward. According to her, this is an example of the Nin salina in Croatia, and especially the Skocijanski zatok in Slovenia, which has no production, but, as she claims, is sustainable with the help of EU projects and a quality team of people.

Regardless of the current situation, which does not inspire much optimism, she hopes that the professional staff for managing Salina will be provided. Janjušević explains, “We expect the future manager to be hired soon by the German Embassy, which offered help in finding quality staff for this position because Salina is currently in such a state that we must not play with political staff who might have the will but not the necessary knowledge. and experience pointed out.”

Land ownership rights

According to the study “Salina Ulcinj - Analysis of legal and institutional challenges in the process of EU integration and closing of Chapter 27”, the answer to the question of land-ownership rights of any real estate was obtained by a simple insight into the real estate cadastre. The study states,

“Thus we come to the data that the real estate that enters the boundaries of the Natural Park “Salina Ulcinj”, namely the cadastral parcel (KP) 30/3 registered in the list of real estate (LN) number 3 cadastral municipality (KO) Ulcinjsko Polje is located in owned by Montenegro, and that the right to dispose has the Municipality of Ulcinj, KP 364, 376, 377, and 404/2 of the same KO, registered

in LN 271, are owned by Montenegro, and that KP 364 and 404/2 has the right to use the company Morsko Dobro, and for KP376 and 377 there is a record of CEDIS easement rights.”

-“Salina Ulcinj - Analysis of legal and institutional challenges in the process of EU integration and closing of Chapter 27”,

According to the cadastral record of the Real Estates Authority, the Ulcinj salina covers the following cadastral parcels: KP 30/2, 30/3, 376, 377, 358, 359, 360, 362, 363/1, 363/2, 364, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407 I 410, all in K.O. Ulcinj Field, as well as KP 1242/2, 1258/5, 1258/6, 1258/7 i 1270, all in K.O. Zoganje.

On the other hand for KP 30/2, 358, 359, 360, 362, 363/1, 363/2, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404/1, 405, 406 , 407 and 410 registered in LN no.182 KO Ulcinjsko Polje, and KP 1242/2 and 1270 registered in LN 98 KO Zoganje, there is no data on the owner, and as a user in the volume of 1/1 is registered RO Solana "Bajo Sekulić", and a recorded record of the bankruptcy proceedings.

SALT FACTORY AND BANKRUPTCY

The value of the Ulcinj Salina in 2000 was estimated at 110.3 million German marks at the time, which corresponds to about 55 million euros, according to a case study conducted by NGO MANS.

For 2000 and 2001, a plan for the privatization of Salina was envisaged, through two methods: mass voucher privatization and sale of shares on the market, the so-called "Batch sale".

A total of 59.28% of the capital was allocated for mass voucher privatization, 10.43% of shares belonged to workers, and 35.83% of capital was planned for sale through the "batch sale" method.

By 2003, 59.37% of the capital of Ulcinj's Salina had been sold.

In 2003 and 2004, it was planned to privatize the remaining 40.63% of the Salina's capital by looking for a strategic partner.

That year, there was interest from a foreign partner in the privatization of Salina, but the management bodies did not recapitalize, because the privatization investment funds were against this type.

Solana "Bajo Sekulić" AD was introduced into bankruptcy in 2005, when the Privatization Fund "Eurofond" owned 33.87% of the total capital in Salina, and the Privatization Fund "Moneta" 34.67% of the capital.

That year, the company's capital was reduced by 22.6 million due to the adjustment of the accounting book and actual value of capital, so it was set at about 31.2 million euros.

The company's financial condition has deteriorated sharply since 2005. The company, which operated almost without losses until the time of its bankruptcy, was brought to an uncovered loss of 7.9 million euros at the end of 2013, concludes a case study done by NGO MANS.



Photo: Peda Perović

ANNUAL EDIBLE SALT CONSUMPTION

According to a study conducted by Miloš Vuković for the needs of the Center for Protection and Research of Birds this year, it is stated that the consumption of Montenegrins is negligible compared to the production capacity of Ulcinj Salina, which is estimated at 25,000 tons, and that the greatest consumption potential comes from tourists.

For the analysis, MONSTAT data on the number of inhabitants in Montenegro for the period in 2019 were calculated, estimates for consumption were made on the basis of WHO recommendations from 2013, which confirm the upper limit of daily salt intake in adult food of 5g / day, and for children under 2g / day, and the price of a kilogram of salt in retail.

The population of Montenegro annually consumes 1,013 tons of salt, which is worth 405,245 euros.

The states that additional salt consumption refers to road salt, which could not be quantified.

For the purpose of estimating the annual salt needs for the nutrition of tourists who spend the night in Montenegro, MONSTAT data on tourist overnight stays were used, the assumption that everyone consumes 5 grams of salt per day, and the price of a kilogram of salt in retail.

According to the analysis of these data, the result shows that 23,598 tons of salt worth 9,439,144 euros were used for the needs of tourists.

SILENT CONFLICT BETWEEN BANKRUPTCY ADMINISTRATION AND THE WORKERS

Sasa Mitrovic, the former manager of the salina, claims that the biggest obstacle to starting production in that company is the bankruptcy administration, accusing it of protecting the interests of the majority owner - Eurofund.

“In the last couple of years, the majority owner, in coordination with the bankruptcy administration, introduced himself as the owner of the land and a battle is currently being fought before the Privatization Council with the question of whether the majority owner (ZIF Eurofond) paid fair compensation for Salina land. That is the reason why the bankruptcy administration stopped selling Salina, which according to the law had to be implemented and settle creditors (workers, suppliers and the state),” says Mitrović, reminding that the plan of the majority owner is to build a tourist complex with an anchorage with 54 connection to the place where the salina gravitates towards Porto Milena and in the hinterland of the same to make several condo hotels.

On the other hand, the bankruptcy trustee of the "Bajo Sekulić" Salina, Žarko Ostojić, claims that there is no interest in continuing the production of salt. He

reminds that 15 public calls for the sale of Salina's property have been conducted in the bankruptcy proceedings so far, which were concluded unsuccessfully, except for some equipment, recyclable raw materials and rolling stock.

“The very fact that there is no demand for the purchase of Salina's property also imposes the conclusion that there is no interest in salt production, as a product whose placement would enable profitable business of the company,” states Ostojić.

According to him, during the bankruptcy procedure, with the cooperation of the Bankruptcy Administration, the National Parks of Montenegro and the Government, it was possible to preserve biodiversity in the area of Salina and significantly reduce the costs of the procedure.

“National parks bear the costs of providing electricity and maintenance of pumping plants which enable the inflow of sea water to the area of Salina,” states Ostojić.

Sources:

- 1. MANS – Case study: The collapse of the "Bajo Sekulić" Salina due to the interest of domestic tycoons***
- 2. CZIP – Study “With a taste of sea, a taste of salti”, 2020***
- 3. Study: Salina Ulcinj - Analysis of legal and institutional challenges in the process of EU integration and closing of chapter 27***
- 4. Protection study for the area of Salina Ulcinj, 2017***

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