

Bosnia: Currency risk affect negotiation with Gezhouba Group Company for construction of new unit 7 TPP Tuzla

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Currencies volatility euro-dollar is influencing the negotiation for the construction of new unit at TPP Tuzla, a contract assigned to Chinese Gezhouba Group Company.

Bajazit Jašarević, director of “Elektroprivreda BiH” EPBiH stated that the construction of the Block 7 of TPP Tuzla, worth 667,8 million euro, which would be financed by the money from the Development Bank of China, has been put on hold, and the number of investments into this Block has been reduced.

He clarified that for the Federation, but also for EPBiH there is a huge currency risk, considering there is an already signed contract with the Chinese, the “Gezhouba Group Company Limited” CGGC which got this job through a public bid.

We are having difficulties because the loan is in dollars, and the contract we have is in euro. Due to currency risk we are out of options to make this project move on – Jašarević says.

Both sides, Bosnian and Herzegovinian and Chinese are looking for a solution for this part of the problem.

-We are looking for a solution to ensure ourselves from the currency risk, which means that due to highly unpredictable dollar - euro rate in the financial market, the risk has increased, and we are currently at a standstill in negotiations. This is one complex issue – says Jašarević.

He also claims that when it comes to construction the equipment will be European, but the investment will be reduced for 63 million euro.

-The decrease in the scale of the investment occurred because we are using a part of the existing units in TPP Tuzla for Block 7 and that brought the reduction of 63 million euro. This means smaller investment but also a smaller loan. But we have still to see – according to Jašarević.

Block 7 which is to be built would have 450 MW capacity. If it is not built in time, the capacity TPP Tuzla would have is 215 MW which means that the Federation will have a small quantity of electricity for the consumers, transmits Serbia-energy.eu