

## **Bosnia/Republika Srpska: Electricity price hike may influence industrial production and overall price basket**

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Government of Bosnian entity Republika Srpska does not endorse any significant increase in electricity prices in RS, while employers warn that the price increase is unacceptable for them even for the one percent.

If there is a price increase, employers are cautioned that it is possible to expect the wages reduction by percent of increase in the electricity price.

These reactions were continued after the RS Energy Regulatory Commission few days ago made a decision on the implementation of the tariff proceedings under the requirements of all ten manufacturing and distribution companies from the "Electric Power Industry of Srpska", which demanded an increase in electricity prices.

Zeljko Cvijanovic, RS Prime Minister, stated that the government had not dealt with and did not take a stance in relation to electricity prices increase, nor to support any idea of its significant increase.

Cvijanovic pointed out that the companies within the system of "Electric Power Industry of Srpska" submitted their requests to the controller, and the comments from the RS Energy Regulatory Commission about any price increase of 19 percent were absolutely unacceptable.

"The electricity price was a significant item in the operation of each entity, but also in family citizens' budgets, and precisely for that reason it was not increased in previous years and remained all these years of crisis, the lowest in the region", stated the RS Prime Minister. She recalled that, according to data from last year, industrial electricity in RS was not the cheapest in the region, and exactly by 113 percent in relation to Croatia, by 64 percent cheaper than Montenegro, four percent of Serbia by 75 percent, or 84 percent cheaper than FBiH, depending on whether it was a "BiH Electric Power Industry" or "HZ Herceg Bosna Electric Power Industry".

"When it comes to the electricity price for households, also this price was significantly lower than in the region, by 67 percent lower than the Croatia, 40 percent lower than in Montenegro, 15 percent, or 23 percent, lower than in FBiH depending on whether it is a case of "BiH Electric Power Industry" or "Electric Power Industry of Croatian Community of Herceg-Bosna". Only in Serbia the electricity price for households was lower, by three percent, but it was by four percent higher for the industry", explained Cvijanovic. She added that issue of increasing the electricity prices was raised in individual meetings, but also then it was told that if it would gone in this direction, the load could only be minimal.

"After all, the public received such a message also from management of "Electric Power Industry" that if there is a price increase, it will be minimal and will not threaten the market position of "Electric Power Industry" as the cheapest supplier in the region", said Cvijanovic.

On the other hand, from the Association Union of RS Employers said that the increase in electricity prices would be a direct impact on production companies.

"We cannot increase the price of our products in the market. If the price increases, it is possible to expect a reduction in the percentage of wages", stressed the employers.

Dragutin Skrebic, President of the Union, said that an increase in electricity prices was unjustified, as workers in the electricity systems have the highest average of salaries and other earnings, which workers in the real sector do not have. He added that the increase in price would be an attack on citizens, taking into account the low salaries and pensions. Janko Petrovic, director of "Petroprojekt" from Bratunac, engaged in furniture and solid wood panels manufacturing, says that their monthly electricity bill is around 20,000-22,500 EUR, and by increased prices they would have to allocate an additional 5,000 EUR per month.