

Gazprom offers to Serbia for South Stream line to be financed directly, project share could be financed thru transit fee

Categories : [News Serbia Energy](#)

Date : April 25, 2013

Experts say that the offer from Russia to build the pipeline should be reconsidered if it is cheaper from credit because Serbia don't have any money from the budget.

Suggestion from Aleksey Miller, the first man of Gasprom, "to finance construction of Serbian sector of South Stream completely in order to return invested money through special tariff for gas transit" should be reconsidered seriously because it is the safest way to finish the pipeline on time and to provide ordinary supply with this energy- Vojislav Vuletic, the President of Serbian Gas Association.

-This kind of job should be a sort of concession which means that 49% of pipeline will be in our property after construction completion and payment of the whole work- Vuletic says.

Although the details of this offer are not known, Vuletic says that we should put everything on paper and calculate what is cheaper for us, to take a credit from banks for this investment 1,7 billion EUR worth and to pay rates and interests or to manage better agreement with Russians and avoid interest payment at least.

-It is all matter of agreement. Insured money for paying back is very important to exist- transit tax- he said and added that it is not known how big this earning can be.

When Vuletic was asked if that means that there is no money for construction, he popped up the question: "Well, is there?"

170 million EUR which is provided from the budget is predicted for preparation projects, land expropriation, construction of compressor stations but it is a fish in the sea. The rest of the money is not provided.

Milan R. Kovacevic, Consultant for Foreign Investments, said that we are only deepen indebtedness this way and that we should not do that because who will pay for all of that?

-Serbia has no money for South Stream construction because if it has the state top won't go to Russia to ask for money during what Russia suggested to build the pipeline- he said.

When he was asked what is cheaper to take a credit from the bank or to make an agreement with Russians about the construction, Kovacevic said that we mustn't take this offer if we don't conclude an agreement with Russians to make tax earning be in height of their loan.

Kovacevic said that it is realistic for mayor owner to increase its participation in the property of South Stream but that taxpayers will construct South Stream with its own money because it is written in International agreement that Russian side is obligated to finance the whole project- he said.

The biggest problem was made by the person who had signed this agreement with Russians. Many items remained unclear to our damage.

One of the signatories of this International Agreement with Russians says that financing of South Stream is imagined as projective- to indebt as much as we can return and we should reconsider Russian offer.

-This would probably be cheaper variant of construction instead of taking credits and indebt again and repay is obligatory because transit tax will be paid for sure- this source said.

Neither does he believe in the story that Russians can change the ownership structure of the project because they built it but it is a fact that Serbian part doesn't have any money to finance this project.

Source;Serbia Energy/Agencies/Politika