

## Long-term agreement brings drop of gas prices

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The long-term agreement on the purchase of Russian gas should contribute to the drop in the price of the fuel and ensure stable supply for consumers in Serbia, Director General of Srbijagas company Dusan Bajatovic announced.

In an interview for Tanjug, Bajatovic noted that Russia already granted Serbia one price decrease worth 12 per cent in 2012, and expressed expectation that additional discount would be granted within the new long-term agreement which has been prepared and which should be signed soon.

The long-term agreement on gas supply for Serbia from Russia will remain in force until 2021, to the total quantity of up to 5 billion cubic metres of gas per year, Bajatovic said and added that around 85 per cent of the fuel would be purchased according to the petroleum formula, while 15 per cent would be bought in the spot market.

Bajatovic underscored that gas in Serbia is now by around 30 per cent cheaper than the market price and noted that Serbian citizens pay the lowest price for gas in Europe, and that the only country which maintains a cheaper price of gas is Romania. The construction of the South Stream pipeline through Serbia will start in late November or early in December, Bajatovic reiterated and added that around 2.000 to 3.000 people and a number of local companies would be employed in the project worth EUR 1.5 to 1.7 billion.

He announced that Srbijagas intends to build four new cogenerative gas power plants for electricity and heat production in Belgrade, Novi Sad, Nis and Pancevo, in cooperation with Russia's Gazprom, U.S. company General Electric and all interested companies from other countries.

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