



Market liberalization projections, Serbia Energy Report 2012

Gas

So far Serbian state owned Electric Power of Serbia (EPS) had the monopoly in electricity supply and in gas supply arena, again state owned company SrbijaGas had the same position. However the gas industry is already influenced by one of the first comers in energy market of Serbia, Russian Gazprom who established joint venture company with Serbian state owned company, Jugorosgaz. Serious investment cycle is already initiated increasing the capacities of local storages in different locations and surely in the same time enforcing the market position of Russian investor in gas industry of Serbia. Additional incentive measures of the gas major actor was the involvement of Serbia in plans for South Stream pipeline project, allowing Serbia to connect and serve as transport hub, getting the benefits of increasing its own network. Beside already accustomed presence of Russian gas energy giant, some other companies attempted the market entrance with smaller scale but also in other segments. Italian and Austrian companies, also historically interested in Balkan region and Serbian market attempted and gain certain market share in companies like Butangas owned by Italian shareholder, also one Israeli company Energtek entered the gas distribution and transport market in Serbia and region of Balkans, covering the non-gasified municipalities offering custom made solution in gas supply.

Italian companies already present in Serbia are interested in development projects of gasification of eastern and western Serbia municipalities, where industry development increase is expected. Italian Enel was mentioned as most serious strategic partner for gasification but also Hungarian MOL, talks were held in previous years for several times. Both companies were also interested in acquiring SerbiaGas before Gazprom overtaking, also for the construction of the gas pipeline from Bulgarian border to central Serbia. The excellent market position and market share of the Jugorosgaz, joint company of Gazprom as major shareholder and Serbian authorities is even more assured in the future with Gazprom plans for different pipelines coming from Asia and including Serbia. Despite their market position, gasification of certain industry centers and cities is still yet to be done, and who ever starts will be in position to influence the gas market in Serbia up to certain level.

Finally Serbia