

Oil market in Serbia, liberalization to influence the price and bring stronger competition

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Fuel can be cheaper for 2, 5 to 3 dinars per liter in Serbia in 2013- was announced from Association of Oil Companies of Serbia (UNKS) today. That could happen because of new modernized GazmpromNeft NIS refinery in Pancevo's opening, and transport and other import expenses decrease. If Oil Industry of Serbia manages to ensure required amounts of oil derivatives for Serbian trade, and if wholesale NIS prices are competitive to refineries in region, retail fuel will be cheaper for 3 dinars per liter because of import expenses decrease, précised Aleksandar Mileusnic, member of Managing Board UNKS.

If dinar course stayed on current level in accordance with euro and dollar and if there wasn't any meaningful oil price increase on world market, fuel would be cheaper, added Mileusnic.

When he was answering the question if there is additional fuel price decrease with reference to trading margins for oil derivates, Mileusnic said that trading margins for oil derivates are not so big. He also said that those margins disable extra profit to oil companies which does business in Serbia.

We don't see a possibility for margins lowering because oil companies work on payment minimum and fuel purchase, logistics, investments and business expenses in Serbia should be covered, emphasized UNKS representatives.

Oil margins in Serbia aren't the biggest in the region. Net margin amounts between 5 and 10 dinars per liter on the most profitable derivate- Eurodiesel, it was pointed on UNKS conference. This conference gathers companies such as Eko Srbija, OMV, Lukoil Srbija, Petrovat avia, Transnafta, Ina, Speed and other companies.

Only if traffic fall on market continues, there will be possibility of trading margins lowering,

said UNKS representatives and stressed that behind that there is the lowest payment limit which oil companies cannot pass over, or there will be closedowns of some pumps, and there were a lot, this year. The fall was lower for 10% in first six months and 15% lower in November and December.

Only healthy concurrence can bring to lower fuel prices because margin is being defined by market concurrence and transparent working conditions, what doesn't exist in Serbia, said member of UNKS Managing Board, Vojkan Janicijevic.

He added that unclear and undefined cases are not rare for oil market in Serbia. Sudden rule changing, such as new rule book about technical other demands for liquid oil fuel what UNKS representatives didn't participate, is also not rare.

Janicijevic indicated on clear and transparent business frame of oil companies from Serbia and appealed on Ministry of Resources to participate in conversations and make important decisions which doesn't have to do with oil derivatives market in Serbia. UNKS member companies can offer more competitive prices than NIS, what should lead to fuel price decrease, estimated UNKS Managing Board President, Bozidar Rajic.

He added that some members of that association were importing derivatives from surroundings to NIS requirements which hasn't finished modernization of refinery in Pancevo by then.

Source Serbia Energy Magazine