

Country which seriously counts on the future does not give its hydro potentials to the strangers and it is the rule but it doesn't mean that there are no exceptions. Electricity price is very important factor and we have launched a process of gradual adjustment. Various governments adopted more than 100 strategies during last couple of years and little of them had a destiny of the Energy Strategy. No energy strategy was successful in twenty years because no new capacity was built.

When we observe all modernizations and overhaul projects in power plants, especially in thermal sector, we have got one new thermal power plant which is very good, but it wasn't the goal of the strategy. Revitalizations are hosting procedure and it can't be disputed, but those capacities have contributed to electricity production.

What was so spontaneous in electricity development?

The huge number of protocols was made and memorandums for understanding, even two or three for the same object. Somebody may trusted to a strategic partner who was showed as inadequate or he thought that politically-economical relations will be better when memorandum is made and there were no marketing moves. These documents are not obligatory, except for certain ones, where every side has its expenses for studies' creation. Several performance studies need to be done again now.

Why?

Some studies were created on the base of methodologies of potential strategic partners and purchasers. One of the examples is the study of feasibility for electricity smart meters that needs to be repeated now. It is not completely clear how European Bank for Reconstruction and Development approved credit. If the study is not appropriate then bank should not pay for expenses of not using credits which have reached million EUR. What we should do if the new study shows that electric meters are not required at all? No work created expenses. These expenses achieve enormous numbers on national plan. One of ideas is to forbid usage of such credits to those who haven't used the former ones. We need to be responsible. This is not direct criticism of EPS, but an authority attitude. We are not looking for offenders, but everyone needs to take responsibility.

Foreign investors in energy and mining sector

There are several theories in the world about role of foreign capital in economy development. Some world institutions are convincing us that we can't develop from foreign capital which is partly correct, but not for all branches absolutely. Well-known Slovenian economist said why financial institutions recommend industry development within foreign capital and privatizations. They have developed on deficit of its own budgets and haven't done that. This is extreme attitude. The first attitude is mix of theory and practice. The role of foreign capital, according to my opinion reflects in processing industries i.e. there where foreign capital brings capital, "know how", export and employment of work force. The selective usage of foreign capital in areas, where national resources' exploitation is found, is

a special question. Hydro power is limited by rivers' potentials, rainfalls and it depends on what nature gives. Hydro potential cannot be used at ten places at once but there where it is. We can't move river or coal pits, but we can build there where there are gas flow which does not need to be domestic.

Why is important not to give up resources?

Country which seriously counts on its future does not give its hydro potentials and it is a rule, but it doesn't mean that there are no exceptions. Serbia made a Strategy of Optimal Use and Natural Resources Availability in April, 2004. This document seems to be forgotten. This strategy is clear and it comes from declaration of United States which says that the main rule of nation and a human is to take care how resources will be exploited. The right of exploitation and usage permission of natural wealth, forests and waters is sovereign right of Serbian citizens and it needs to be accomplished over Serbian Parliament and Law.

Serbia heritage and family wealth box is decreasing, it is truncated very well. There are no more precious stones any more, only certain pearls remained. Potential on Drina, Danube and some smaller watercourses remained. Therefore we need to be careful what and how much we give for usage.

Therefore strategy is an obligation. Ministry is aware of inherited obligations of the state, but we are trying through dialogue to improve existing obligations. If it is necessary, some strategic minor partnership can occur but with huge explanation why we did it. Then, it needs to go in parliament and bidders need to have arguments in national interest. Half and half principle partnerships are possible in coal case i.e. we give coal and partner everything else. Gas reservoirs are in NIS and Gaspromneft at the moment, but we will have even 5 billion cubic annually within couple of years. The question is if we need and how much we need gas plants. They should be constructed, but on condition that energy from them is adjusted to our buying power. Partner needs to be in charge of entrance price. The truth is that these plants are working faster, but energy is more expensive and it is being used for authority needs and it can be exported. The question of our participation in these projects is a clear calculation. We need to take care of waters and forests because it remains to our grandchildren. We don't have reserve water or forests. The main obligation is to talk about the future of coming generations and to protect national interest which is not only economic. It's not the only question if we will get good price for kWh or who will use our water and forests. This can't be privatized, because it belongs to Serbian citizens.

Governments, ministries, political parties and managements that do not have national interest in mind, do not accomplish function which is entrusted to them.

Serbia need similar big company which sees electricity as potential that something needs to be done with. This is combination of investor's logic and the same approach to the activity. There are no many of these partners but they can be found. Negotiations are in progress and results will be over soon. Strategic partner in co-ownership of plants can buy electricity

in advance, share electricity together with us and use common capacities.

Electricity price is an important factor and Serbia have launched a process of gradual adjustment. Industry needs to have efficient technology for production and it needs to invest. Two to four years is required for it. Price shocks need to be excluded and we don't suppose to frighten our citizens and industry that electricity price will increase by 60% over night. This wouldn't be done by anyone.

EPS as state power utility is still in between when it comes to investments, electricity price as biggest influencer. The postulate that some company needs to be strong in order to construct is wrong. All reconstruction processes are progress in accordance with EU norms. Every change needs to be harmonized with social and political reality. Government of Serbia or management can't announce 23rd century and to jump over everything between. It is needed to do step by step all the time but in accordance with possibilities that are given to us by society institution. EPS's reform cannot be able without employees. It is not logical to say that everything is changing since today because if employees do not accept it like a direction and not harmonize all social, economical, technologic and political elements, there is no group that can do that.