



Experts said that an infusion of capital or a price increase is the only way to keep the Electric Power Company of Serbia from failing.

Although electricity supplies to the population and the economy are not in jeopardy, government officials and economic experts are unsettled by the events at the company, which could end up 500 million euros in the red this year.

Economists warn that solving the problem will not be easy.

Mahmud Busatlija, a member of the National Council for Economic Recovery, said a capital boost to the company, the biggest business system in Serbia's economy with 36,000 employees, is the best solution for overcoming the crisis.

"I see no other way to come out of this problem than for production facilities to be spun off from the [electric company] as individual companies existing within the system. The company is simply in dire need of fresh money that would open the way for new investment and development," Busatlija told SETimes.

Boban Petrovic, Serbian Chamber of Commerce's Energy Committee representative, said the company should not go bankrupt as long as it has claims.

According to data provided by electric company, the business is owed a little more than 1 billion euros. The biggest debtors are the citizens and companies who have not paid their bills.

But it is unlikely the business will manage to collect the claims in time.

Petrovic said a price increase is part of a possible solution.

"Electricity is a good with a real price. As long as it is a social category in Serbia, the [company] cannot count on profit and greater investment," he told SETimes.

But some citizens think they are paying enough for electricity.

"This whole thing with the [electric company] seems to me like a way to find an excuse for increasing the price of electricity. That means we'll have to pay for everything again, and I really don't know how," Nikola Panic, 69, a pensioner from Belgrade told SETimes.

The government has taken a harsh stance on the issue, as the company is the engine behind the country's economy. Its inability to repay debts would endanger a large number of businesses.

"Credit is the only way to avoid account freezing," said Aleksandar Obradovic, acting general manager of the Electric Power Company.

Finance and Economy Minister Mladjan Dinkic said the budget does not have funds earmarked for the electric company and that the government will not give credit guarantees to any state-controlled company unless they are meant for investment.

"I can only give the [company] indirect moral support, but everything is in its own hands," Dinkic said.

Energy Minister Zorana Mihajlovic requested that the company's management solve the

problem on their own, and quickly.

“If the management and managing board are not capable of doing that, then the state and I, as the minister, will call for responsibility and utilise all legal means to carry out the decisions,” said Mihajlovic.

*Source Setimes*