

China Exim Bank's USD 608.3 million, 20-year loan with a grace period of seven years is "extremely favorable," Energy Minister Aleksandar Antic has said.

The loan, granted for the construction of a new unit at Serbia's Kostolac B coal-fired power plant, "will ensure the stability of the country's energy system," he added.

"The Serbian government has managed to strike a much better loan deal with the Export-Import Bank of China now than while negotiating the loan for the first phase of the Kostolac B project," Antic said in Serbian parliament, adding that it was an opportunity for the country's development and an extremely important project since it should ensure the stability of Serbia's energy system.

He explained that the loan would be used for the construction of a new, 350-megawatt coal-fired unit, and expansion of production in Drmno, the coal mine supplying the plant, from nine to 12 million tons of coal a year.

The first phase of the Kostolac B project, financed with a 15-year loan with a grace period of five years, involved the overhaul of the plant's two existing units, he added.

This is one of the best financial arrangements that has been agreed for such large investments in projects in Serbia, Antic said.