

According to the Fiscal Council, Serbian state- owned power utility EPS and gas supplier Srbijagas have amassed losses of more than 1 billion euros during the past winter season. The report published by the Council states that, of the losses incurred so far, close to a half or around 500 million euros, has already been financed by the state budget through grants to Srbijagas. The remaining 500 million has been paid by EPS for now, mostly by taking out liquidity loans. The question, however, remains whether this debt will eventually be put on taxpayers, because the current operations of EPS are not sustainable.

There could be new big losses of EPS and Srbijagas in the next winter as well, unless there's a quick and strong change in the operations of those companies. In that case, these losses would be only slightly lower than a billion euros and would not be able to continue forever, because, at some point, they would become an unsustainable burden, not just for the companies itself, but for public finances on the whole.

What's currently an additional danger for Serbia is that a stable supply of electricity and gas in the next heating season will again depend on the available infrastructure and energy sources from abroad, which are not guaranteed.

The Fiscal Council concludes that all this could have been avoided through better management of the public enterprises in the past years. It also recommends significant price increases of both electricity and natural gas.