

Serbia Exclusive report: Who gains in gas imports in Serbia, traders and intermediaries?

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Instead of buying directly from the producer, Russian Gazprom, Serbia imports all the gas through two intermediary companies – a joint Serbian – Russian company Jugorosgas and new intermediary in the gas trading - company "Russian-Serbian trading corporation". Serbia imported gas worth about 800 MEUR in 2012. The Russian energy company Gazprom delivered this emergent to Beregovo at the Ukrainian-Hungarian border, where Srbijagas takes it directly. However, all payments go through an intermediary, company Jugorosgas which is in majority Russian ownership.

Representatives of the competent authorities claimed for years that the gas price in Serbia would be the same regardless of an intermediary involvement, that intermediary actually did not increase the gas price. Such claims are possible because everything about the gas price is held in strict confidence and the information from Srbijagas cannot be got even by the law on information access. Recent investigation of TVB92 and Insider show raised the highest attention of local serbian public and government circles but also Russian and EU actors. This report is based on the transcripts of the show and additional researches.

However, as stated in the report of the State Auditor, who controlled the Srbijagas business during the 2011, Jugorosgas invoiced 1.4 billion cubic meters of gas at price of 430 MEUR in this public company. This amount includes the Jugorosgas fee of 17 MEUR. This means that only for the gas imported in 2011. the consumers in Serbia paid a fee of 18 MEUR to the intermediary, Jugorosgas,.

Jurosgas became intermediary on very unusual way after series of decisions of state officials and administrators in the state companies, Serbia lost a huge part in the ownership, and majority owner of Jurosgas became Russians over Gazprom and company Centreks, behind which stands capital from off - shore zone.

The company Jurosgas was founded in 1996. in agreement between the Federal Republic of Yugoslavia and the Russian Federation on cooperation in the gas pipelines construction in the territory of Serbia. At the moment of this company establishment, Gazprom had a stake of 50 percent, and companies established in Serbia had the remaining 50 percent. The company Progres had 15 percent, Progresgas Trading 10 percent, NIS 20 percent and BeoBanka 5 percent.

The Progresgas Trading and Progres offered their shares for sale even in 2002, which was practically a quarter stakes in the company. The priority right of buying has Petroleum Industry of Serbia, which with the actions of Beobank in bankruptcy, would become the owner of 50 percent of Jugorosgas, just as Gazprom has.

Administrative Board of NIS decided to buy those actions, but this decision was not realized. In the decision, which obtained the Insider equip, stated that its realization was in charge of

Milutin Prodanovic, director of NIS Energogas.

Prodanovic, at that time DSS member, refused to recording for the emission, but in an interview with Insider reporters said that the decision implementation in fact was in charge of the then general manager of NIS Zeljko Popovic, also DSS member.

Prodanovic supports his claim by a letter for which claims that from the NIS was sent to Jugorosgas ten days after the decision of the Administrative Board, in which stated that Popovic was in charge of offer submission for purchase the Jugorosgas shares.

As Energogas director, Prodanovic became Assistant Minister of Energy and Mining of Radomir Naumov at the end of 2005, and remained in that position when the Minister of Energy became Peter Skundric.

Zorana Mihajlovic, Minister of Energy: We had a meeting with Kostunica , the Prime Minister at that moment, one of the issues was the Jugorosgas. No one did not explain why was lost 25%. I really think that it has to be known why they were not purchased, I want to hear the answer why someone has not purchased or if someone suggested to someone not to buy it. As far as I know, I've at least listened that the Assembly of Serbia in the previous term, namely the Board announced that it would seek an investigation, as far as I know some investigations were launched on Jugorosgas, I expect to have the right information at one time.

The fact that Jugorosgas is both an intermediary in the gas purchase and the owner of the main gas pipeline in Serbia, which supplies customers in the south of Serbia, according to Insider research led to an almost absurd situation.

In the fact, Srbijagas buys fuel at a higher price from Jugorosgas and then sells to the same Jugorosgas at a lower price. During the 2011. Srbijagas lost in this trade 26 dollars for every thousand cubic meters.

Since in 2011. Jugorosgas purchased 40.2 million cubic meters of gas from Srbijagas, only during that year Srbijagas lost thus more than a million dollars.

Srbijagas management claims that the costs of that public enterprise, which incurred largely because of the intermediaries in the gas purchase, were reduced by introducing another intermediary - company "Russian Serbian Trading Corporation". However, according to Insider research, this is mechanism that the huge profit in trading gas ends up in offshore accounts of hidden owners, on the pretext that in that way helps Serbian industry.

RST, that is the abbreviated name of this intermediary company, intermediates in the gas supply from Gazprom for two once-great Serbian companies - Methanol acetic acid complex from Kikinda and HIP Fertilizer Pancevo, which took over the public company Srbijagas.

This company has 4 employees, does not have its own website, does not appear in public as a company that does great work, and almost nothing is known of it, and during 2012. achieved a net profit of 9.6 MEUR. Neither the authorities do not know who stand behind this newly formed company which, again only through securities, sells gas to the factories that belong to the largest consumers in Serbia and are owned by Srbijagas.

B92: What does that company?

Svetislav Krstic, president of Srbijagas AB from 2005. to 2008: Well, this is a company engaged in import trade of natural gas, they took share of the cake from Srbijagas in a very mysterious way, and so now it is a problem about which others think and will think more and more. It is illogical for you who live by being in gas traffic to give most of the work to someone who has 2 employees. And what is also unusual is that the RST imports gas for Methanol and Fertilizer needs, where Srbijagas has the stake, so they import gas for our company, it is very illogical, and not to talk that from the company appearance two years ago they worked without license and all papers which are necesars, it is a job that absolutely should be elucidated to the end.

According to the documents of the Agency for Business Registers to which the Insider came by the Law on the information access, states that the company RST changed ownership structure for few times. It was established in mid-December in 2010. and the founder was PFB Invest. PFB Invest is the majority owner of Jugodrvo, part of PSP Farman, which co-owned is Branislav Grujic.

Grujic has been working in Russia, where the company PSP Farman, otherwise registered in Geneva, deals with investments and construction.

RST was registered at the address Omladinskih Brigada 86 in Belgrade by the end of June 2010, where are all companies of Branislav Grujic. From this month, RST applied headquarters change and changed address. The new headquarters is Novi Sad, Bulevar Oslobođenja 5, at the address of Srbijagas offices.

RST started working with Srbijagas in the second half of August 2011, at a time when its owner still was the company PFB Invest. One month later, the ownership structure of this company changed.

First, at the end of September, the share of 25 percent was transferred to Gazprom Swiss, by which Gazprom got its share as well as in other intermediary firms.

The remaining 75 percent was transferred in October 2011. to the newly established Swiss company called A-Energy Holding from Lugano. According to data from the Swiss register, A-Energy Holding is one of the many companies registered on Sergey Kutsubin, Russian citizen. Kutsubin is owner of the company Demian Partners, which is used to establish these anonymous companies like A-Energy Holding and to manage their capital.

Practically, in this way was hidden who stands behind the new intermediary in the gas trade. What was not changed from the company foundation is the RST Director - Branko Trkulja. According to the Agency for Business Registers, Trkulja is executive director of RST. At the same time, Trkulja is director of the company PFB Properties, another company of Branislav Grujic and works on Marriott hotel construction in Belgrade center.

Branko Trkulja refused an interview with Insider. In a brief written explanation to Insider, Branislav Grujic says he does not know who is behind the company A-Energy Holding, to which sold 75 percent of stake in RST.

"As for the RST company, it was founded in the system of whole companies group in Serbia, which had been inactive for a long time and as such is sold to company A-Energy Holding. About the ownership structure of A-Energy Holding I do not know anything. Mr. Trkulja as director continued to work on the director position of the RST at the request of customers ".

According to Insider research the situation, when it comes to intermediary company Jugorosgas, will not change even after South Stream pipeline passes through Serbia.

Agreement on how Serbia also will have an intermediary in the next ten years, signed in March 2013 Alexei Miller, Gazprom director, Dusan Bajatovic, Srbijagas director and Vladimir Koldin, Jugorosgas director.

Source: Serbia Energy/B92/Insider