

Negotiations with Russian GazpromNeft on the privatization of Serbian petrochemical complex HIP Petrohemija are ongoing and express his belief that an agreement could be reached soon, said Russian Ambassador to Belgrade Alexander Botsan-Kharchenko.

Botsan-Kharchenko expects that all started projects will be realized on time and points out that he is encouraged that during the coronavirus pandemic none of the Russian companies engaged in Serbia stopped operating. He reminded that so far there have been several talks on the privatization of Petrohemija at all levels, most recently during the opening of the deep processing unit at Pancevo refinery in November, when GazpromNeft CEO Alexander Dyukov visited Serbia.

Serbian oil company NIS, majority owned by GazpromNeft, is likely to invest in the construction of a new polypropylene factory and through this investment become the majority owner of HIP Petrohemija. The value of the factory is between 100 and 150 million euros. NIS has an interest in the privatization of HIP Petrohemija. Oil refinery in Pancevo, through the operations of its newly commissioned deep processing facility, will also have larger quantities of propylene for processing at the future polypropylene factory.

Petrohemija uses primary petrol from the refinery, which is only one of the byproducts of oil cracking and NIS sells them this based on the contract. Petrohemija has never had such a factory before, and there is only one other such facility in Serbia in Odzaci, but it has small capacity. Since Russian GazpromNeft became majority owner of NIS, it has not always been clear whether they are interested in Petrohemija or not, but the fact is that it is a cost-effective investment.