

After a long time in the memorandum that this financial institution signed with the government there is no announcement of a new price hike. – IMF is satisfied with the payment of “Srbijagas” as much as 97 percent.

The tender for the privatization of “Petrohemija” should be announced at the beginning of 2018, while by March 31 the government should find a strategic partner for “Azotara”, according to the International Monetary Fund (IMF) memorandum, signed by the Government of Serbia after the recently completed eighth revision of the arrangement with this financial institution.

For Petrohemija, a pre-prepared reorganization plan was adopted by the Commercial Court in Pančevo, which stipulates that all remaining claims of creditors will be partially converted into Petrohemija’s capital and partially written off. In this way, this company cleans its debts.

“Petrohemija” has no current debts, but records positive business and has about 80 million euros in the account. After the implementation of UPPR, about 76 percent of the shares will be owned by the Republic of Serbia and related entities, and 24 percent of the remaining shares owned by NIS and Lukoil. In the past years, NIS, as a minority shareholder, also contributed to the stabilization of operations in Petrohemija, as it provided primary gas to the Pančevo chemical giant in the most favorable market conditions. “Petrohemija” has several potential buyers who did not send letters of interest, but with whom the working group for the petrochemical complex intensively talks.

Memorandum with the IMF envisages further rationalization of operations and reduction of the number of employees in EPS. This year, this public company should leave another 1.253 employees. During this year, about 1,300 workers left EPS, which was inevitable in order to improve the efficiency of EPS. It is planned to reduce the number of employees by 3,644 until 2019, without the employees of KiM, which will lead to a reduction in the planned salary costs in the following years.

The IMF memorandum states that the government hired the World Bank and the European Bank for Reconstruction and Development to help improve and manage EPS. When it comes to “Srbijagas”, the IMF is satisfied with the dynamics of collection of receivables that amounted to as much as 97 percent in September, which is significantly higher than the payment of 84 percent in the period 2010-2015.

The good news is that with this signed memorandum for the first time, after a long time, no new electricity price increase is envisaged. Electricity this year has increased by about two percent for wide consumption, although the IMF, as it is known, has demanded seven.

Reducing the difference between the market price and the price of electricity for guaranteed supply would alleviate risks related to the lack of financial resources, which would enable development and realization of development plans and new investments in this public company.