

The takeover of Russian oil companies in Europe has taken off. - Germany and Poland took over the branches of “Gazprom” two days ago

The German state announced two days ago that it is nationalizing the German branch of the Russian “Gazprom” in order to save the over-indebted company that it has been managing since April. “Gazprom” will also lose part of its control in another strategic gas supply infrastructure in Europe, in the “Yamal-Europe” gas pipeline, a large part of which passes through Poland, reports Reuters. Does a similar fate await the Russian-Serbian Oil Industry of Serbia?

“Gazprom” owned 48 percent of the company “Yamal - Europe”, and the Polish state 52 percent. In both cases, the goal of these state interventions is to guarantee the security of gas supply in the context of the energy tension between Moscow and the West since the beginning of the Russian invasion in Ukraine, reports Tanjug. The German branch of “Gazprom”, renamed SEFE, is a key company for the energy supply of this country. “Gazprom”, the sole shareholder of “Gazprom Germany”, announced on April 1 that it had withdrawn its assets from that branch.

Bearing in mind the transfer of ownership to Poland and Germany, it is expected that the Russian side, in the context of respect for Serbian neutrality, will agree to the same transfer of ownership in Serbia as well. Because, if Russia praises the decision of our state leadership all the time, it is not going to work against the same neutrality. Namely, our country could fall under sanctions because of the modest co-ownership share in NIS, which the Russian Federation left to those countries in the case of Poland and Germany. Why are different arsenis valid for Serbia?

In 2008, our country presented the sale of NIS to the Russian “Gazpromneft” as the deal of the century. According to the sale agreement, NIS with 51 percent ownership went into Russian hands for 400 million euros, and together with it all the oil and gas fields and geothermal wells that belonged to this former state enterprise. The agreement stipulates that the Russian side will invest 490 million euros in production and another 60 million in environmental protection. According to the current market capitalization, the value of NIS is 915 million euros as of yesterday, which means that in 10 years the value of the company has increased by about 15 percent, according to Nenad Gujaničić, a broker at the “Momentum Securitiss” brokerage house. It is believed that the eventual willingness of “Gazpromneft” to sell the control package of NIS would entail a much higher price than this 915 million euros. In a possible public tender for a controlling package of shares, there is no doubt that the price would be at least 2.5 to three times higher than the current one. If it were to operate in Croatia, NIS would certainly have to pay a tax on extra profit of 33 percent, because the Croats are currently planning to introduce a new levy on companies that have excellent business results in the last few years, because the income of NIS in the first nine months of 2022. jumped 90 percent to 380.8 billion dinars, mostly due to the

increase in the average price of crude oil. The key profitability indicator EBITDA jumped almost three times to 104.8 billion dinars, while net profit reached 69.4 billion compared to last year's 13.3 billion. If there were no limited fuel prices, this result would be about eight billion higher. If it were to operate in Croatia, NIS would certainly have to pay a tax on extra profit of 33 percent, because the Croats are currently planning to introduce a new levy on companies that have excellent business results in the last few years, because the income of NIS in the first nine months of 2022. jumped 90 percent to 380.8 billion dinars, mostly due to the increase in the average price of crude oil. The key profitability indicator EBITDA jumped almost three times to 104.8 billion dinars, while net profit reached 69.4 billion compared to last year's 13.3 billion. If there were no limited fuel prices, this result would be about eight billion higher. If it were to operate in Croatia, NIS would certainly have to pay a tax on extra profit of 33 percent, because the Croats are currently planning to introduce a new levy on companies that have excellent business results in the last few years, because the income of NIS in the first nine months of 2022. jumped 90 percent to 380.8 billion dinars, mostly due to the increase in the average price of crude oil. The key profitability indicator EBITDA jumped almost three times to 104.8 billion dinars, while net profit reached 69.4 billion compared to last year's 13.3 billion. If there were no limited fuel prices, this result would be about eight billion higher. jumped 90 percent to 380.8 billion dinars, mostly due to the increase in the average price of crude oil. The key profitability indicator EBITDA jumped almost three times to 104.8 billion dinars, while net profit reached 69.4 billion compared to last year's 13.3 billion. If there were no limited fuel prices, this result would be about eight billion higher. jumped 90 percent to 380.8 billion dinars, mostly due to the increase in the average price of crude oil. The key profitability indicator EBITDA jumped almost three times to 104.8 billion dinars, while net profit reached 69.4 billion compared to last year's 13.3 billion. If there were no limited fuel prices, this result would be about eight billion higher.

What did Serbia give and what did it get with the interstate agreement on taking over NIS in 2008? Among other things, the fact that instead of getting the cheapest Russian oil, which was the main argument used by the then minister Velimir Ilić to justify the sale of NIS below the price, we are actually buying oil on the stock market all the time. In addition, we had our own oil reserves, but that too ended up as a commodity. Didn't we expect that after the first phase of the construction of "Banatski dvor", which was completed in 2010, the second phase will soon be continued, which foresees that instead of 450 million cubic meters of gas, we have a storage of 900 or one billion cubic meters? But it's not. And everything was supposed to be under the guise of an interstate agreement. Together with the Russian side, we managed to build the Turkish Stream gas pipeline and modernize the Pancevo Refinery. After 13 years, isn't Serbia making a big concession to the same NIS by still paying the lowest rent for oil and gas exploitation? But that is also the decision of all governments

since privatization until today. Although in 2013 the fee for oil exploitation was increased from three to seven percent, this was not reflected in the NIS because, as prescribed by the interstate agreement, it will remain the same “until the profitability of the given projects is reached”, to be in accordance with the legislation that was in force on the day of signing the agreement. This contract, revised in 2013, expires next year.

Miodrag Kapor, an energy policy analyst, tells “Politika” that if we speak strictly from the economic aspect, Serbia would not have significant problems in the import of crude oil and its processing in the “Pančevo Refinery” and thus would satisfy domestic needs by supplying oil derivatives. But when it comes to “high energy”, it always includes political relations, so it is necessary to include that segment in the analysis of the potential nationalization of NIS.

- Let’s not forget that our country remained Russia’s only remaining European ally after its aggression against Ukraine. This is shown, for example, by Serbia’s vote the day before yesterday as the only European country that did not vote for the introduction of war reparations due to Russia’s violation of international law. This is not accidental and certainly cannot be explained by so-called historical circumstances, but the Russian-Serbian energy relations in the past three decades also play a very important role in this. Ever since the signing of the state contract between Russia and Serbia in 1992 and the formation of the “Jugorogas” company, energy cooperation between the two countries has by definition been limited by non-transparent and non-tender contracts. Apart from the short-term period between 2000-2003, Serbia was consciously increasing its artificial dependence on the import of Russian gas, while at the same time it handed over the entire resources of oil, natural gas and thermal springs to “Gazpromneft” again without a tender and far below the market price. Almost the entire then and current government and the opposition voted for such an agreement (214 out of 250 MPs).

The contract itself was the subject of her legal challenge due to the violation of several articles of the Constitution, such as non-compliance with internationally assumed obligations in the form of Serbia’s membership in the Energy Community, as well as violation of the provisions of domestic legislation, such as laws on the prohibition of discrimination, equal position on the market and the general obligation to pay taxes. In addition to the lowest rent of three percent in Europe that “Gazpromneft” pays to Serbia, the company also resorted to the illegal method of invoicing or inserting pumps into wells that suddenly increase the pressure in order to expel a larger amount of oil. Such a method, in addition to accelerated depletion of domestic resources, also leads to uncontrolled environmental pollution. It is absurd that during the general energy crisis in Europe, NIS is making record profits.

- Regular and reliable supply of energy to citizens is one of the prerequisites for its normal functioning. For this reason, countries such as Germany and Poland nationalized energy companies that were majority owned by the Russian Federation. Bearing this in mind, even

if the Russian Federation does everything in its power to ensure a stable supply of oil and natural gas to the final consumers in Serbia, that supply is limited by the sanctions packages of the European Union. Since there is no end in sight to these measures, it is almost inevitable that it is optimal for our country to temporarily nationalize NIS in the coming period - explains Kapor.

Even more profit possible

If there are no major movements in the crude oil market by the end of the year, NIS could record another 10 to 15 billion dinars in profit, which would bring in 80 to 84 billion. This means that shareholders could receive a record dividend of 120 to 130 dinars per share, which at the last price gives a dividend yield of 20 percent, says Nenad Gujaničić, Politika writes.