

Serbian Ministry of Mining and Energy confirmed that oil company NIS, majority owned by Russian capital, will not be able to be supplied with Russian crude oil via Croatian JANAF pipeline after the introduction of new EU sanctions against Russian oil.

The statement from the Ministry said that Serbia will not be the only European country that would be affected by the new EU sanctions package, but the Ministry is doing its best to secure the stable supply of oil for Serbia.

The new package of sanctions bans the supply of Russian crude oil by sea and NIS' crude oil is delivered by tankers to Croatian Omisalj port. This means that there is no possibility to deliver Russian crude oil to the Pancevo refinery, but NIS could import all other types of crude oil except Russian, as it had already imported oil from Iraq and some other countries in the previous period.

In the next period, in addition to resolving the issue of supply, the Ministry will work on increasing the stock of crude oil, which would provide additional security in case of market disruptions. One of the expected consequences of the new package of EU sanctions is increased pressure on oil demand from other sources, because other countries will also look for alternatives to oil imports from Russia.

In mid-March, the European Council adopted a decision which prescribes that third countries cannot import crude oil from the territory of the European Union if they are owned by Russian state capital. Therefore, Croatian oil transportation company JANAF announced that it will halt oil supply to Serbian NIS as of mid-May. However, the European Union has decided that, although it is majority owned by Russian Gazprom, Serbian oil company NIS will be exempted from the previous set of sanctions.

In the meantime, parent company Gazprom bought 10 million NIS shares from its subsidiary GazpromNeft, so GazpromNeft's stake in the company was reduced to 50 %. It is estimated that this was done because GazpromNeft is under EU sanctions against Russia, while the parent company Gazprom is not.