

Serbia: Russia to invest 1.4 billion dollars in gas infrastructure

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During his visit to Serbia, Russian President Vladimir Putin said that Russian gas company Gazprom is planning to invest 1.4 billion dollars in gas infrastructure in Serbia by 2025, especially in the construction of Serbian section of TurkStream gas pipeline extension.

President Putin stressed Russia's intention to increase natural gas exports to Serbia to reach 3.5 billion cubic meters by 2020, adding that the actions taken by Russia to develop the Serbian gas infrastructure will significantly strengthen the energy security of Serbia and the entire Balkan region. He said that the Russian energy sector has sufficient capacity to complete TurkStream and Nord Stream 2 projects at the same time, while maintaining the transit of gas through Ukraine.

In late 2018, Director of Serbian state-owned gas company Srbijagas Dusan Bajatovic said that the works on the construction of gas pipeline through Serbia, connecting Bulgarian and Hungarian borders, which will supply the country with Russian gas via TurkStream gas pipeline, could start between 1 and 15 March 2019 and the plan is to complete the construction by 2020. He stressed that this is a project of national interest for Serbia and that everything is being done in accordance to EU regulations and Serbian Energy Law, which is in line with the Third Energy Package. There is no reason of economic, legal or any other nature, aside from the political, that might stop the construction of this pipeline, Bajatovic concluded. According to Bajatovic, Serbia would save up to 45 million dollars on gas transport per year, since currently gas transit via Hungary cost about 60 million euros, while the transit of natural gas via TurkStream would cost about 15 million dollars. He added that even a slight decrease in gas prices might be expected.

Nine companies have submitted their offers at the public call for the lease of capacity of the new gas pipeline in Serbia, which will connect borders of Bulgaria and Hungary, held in early 2018. The project is developed by Serbian company Gas-trans, former South Stream Serbia, in which Russian Gazprom holds 51 % stake and state-owned Srbijagas the remaining 49 %. The offers were received from both domestic and companies for the neighboring countries. Serbia consumes about 2.5 billion cubic meters of gas per year and, on the basis of the bids received, additional 15 billion cubic meters would transit the country, which means that the pipeline should have a capacity of 42 million cubic meters per day. This is three times higher than current capacity of Serbia-Hungary interconnection, which is 13 million cubic meters of gas per day.