

Serbia: South Stream, Gov waits the agreement between Bulgaria and the EU says deputy PM Mihajlovic

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Serbia had never considered withdrawing the decision on the construction of the South Stream, said Deputy Prime Minister of Serbia, Zorana Mihajlović.

“That has never been told. Clearly, Serbia is only one of the participants in the project and that the current pass of construction depends primarily on Russia and the EU”, said Mrs. Mihajlović for the newspaper NIN, answering the question whether the Government will make a decision soon on postponement of the construction of the gas pipeline.

According to her, Bulgaria, on whose territory the hub is, is the member of the EU and they must first solve the problems with Russia and the EU regarding the construction of the gas pipeline.

“Since the South Stream has to pass through Bulgaria before it comes to Serbia, it is obvious that we are waiting for the agreement between the EU and Russia, i.e Bulgaria”, said the Deputy Prime Minister of Serbia.

She pointed out that the South Stream is an important infrastructural project that could bring an economic growth to Serbia and she doesn't believe that some people in Serbia think that we don't need this project.

“Also, we need to be active and try to have enough gas for the winter, what might be a problem if there is a suspension of gas supply from Russia to Ukraine, and work on the project Niš-Dimitrovgrad, as we work on South Stream”, said Mrs. Mihajlović.

When we asked her what outcome was expected from the discussion between the EU and Russia about the South Stream, she said that it would be ungrateful to guess when and how the discussion was going to be concluded. According to her, no one knows that apart from the ones who are directly involved in the negotiations.

“However, I believe that the crisis will be solved. The result up to now is the lost time. Both the EU and Russia have enough gas, and a gas which would flow through the South Stream is needed to Serbia and other countries of South East Europe”, said Mrs. Mihajlović.

Talking about what Serbia loses if there is no implementation of the South Stream project, the Deputy Minister of Serbia said that for her, as an energy expert, the greatest loss would be that Serbia had no other way of gas supply, because, as she said, that would bring many risks to our energy safety.

She said that she was talking about it for years, and that now became obvious to everyone, when we have a tense situation in Ukraine and Serbia gets the gas only from Hungary.

“Every day that is lost in starting the construction is the loss. Economic consequences are related to the lost benefits that the construction of the South Stream would bring. Primarily, I refer to the expected revenues from the transit fees and possibility to get more favorable gas price”, said Mrs. Mihajlović.

She explained that this is a large investment that would bring work to local companies and employ tens of thousands of workers.

When asked how much would cost the construction of the route and how it would be financed, the Deputy Minister of Serbia says: “The value of the project is around 60 million euros, and the most part of the money would be provided from IPA funds and existing EBRD loans. That gas pipeline could be operational by the end of 2016 or early 2017”. However, she added that the biggest obstacle to constructing is the fact that the reforming of “Serbijagas” did not start, which was the precondition for use of the EBRD money. “Dynamic of this project much more depends on Serbia and I see no reason not to do everything to increase our energy safety with the construction of the gas pipeline” said Mrs. Mihajlović