

The realization of the South Stream project in Serbia currently is “hindered” by the problem of providing government guarantees, says Ivica Dacic. Ministry: There is a certain problem with Srbijagas reform .

“There is a problem with South Stream, which is not of a political nature, but how we are going to guarantee now for the Serbian part of the South Stream, or to provide state guarantees to construct it”, said the Serbia prime minister in resignation, Ivica Dacic. According to him, it was agreed the Russians to finance the construction and Serbia to pay its share from the income or from the fees collection for the gas passage when all would be operational.

“That particular problem is delayed for two or three months and it cannot be allowed in the organizational sense to slowly start tender for the contractor and the construction start”, he said.

During a break in the panel he explained to the reporters that the work value was nearly two billion EUR, and that the Serbian share was 49 percent.

“However, guarantees for all of that are not necessary, but we talked about the guarantees that are necessary for the initial capital for that joint venture and generally about guarantees that Russia be sure now that Serbia will return it”, said Dacic.

In agreement with Russian partners, he said, it was decided this would not be the state guarantees, but Russia to ensure it and Serbia to pay later from the proceeds of taxes for the gas passage through our territory.

“This has been going on for several months and we need to finish this issue as soon as possible”, he said.

Asked whether the situation in Ukraine slows down the process, he said it did not slow down, but the problem was the fact that the Serbian Parliament was dissolved for the election, by which was postponed enactment of some laws.

“I hope we can find a solution that everything goes normally, Aleksandar Vucic and I discussed with Russian partners and I am sure that everything will be all right”, said the Prime Minister.

Ministry: There is a certain problem with Srbijagas reform

Responding to a statement of Prime Minister Dacic that “South Stream” is currently “hindered” by the problem of providing government guarantees, the Ministry of Energy announced that the state guarantee for “Srbijagas” loan in the amount of 75MEUR, assigned to cover the initial role in the company “South Stream Serbia” was planned in the budget for 2013th, but not realized, due to the restrictive policies of the Ministry of Finance when it comes to increasing government borrowings.

“If the financial restructuring of Srbijagas had been implemented on time, as the Ministry proposed, Srbijagas would have achieved profit of around 120MEUR in 2014th and there would be no need for government guarantees for the financing of the project” South Stream

“, writes in the statement of the Serbian Ministry of Energy.

As stated, the proposal of the Ministry of Energy, Development and Environmental Protection was that the same guarantee be set in the budget for 2014th but the Ministry of Finance did not include that provision in the Draft Law on the budget of the Republic of Serbia for 2014th which adopted the National Assembly.

Ministry of Energy, Development and Environment Protection reminds us that all has been done in the last year and a half that the realization of “South Stream” project begins.

“So we expect both of these problems related to the project “South Stream” to be solved in the dialog between the Serbian state institutions and company “Gazprom”, in order that South Stream pipeline could be built to the planned schedule”, the ministry said.

Source; Serbia Energy