

In 2018, Serbia had direct subsidies in the amount of 47.4 million euros, while in 2019 that amount was 41.36 million euros, i.e. a total of 88.76 million euros. Subsidies in the form of fiscal support make up more than half of the amount - 45.03 million euros, subsidies for support of public finances are in the amount of 40.5 million euros, while subsidies for support of investments in state-owned companies are in the amount of 3.23 million euros. Subsidies for fiscal support consisted of direct budget transfers, a state loan for coalmines and non-payment of taxes and contributions by Resavica, as well as direct budget transfers to EPS.

The Energy Community (EnC) Secretariat has called on the authorities of its contracting parties, including Serbia, to limit subsidies to the coal sector. According to the Energy Community Treaty, the parties must ensure the prohibition of any state aid that distorts or threatens to distort competition by favoring certain companies or energy sources. The EnC also warns that state aid could distort competition and affect cross-border energy trade, which is why control of state aid is crucial for the establishment of a regional energy market. Regarding Serbia, most of the aid pointed out by the EnC concerns the state-owned Resavica coalmine, which, due to the great help of the state, endangers other companies because it does not pay electricity to power utility EPS.

Energy consultant at Deloitte Zeljko Markovic confirms that the state is helping the operation of coal-fired power plants. This support is mostly based on state guarantees for loans that EPS seeks from foreign financial institutions. These are mainly loans for desulphurization at TENT and Kostolac, as well as for other significant projects in this sector. Asked whether the aid in any way endangers others and distorts competition, since more than 70 % of electricity in Serbia is obtained from coal, Markovic said that in some cases the aid endangers other companies, such as the unpaid debt for electricity of the public companies to Resavica to EPS, which is treated as a "right not to pay" and falls into the category of subsidies to support investments in state-owned companies. As for EPS itself, it could certainly do without the help of the state if the price of guaranteed supply was at the market level, i.e. if it were not one of the instruments of social policy. The prices at which EPS operates on the domestic electricity market and placements on the regional energy exchanges are quite sufficient for the sustainable operation of this company. As for EPS' coal production itself, it is currently competitive on the regional electricity market because Serbia is not in the system of trade in carbon emissions (ETS system), so the price of electricity is not burdened by the emissions tax, unlike others producers of electricity from coal, coming from EU countries.