

# Serbian and Russian government agreement "South Stream" becomes "Serbian Stream" and this is the route to follow

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"South Stream", which was formed due to the project of the gas pipeline of the same name, will soon be renamed "Serbian Stream" and with its new name will build a route for blue energy from Bulgaria to Serbia, "Blic" finds out.

Due to such plans, "Srbijagas" will take a short-term loan of 15 million euros, and this money is intended for additional capital increase. Thus, instead of quitting the company, which was formed in 2011 along with Russian "Gazprom", due to the construction of the southern stream, it will be financially strengthened and reactivated. In other words, "Serbian Stream" will appear as the main contractor for the second route of the Turkish Stream gas pipeline, from which Serbia should be supplied from 2019. From the Serbian hub, the gas that goes beneath the Black Sea will also be delivered to other countries of Southeast Europe as the Ukrainian route will no longer function. That's why the new debt of "Srbijagas" increases the capital of the company "South Stream", which is in the APR under the name "South Stream Serbia AG".

Blic's source from Srbijagas claims that the company's renaming as well as its new tasks have been agreed between the state leadership of Russia and Serbia.

- Recently, President of "Gazprom" Aleksandar Miler was in Belgrade, who, in addition to the talks with Dusan Bajatović, also met with representatives of the government, including President Aleksandar Vucić. It was then specified that the business of the gas pipeline route from Dimitrovgrad should be carried by the company "South Stream" and that it should be financially, but also staffed, to be strengthened. Namely, this company has completed a significant part of the work on the design of the original South Stream route, including the part relating to expropriation. However, since the route is now changing, new tasks will have to be defined, including geological exploration of the land new path. It is delayed with deadlines because problems arise because of tenders that Srbijagas calls. In order to avoid this, it was agreed that everything is going through the company "South Stream" or "Serbian Stream", because there is a majority ownership structure of the Russian, so the public procurement system is different - our interlocutor explains.

He adds that Russian "Gazprom" will allocate certain funds in support of the company "Serbian Stream".

- The figures are not yet precisely defined, but estimates are that the gas pipeline through our country will cost slightly more than 100 million euros. The European Union has transferred to the Serbian budget 49.7 million euros and these money is on the account of the Ministry of Finance. Soon they should be transferred to the account of the company

"South Stream". Otherwise, in the financial documents of "South Stream" company for 2018, it is defined that the funds invested so far will be redirected to the construction of an alternative gas pipeline. In addition, it is clearly stated that "the management of the company (the company" South Stream") has estimated that the owners will continue to finance the work of the company through additional capital payments." In Srbijagas, for now, this is kept secret, but it is clear that with this debt, due to the increase in the subsidiary's daughter's capital, agreements have been reached on the inclusion of Serbia in Russian gas projects. What is known is that President Vučić insisted that the Russian party now guarantee that it will complete an alternative gas pipeline, which was not the case with the original South Stream project - says our source.

"Srbijagas" did not want to officially comment on the "Blic" information even though we sent them questions. Unlike them, experts argue that it is good that activities are starting in order to build an alternative gas pipeline.

- It is good that Serbia will be on the "Turkish Stream" route. It is also good that the agreements with "Gazprom" seem to have been reached to make Serbia a gas hub from the "Turkish Stream" and other countries, because our country will charge taxes instead of Hungary. It is important to get into the realization as soon as possible, since December 2019 is close. The name of the company that will do this is not important, but to start the work as soon as possible in order not to get into the situation that due to technical issues we have a delay in gas supply - they say from the Association of gas.