

**In light of the now certain decision that the European Union will impose a complete embargo on Russian oil, the question arises as to how this will affect Serbia, bearing in mind that the Russians are the majority owners of the Serbian Oil Industry. What is certain is that this will create a crisis for Serbia, which can only be resolved in two ways - by applying the Slovak model, which implies exemption from the embargo, or by changing the ownership of NIS.**

Within the sixth package of EU sanctions against Russia, one of the key sanctions refers to the introduction of an embargo on Russian oil. European officials said that it would be difficult because the dependence on Russian oil is great, but that it is necessary to do that. The embargo will be introduced gradually and will be fully applied to crude oil by November. The deadline for derivatives is the end of 2022. Almost everyone agreed with this, even Germany, which has been against it for a long time.

The only member state that has so far stated that it does not want to participate in the introduction of the embargo is Hungary, while Slovakia asked for an exemption because that country's dependence on Russian oil is 100 percent.

As things stand now, that request will be fulfilled. According to foreign media, Slovakia will be enabled to continue with the purchase of Russian oil at the end of 2023.

And such a model could be demanded by Serbia if it is required to impose an embargo. Another possibility is a change of ownership in the Oil Industry of Serbia, and that would require the Russian side to agree to sell its share. Interlocutors of the Nova newspaper believe that both models could solve the problem of the upcoming oil crisis.

### **Can Serbia be an exception?**

According to economist Mihailo Gajic, the sixth package of the European Union does not apply to Serbia, but the possibility is not ruled out that the EU will ask Serbia to harmonize its foreign, trade and diplomatic position with member states.

"The fourth package of sanctions provided for a ban on the transport of Russian gas and oil, not only those produced there, but also those managed by a Russian state company, so the question was whether NIS refineries will be able to import oil through the Croatian pipeline. At first glance, it seemed that NIS would not be able to import oil this way, but as soon as Serbia voted for the United Nations declarations condemning the Russian invasion of Ukraine a few days later, is an exception for the Western Balkans, "Gajic said, explaining that such a scenario could happen again.

### **The Slovak model is the most optimal for Serbia**

Gajic believes that a model like the Slovak one would be the most optimal for Serbia, because that would mean that Serbia will continue to import oil without hindrance. According to him, a potential problem would be if Gazpromneft's business is banned. So, for him, the question is whether this company will be able to export oil through EU countries, because there is almost no other way for it to come to Serbia.

“Serbia imports part of its oil products from Hungary, but the question is whether we could import all the necessary quantities from it, bearing in mind that 70% of the needs of the domestic market are covered by NIS from its refineries,” Gajic concluded. Another scenario for resolving the oil crisis is the change of ownership of the company NIS, in which the Russians currently have a majority share.

### **Nis functions as a “state within a state”**

Energy policy expert Miodrag Kapur told Nova that NIS functions as a “state within a state”, and that it would be good for that company to pass into the hands of an owner over whom the state of Serbia would have control, as he says, for geopolitical reasons.

“For that reason, it would be good for the majority package of shares in NIS to pass into the hands of someone else, even companies from Serbia. That would be the best possible scenario - for Serbia to buy NIS shares that are not owned by it, and for a new one.” “The owner becomes the best bidder in the tender. If the ownership of NIS changed, we would not have problems with the supply of oil, it will continue to come through JANA F in the cheapest way,” says Kapur.

Although this option has been mentioned several times, the Russian owners of NIS have not yet commented on it. This was mostly talked about by the Serbian side, which has a minority share.

What will be the solution for Serbia could be clearer in the coming days, when the final version of the sixth package of sanctions against Russia is adopted. Serbia has already managed to postpone the introduction of sanctions that would refer to the Oil Industry of Serbia, Nova writes.