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Russia no longer holds a monopoly on oil supplies to Serbia

Following the Serbian government's obligations towards the European Union, the company, Naftna Industrija Srbije (NIS), which is controlled by the Russian corporation Gazpromneft, on 1 January lost its position as the sole supplier of oil and oil products to Serbia. The market liberalisation will contribute to improving competition on the Serbian oil market and is also a sign that Belgrade is determined to continue its policy of integration with the EU.

Until recently, all supplies of oil and oil products (around 4 million tonnes of oil annually) were carried out via Serbia's largest fuel corporation, NIS. Since December 2008, the company has been controlled by Russia's Gazpromneft holding a majority stake of NIS (which is 51% controlled by Gazpromneft, 29.9% by the state treasury and 19.1% by minority shareholders). The company had a guaranteed monopoly status in oil imports, considering the process of the modernisation of NIS plants (including the refineries in Pancevo and Novi Sad). This had a detrimental effect of the company's main competitors on the Serbian market, Hungary's MOL, Austria's OMV and Russia's LUKoil, which were forced to buy fuel produced by NIS's refineries.

The liberalisation is likely to contribute to a price reduction and an improvement of the market condition of the competitors, above all MOL. It also cannot be ruled out that another Russian company, Zarubezhneft, which owns a refinery in neighbouring Bosnia, will benefit from the new situation. At the same time, Belgrade has also benefited politically from the new regulations by emphasising that it grants higher priority to meeting the requirements connected with its accession to the European Union than to the traditional bonds of friendship with Moscow. <dab>