

**Control Over NIS: Sales Provisions Signed**

Last year, Serbia and Russia signed an agreement giving 51% of Serbia's NIS shares to Russia's Gazprom. Initially, Russia's Gazprom and Lukoil, Hungary's MOL, Austria's OMV, Greece's Hellenic Petroleum, Romania's Rompetrol and Poland's PKN Orlen were to bid for the stake in the Serbian company, but NIS was so interested in the Russian gas giant's proposal that the contest was cancelled. Gazprom, along with paying for the controlling stake, guarantees to streamline the company's facilities and the country's oil and gas sector, finish the construction of the underground storage facility and include Serbia in South Stream. If the deal is closed, Serbia will secure inflow of the Russian capital - from Gazprom, Lukoil and Rosneft. As far as both Serbian and Russian investors are looking to Serbia's development as a power hub, there is no risk related to the transfer of the controlling interest in NIS to Russia.

Serbia's geographical position favors creation of a mighty energy structure in Europe; by taking hold of this structure Gazprom will yet strengthen its ironclad position in the market. Being engaged in two important projects, North Stream and South Stream, it's highly unlikely that Gazprom will be ousted from the market. Europe seeks energy independency, which can be secured only by the Russian company having funds and resources for that. Knowing this, the EU authorities approved of the companies' participation in Russia's both projects.

The interest towards the competitive Nabucco project is declining: the idea of routing a pipeline to pump gas from Central Asia to Europe bypassing Russia is not good, partly because of Turkmenistan's unreliability and its undetermined gas deposits.

Gazprom should take advantage of the situation and employ all its resources to purchase the NIS controlling stock.

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