

Just as rumours about the takeover of Montenegrin Electric Company (EPCG) calmed down, Serbian Prime Minister Aleksandar Vučić again stated that Serbian Power Company “will buy 11 percent of shares of the Electric Transmission of Montenegro”, which is a part of the Montenegrin company. Vučić added that Serbia was planning to buy the Montenegrin Port of Bar as well, which would enable it to gain access to the sea and hold the key energy points of Montenegro, country which has just today received an invitation to join NATO, reports Poslovni.hr on December 2, 2015.

The story of EPCG is much more political than business oriented, since whoever buys EPCG will automatically have a significant advantage in the race for the position of energy leader in the region. Croatia has openly shown interest in acquiring 41.74 percent of EPCG from Italian partner A2A, and Croatian Economy Minister Ivan Vrdoljak conducted a series of preliminary meetings on the subject. Montenegro is looking for a new strategic partner in the energy industry because it wants to ensure the construction of the second part of the thermal power plant Pljevlja II, which requires an investment of 338 million euros.

The company's shares on the stock exchange are currently worth less than 200 million euros, so the overall investment would be several billion kuna. Although there isn't any official information about the negotiations, sources claim that the platform for takeover was discussed during the last days of the outgoing Croatian government. A statement by US Vice President Joe Biden during his recent visit to Zagreb, when he indirectly sent a message that Croatia must play a key role in the energy sector of the former Yugoslavia, suggests that Croatia will have a strong ally in the expansion of HEP abroad.

On the other hand, Vučić certainly had a reason to announce that Serbia might buy EPCG. It is well-known that the Serbian company has no financial resources for any acquisitions since it has to lay off several thousand people and also has to modernize existing facilities.

Therefore, Serbia is probably counting on the support of Russia, which has been interested in taking over the Port of Bar and has tried to convince Montenegrin Prime Minister Milo Đukanović not to join NATO.

Official Montenegrin authorities have repeatedly pointed out that the decision on the sale will not be made quickly. This means that Croatia has enough time to react to Vučić's move. HEP has announced its intention to expand in the region, but at this time when Croatia does not have a government it cannot get involved in such a move.

It would require a support of the owner, and it seems that the support will be there no matter who forms the next Croatian government. Economy Minister Ivan Vrdoljak (HNS) repeatedly said that there is interest for HEP to expand. Domagoj Ivan Milošević (HDZ) said that HEP should certainly expand, but on condition that acquisitions across the border do

not slow down investments in Croatia.
source: total-croatia-news.com