

According to Insajder.net research, nearly two months following the cancelation of the South Stream natural gas pipeline project, EUR 17.8 million was paid to the account of a firm, majority owned by Russian energy giant Gazprom and headquartered in Serbia. State natural gas company Srbijagas General Manager Dusan Bajatovic has told Insajder.net that the payment was for earlier agreed commitments.

Two months after the South Stream natural gas pipeline was officially abandoned, EUR 17.8 million was paid to the account of a firm, majority owned by Russian energy giant Gazprom and headquartered in Serbia. The company was set up to build Serbia's stretch of the pipeline.

Over the past five years, Serbia invested some EUR 30 million in a Swiss firm, through state gas company Srbijagas, according to GM Dusan Bajatovic.

Instead of shutting down firms in Switzerland and also in Serbia upon the cancelation of the pipeline project, and returning the assets to the state budget, it has been announced that both companies will continue to operate for the construction of the Turkish Stream pipeline, a new project which, according to our research, is far-fetched.

Only Serbia agreed to register parent company offshore

For to build the South Stream gas pipeline, Serbia and Gazprom set up a joint venture, South Stream Srbija. It was registered as an offshore company in the Swiss city of Zug, an attractive offshore zone.

As it was presented in Insider's series "Energy (dis)agreements," no other country involved in the gas pipeline project did that, but they registered parent companies in their respective territory. The Swiss-registered firm South Stream Serbia, a 51%-49% joint venture between the Russian Gazprom and Serbia, was set up to manage the construction of Serbia's stretch of the South Stream gas pipeline.

According to financial analysis of Insajder.net journalists, the Swiss-registered parent company paid EUR 17.8 million to its subsidiary in Serbia two months after the pipeline project had been abandoned.

Here you can download appendix to financial statement, part one and two.

Dusan Bajatovic for Insajder.net: "You have to learn few things about economy..."

The question is what works could cost as much as EUR 17.8 million, considering that the Serbian public saw only "the begging" of the project, that is, the welding together of the first pipes in Vojvodina's village of Sajkas in 2013, after which the media reported that this "construction site" was forgotten as soon as the next day.

Also, it is not known which firms were engaged in the works related to the South Stream project, which in the end received the largest chunk of money.

For Insajder.net, Dusan Bajatovic said that the payment to the firm in Serbia two months after the pipeline project was scrapped refers to earlier agreed commitments.

Serbia's branch of the gas pipeline was projected to stretch some 400 kilometers. According to official statements, it was valued at EUR 1.7 billion, of which Serbia was to invest about EUR 830 million. The authorities said that Serbia would collect between EUR 200 to EUR 500 million from transit fee income, upon the completion the South Stream gas pipeline. The agreement on the South Stream gas pipeline was a part of a Serbia-Russia umbrella, envisaging phased cooperation in the energy domain. The project was referred to by the authorities as "the undertaking of the century" which would generate more than 2,000 jobs in Serbia, engage tens of domestic construction firms, economic boom and profitable business with natural gas transportation.

In parallel, the authorities used the project as an excuse to numerous accusations in the public that state oil and gas company NIS was sold to the Russian for chicken feed.

Aside from NIS, the South Stream project was also an excuse to grant Gazprom the exclusive right to exploit all oil and gas reserves in the country as well as majority stake in Banatski Dvor, Serbia's only underground gas storage facility, which the price and supply of gas depend on.

source: insajder.net