



NATIONAL PETROLEUM COMMITTEE OF SERBIA
WORLD PETROLEUM COUNCIL

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BILTEN

National Petroleum Committee of Serbia meeting the 22nd WPC

To strengthen existing and build new bridges

Petar Škundrić:

Opportunity for new contacts and
strengthen existing friendships

Kirill Tyurdenev:

Investments and Efficiency Bring
Success

Božidar Rajić:

Help from the World Petroleum
Council in developing the Serbian
market

Goran Radosavljević:

The NNKS-WPC in the period
2014-2017 and principal activities
until 2020

Slobodan Sokolović:

Publishing activities of the
NNKS-WPC

Tóth József:

WPC is fantastic organization

Mehmet Ogutcu:

Summit will provide
ammunition and signals to
leaders and experts



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CONTENTS:

- 2** **Editor-in-Chief's Note**, *Prof. Slobodan Sokolović*
- 3** **Opportunity to establish new contacts and strengthen existing friendly relations**, *Prof. Petar Škundrić*, Chairman of the National Petroleum Committee of Serbia
- 5** **Investments and Efficiency Bring Success**, *Kirill Tyurdenev*, Chief executive officer of NIS
- 9** **WPC is fantastic organization**, *Dr Tóth József*, President for World Petroleum Council
- 11** **Summit will provide ammunition and signals to leaders and experts**, *Mehmet Ogutcu*, chairman of Global Resources Partnership and Bosphorus Energy Club
- 13** **Help from the World Petroleum Council in developing the Serbian market**, *Božidar Rajić*, General Manager of OMV Serbia and President of the Association of Oil Companies of Serbia
- 17** **The NNKS-WPC in the period 2014-2017 and principal activities until 2020**, *Ass.Prof. Goran Radosavljević*, General Secretary of the National Petroleum Committee of Serbia
- 22** **Publishing activities of the NNKS-WPC**, *Prof. Slobodan Sokolović*, Vice president NNKS-WPC
- 37** **NIS: Energy Leader in the Balkans**
- 40** **LUKOIL Serbia: Lukoil headquarters for the Balkan region in Belgrade**
- 43** **SRBIJAGAS: Dedicated to clean energy**
- 46** **TRANSNAFTA: Secure, safe, reliable transport**
- 48** **CHAMBER OF COMMERCE AND INDUSTRY OF SERBIA: Reliable partner**



EDITOR-IN-CHIEF'S NOTE



Dear participants of the 22nd WPC, WPC council members and founders of the National Petroleum Committee of Serbia,

The NNKS-WPC quarterly edition of the Bulletin has been running ever since 2011 when the National Petroleum Committee of Serbia was established, until the present day when the 24th issue was published in July 2017. To our knowledge, there is no such professional format being published in any of the member countries of the WPC family which covers current and anticipates future strategic points of interest in the oil and gas sector.

We dedicate this issue to the promotion of activities of the National Petroleum Committee of Serbia, with a sincere desire to offer to all of the participants of the 22nd WPC a well-rounded picture of efforts invested and results achieved between two WPC Congresses. On the global energy map, Serbia is but a small dot in terms of oil and gas reserves, as well as in terms of their consumption. However, the very ambitious goals set reflect our endeavours to enable better communication between national petroleum committees in the South East Europe region, all with a view to forming a stable oil products market founded on the basic principles of competition and secure supply.

Although the National Petroleum Committee of Serbia

has existed for only six years, and is probably still one of the youngest WPC members, results achieved are by far much more significant.

Writing on the subject is Secretary General of the NNKS-WPC Goran Radosavljević, PhD, who also talks about plans for the period up to the 23rd WPC Congress – Houston, USA which is to be held in 2020. We should mention here the WPC Expert Workshop titled “Perspectives of the Petroleum Industry in the Future Energy Mix” which was held in June 2016, attended by some 120 guests from 22 countries and four continents. 16 experts, of which as many as 9 were international experts, discussed the perspectives of the oil industry, and the conclusions drawn will be presented at a separate panel during the 22nd World Petroleum Congress in Istanbul.

The chronology of NNKS-WPC publishing activity, a noteworthy piece, only complements the overview of activities and results of the NNKS-WPC.

**WELCOME TO THE:
EW6: WPC EXPERT WORKSHOP REPORT
ON:
PERSPECTIVES OF THE PETROLEUM
INDUSTRY IN THE FUTURE ENERGY MIX
THURSDAY, 13TH JULY
10.45 AM UNTIL 11.45 AM**

Prof. Slobodan Sokolović



INTERVIEW

Prof. Petar Škundrić,
Chairman of the National Petroleum Committee of Serbia

Opportunity to establish new contacts and strengthen existing friendly relations

Presented at the World Petroleum Council (WPC) expert workshops will be conclusions from the workshop “Perspectives of the Petroleum Industry in the Future Energy Mix”, which will be yet another opportunity to talk about not only the results of this gathering, but also about Serbia and the prevailing business conditions in Serbia. Contributing to this will, undoubtedly, be the joint stand of Bosnia & Herzegovina, Macedonia and Serbia which will be present at the side event, an international exhibition. The biggest benefit resulting from the participation of the National Petroleum Committee of Serbia (NNKS-WPC) will be the establishing of new contacts, as well as further developing existing friendly relations with numerous national committees, says Petar Škundrić, Chairman of the National Petroleum Committee of Serbia.

By Vladimir Spasić

NNKS-WPC BULLETIN: Your assessment of the previous mandate.

PETAR ŠKUNDRIĆ: In the period between the two WPC Congresses, namely between 2014 – 2017, the National Petroleum Committee of Serbia continued strengthening the position of its programme rooted in the basic goals of its activities:

- representing the oil and gas industry of Serbia in the WPC and other international institutions and organisations,
- developing the oil and gas industry in Serbia, as well as its promotion and integration within the region,
- actively contributing to permanent, stable conditions in the oil and gas production and consumption,
- promoting and exchanging the latest scientific and technical and technological achievements in the oil and gas industry
- sustainable development

In the previous 2011-2014 period, the NNKS-WPC endeavoured to become identified as a respectable



partner on the international and domestic scene in the oil and gas sector. At the 20th WPC Congress in Doha and the 21st WPC Congress in Moscow, the NNKS-WPC was given a chance to expand its communication with other petroleum committees,



as well as with the largest international oil companies, regardless of the fact that our oil sector is relatively small in global terms.

As a result of this concept of work of the NNKS-WPC, conditions were created for realising the WPC expert workshop in June 2016 titled “Perspectives of the Petroleum Industry in the Future Energy Mix” which was attended by some 120 guests from 22 countries and four continents. A continued cooperation with the Central European Initiative (CEI) and the realisation of two projects, “Biogos” and “Fuelpage”, have confirmed the regional recognition of the NNKS-WPC which was particularly highlighted with the forming of a national committee of Bosnia & Herzegovina.

On the domestic market, we have witnessed a close mutual cooperation of NNKS-WPC members which are present on the domestic oil products market, as well as an on-going communication with the Serbian Government.

In the previous mandate, a special edition of NNKS-WPC Professional Publications was launched, and three publications were published.

By actively participating at WPC Council meetings in New Delhi and Manama, NPC representatives have rounded their activities on the global level.

NNKS-WPC BULLETIN: The 22nd WPC Congress and participation of the NNKS-WPC delegation.

PETAR ŠKUNDRIĆ: The NNKS-WPC delegation will have a noteworthy presence on the 22nd Congress of the World Petroleum Council which will, once again, confirm NNKS-WPC’ recognition on the international scene. Conclusions from the workshop “Perspectives of the Petroleum Industry in the Future Energy Mix” will be presented at the WPC expert workshops in a 60-minute presentation. This will be yet another opportunity to talk about not only the results of this gathering, but also about Serbia and the prevailing business conditions in Serbia. Contributing to this will, undoubtedly, will be the joint stand of Bosnia & Herzegovina, Macedonia and Serbia which will be present at the side event, an international exhibition.

Our Vice-Chairman Prof. Slobodan Sokolović, PhD, will co-chair Forum 11 Products of the Future which will confirm the fostering of a professional orientation of NNKS-WPC members.

The anticipated election of Goran Radosavljević to the Programme Committee for the 23rd WPC Congress in Houston will contribute even further to the NNKS-WPC forming stronger international ties.

Off course, the biggest benefit of NNKS-WPC’ participation will be the establishing of new contacts, as well as further developing existing friendly relations with numerous national committees.

Biography

Prof. Petar Škundrić, was born on 21 February 1947. He graduated and defended his Master and Doctors theses at the Faculty of Technology and Metallurgy of the Belgrade University. He is the full professor at that faculty and honorary professor of the Sankt Petersburg State University of Technology and Design, the oldest technology institute and university in Russia. He published over 200 scientific and professional papers, studies and projects. He is one of the founders and the first general secretary of the SPS. He was the Minister of Mining and Energy in the Government of the Republic of Serbia. He currently holds the position of Advisor to the First Vice-President of the Government of the Republic of Serbia. He has been the Chairman of the National Petroleum Committee of Serbia – World Petroleum Council since its establishment on the 3 March 2011.



INTERVIEW

Kirill Tyurdenev, Chief executive officer of NIS

Investments and Efficiency Bring Success

The NIS Company continues with implementing ambitious investment programme and constantly streamlines its business. In the years to come NIS is poised to increasingly involve with the World Oil Council.

By Vladimir Spasić



NNKS-WPC: NIS Business Environment Forecast Through To 2020?

KIRILL TYURDENEV: Contemplations of business environment and forecasts should invariably go along with the awareness that at present we are working under conditions of a new price reality in the petroleum sector that orchestrates the development of the entire world economy, and not only the petroleum companies concerned. To my mind, one of the most telling proofs of this is the fact that the global price of a barrel of crude in mid-2014 exceeded 100 dollars, while the average Brent crude price in June plummeted to mere 47

dollars. This is much higher than the early 2016, which saw the rock-bottom price per barrel, below 30 dollars. We need to be alert, though. This is pivotal, as the global crude oil price is the principal parameter in our company development planning. However, almost all expert forecasts encourage us by reckoning that the next period will not bring about significant variations in oil price, moreover a mild growth is in store, which is not to significantly alter the current market situation. Crude price aside, our forecasts are equally based on the dollar exchange rate. In the next period, it is expected to go steady, which is yet another positive indicator.



On the other hand, it is critical to underscore that we are witnessing the fourth industrial revolution these days, and beyond any doubt, the accelerated technical progress will have its essential role to play in the oil sector. New technologies, such as electric cars and other technological achievements will have a considerable bearing on the oil demand in the years immediately ahead. Renewable energy sources are expected to become increasingly important and gain a substantial market share at the expense of fossil fuels. Even though fossil fuels constitute a priority fuel at present market, it is safe to say that petroleum companies are forced to adapt to new realities and be capable of rising to all technological, financial and other challenges that the new business environment brings about.

These global parameters go hand in hand with the local ones that create business environment

where we operate. First and foremost, this is the growth of the gross domestic product (GDP). The good news is that IMF in its projections expects GDP boost in the Balkan region, including Serbia. The last, but not the least, the market projections underpin this expectation. As for the oil products demand, the region of our operation is in store for a mild consumption growth, which in any case is quite encouraging.

Having in mind all these assumptions, we reckon that the next period shall see a favourable investment climate, but we are still cautious, most importantly due to the uncertainty pertaining to the crude prices. As for NIS, in this macroeconomic context, the company will continue its investment process. Let me remind you that we adopted a company business plan in 2016 that covers the period between 2017 and 2019, stipulating





investment exceeding 100 billion dinars for that period, an equivalent of more than 800 million euros. Specifically, we intend to invest in exploration and production of hydrocarbons, seeking to pursue the trend of our oil and gas reserves growth. I would like to point out that in 2016 alone our crude oil and gas reserves grew by 3.4 per cent. Furthermore, we plan to fund the revamp of our refining facilities at the Pančevo Oil Refinery. Let me point out in this respect the project of construction of the Delayed coking unit that will enable us to increase the refining depth (total value of the project is equal to around 300 million dollars). Once complete, the Pančevo Refinery will emerge as Europe's state-of-the-art facility. Other than that, we pursue the implementation of our energy projects. First of all I have in mind the Combined Heating and Power Plant project in the Pančevo Oil Refinery. This investment worth is assessed at 188 million euros. We plan to further invest in our retail network, expand the branded fuel range, and continue improving the quality of products and services to our consumers. However, continued investment is not the only area of our company development. Another factor that ensured our profitability in the period of oil crisis is our major programme to boost operational efficiency in every area of our operations. In 2016 alone, our measures of boosting operational efficiency contributed as much as 8.6 billion dinars, the equivalent of almost 70 million euros, to the EBITDA indicator. We at NIS believe that we can always perform better and more efficiently, which is why according to best practices in operational management system we continue enhancing our performance in the years to come.

NNKS-WPC: How do you think World Petroleum Council potential might be employed to streamline the company operation?

KIRILL TYURDENEV: World Petroleum Council is an international organisation with more than 70 member-countries that produce over 95% of world's crude oil and gas. As part of this network our company may tap into the knowledge and experience of its other members. This is of particular value under these circumstances presenting great challenges to oil industry. In expert seminars, workshops and panel discussions featuring international experts NIS staff members gain additional knowledge in areas of great importance for our company.

On the other hand, in the period to come we intend to step up our involvement with the World Petroleum Council seeking additional opportunities and prospects for us, ranging from participating in important decision-making to accessing latest information related to the realm of crude oil and gas. Moreover, the Council's network grants us an opportunity to involve with various other important global oil industry entities as the International energy agency or OPEC. All these circumstances greatly increase the credibility of NIS as one of South East Europe's major oil companies.

NNKS-WPC: What is your take on Serbia's National Oil Committee (NNKS-WPC) activities between 2017 and 2020?

KIRILL TYURDENEV: In the next period, NNKS-WPC ought to continue facilitating Serbia's oil industry development. This may cover various areas. Most important would be to bring world's best practices to Serbia, both concerning oil industry



and decision makers in terms of participation in streamlining legislation. Furthermore, by tapping into the World Petroleum Council network, taking the cue from Europe's other committees, NNKS-WPC should facilitate our oil industry's quest for compliance with EU legislation, both in terms of power generation and environmental protection. Significant projects have been delivered so far with European partners in bio fuel, oil products quality monitoring and combatting the shadow economy.

I am confident that the next period will see this good practice continued. Finally, I see the role of NNKS-WPC in training experts in the realm of oil producing, the young ones most importantly. Our cooperation with the University of Belgrade and Novi Sad, both members of NNKS-WPC, and via them the network of regional universities that train oil industry professionals, is undoubtedly conducive to improvements of both the quality and the knowledge in Serbia's oil sector.

Biography

Kirill Tyurdenev was born on April 19, 1977. He graduated with honors from Moscow State Institute of International Relations with a bachelor's degree in International Relations and an MA in International Law. Tyurdenev holds an LL.M from Manchester University and completed executive education programs in INSEAD and London Business School. From 2000 to 2004 Tyurdenev worked for A.T. Kearney and Unilever, in 2004 joined McKinsey & Co. From 2007 to 2012 he worked for Sibur Mineral Fertilizers as Deputy CEO for Strategy and Corporate Development. From 2012 Tyurdenev served as Executive Vice President and Board member in Sistema investment holding, and later as President and Board Chair in United Petrochemical Company within the Sistema holding. Before joining NIS he occupied the position of the Chairman of the Board in Ufaorgsintez. In April 2016 Tyurdenev joined "NIS j.s.c. Novi Sad" as First Deputy CEO for Refining and Sales. On December 8, 2016, he became a Board of Directors member, and on March 22, 2017 was appointed CEO of "NIS j.s.c. Novi Sad".



INTERVIEW

Dr Tóth József, President for World Petroleum Council

WPC is fantastic organization

The experience gained in the World Petroleum Council during more than two decades has confirmed that this is a fantastic organization because it gathers lot of volunteers, who like to contribute to the success of the petroleum industry, said Dr Tóth József, President of World Petroleum Council in last three years, in which as he said we have learnt several answers to the cyclical character of our industry.

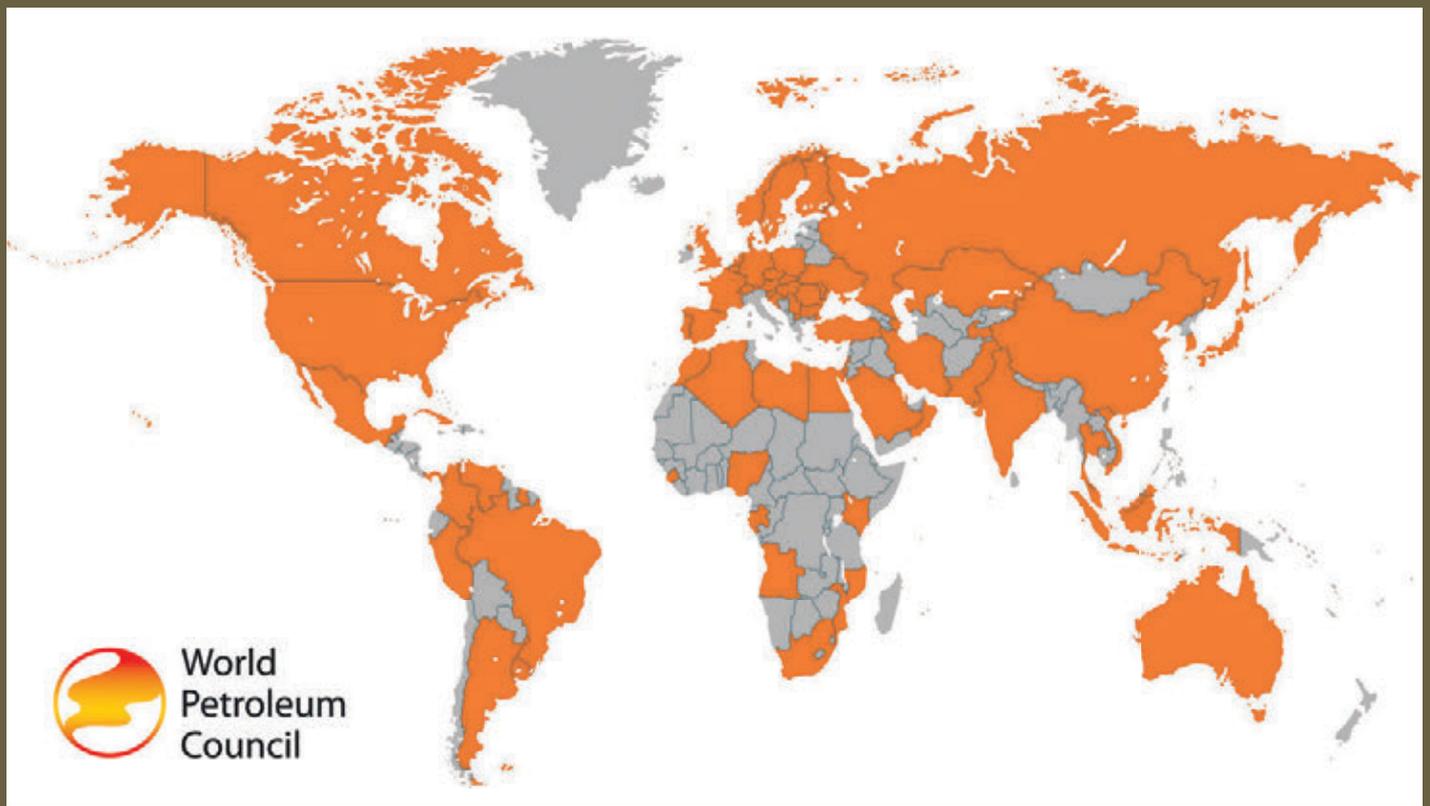
By Vladimir Spasić

NNKS-WPC BULLETIN: Main characteristics of your mandate?

TÓTH JÓZSEF: I have been working within the World Petroleum Council organization in different levels. The experience gained during this time of more than two decades has confirmed that this is a fantastic organization because it gathers lot of volunteers, who

like to contribute to the success of the petroleum industry.

When I was elected in 2014 as president I have decided to maintain intensified contacts with the National Committees of our member countries and as a result of this I attended many workshops, conferences and meetings in our member countries.





I take this opportunity to congratulate the Serbian National Committee of World Petroleum Council for their activities by organizing a successful Expert Workshop in 2016, and several regional WPC National Committee meetings.

NNKS-WPC BULLETIN: The assessment of the world's oil sector during your mandate?

TÓTH JÓZSEF: In this cycle we have experienced a downturn in the petroleum industry. We have

learnt several answers to the cyclical character of our industry, many of which will be discussed during our next Congress between 9-13 July in Istanbul.

NNKS-WPC BULLETIN: Your message for new WPC President

TÓTH JÓZSEF: According to our WPC "Constitution" I am personally not eligible for re-election but I know that my successor is highly qualified to be the next president.

Biography

*Position: President for World Petroleum Council
Born in Hungary.*

Graduated in City Veszprém (Hungary) in 1968 as a refining engineer, followed by economics studies at University of Economics in Budapest where he reached Ph.D. degree. Started his carrier at a state-owned oil and gas trading company where he became the CEO in 1984 after 16 years of experience.

Served 12 years in this position before the company became the part of MOL Hungarian Oil and Gas Co.

Thereafter he became the managing director of Refining and Logistics Division in MOL.

He has been the Chief Advisor to the Chairman and CEO of MOL for 8 years.

During the period between 2010 – 2013 he was active as Executive Chairman and CEO of OLAJTERV Engineering Company Group.

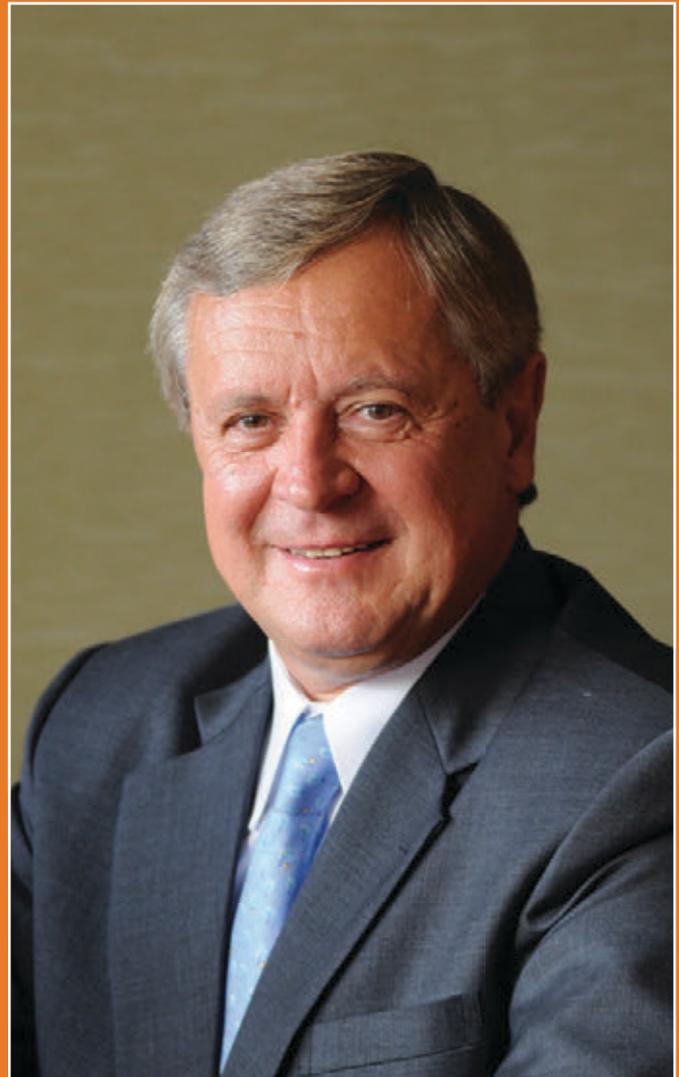
Founding President of Hungarian Petroleum Association and Vice President of the Board of the Hungarian Hydrocarbon Strategic Stockpiling Association.

Served for 10 years as member of the Industry Advisory Board of International Energy Agency (IEA).

Visiting professor at the University of Veszprém (Hungary).

From 2000 to date he is the Honorary Consul General of Singapore in Hungary and he was granted with "Public Service Star" Award in Singapore.

Has two decades of activity within the World Petroleum Council: from 2000 to 2005 he was the Vice President, between 2008 -2014 Senior Vice President and he was elected as President for WPC in June 2014 during the 21st World Petroleum Congress in Moscow.





INTERVIEW

Mehmet Ogutcu, chairman of Global Resources Partnership
and Bosphorus Energy Club

Summit will provide ammunition and signals to leaders and experts

I think the programme of the 22. World Petroleum Council provides a balanced content which will allow participants to address issues related to critical period in oil and gas sector such as competing fuels, price fluctuations, technologies, funding requirements, says Mehmet Ogutcu, chairman of Global Resources Partnership and Bosphorus Energy Club and also moderator of the Round table "Gas from producer to market" on the 22. Congress.

By Vladimir Spasić

NNKS-WPC BULLETIN: How do You see Program of the 22nd WPC Congress?

MEHMET OGUTCU: This summit comes at a critical period in hydrocarbon industry when we consider competing fuels, price fluctuations, technologies, funding requirements and geopolitical rivalries across the world. I think the programme provides a balanced content to tackle these matters by government and business leaders as well as prominent experts.

The lessons learned from the WPC three years ago in Moscow and the recent World Energy Council summit that took place in Turkey last year in October should be factored in the deliberations and preparations for the WPC 2017 Istanbul.

NNKS-WPC BULLETIN: What You expect from 22nd WPC Congress?

MEHMET OGUTCU: Of course the WPC is not in the business of taking decisions or offering options to policy and business decision-makers.

However, the wealth of knowledge, experience and business intelligence and interactions/bilateral discussions in the sidelines of the WPC summit will certainly provide ammunition and warning/opportunity signals to our leaders and experts.



I hope that some key business projects and political statements will be announced at the summit thus creating a breakthrough on new resources, financing, political settlement and climate change initiatives so that it will be memorable.

NNKS-WPC BULLETIN: Can You introduce us Turkish oil and gas sector and tell us Your projections for his development?



MEHMET OGUTCU: As a major economic and geopolitical power, Turkey has high ambitions for the future, aspiring to become one of the world's top ten economies (it is currently 17th) by 2023. It is not without reason that major energy producers and traders are knocking at Ankara's door to either sell to its attractive domestic market or use the Turkish territory/ infrastructure as transit to reach high-value international markets.

Turkey has strong energy demand growth, well above the world average, second to China, and will continue to do so – provided that the country retains its political cohesion, national security and sustainable development.

Turkey is not blessed with domestic energy resources. Its own oil and gas reserves account for only a tiny fraction of its rapidly rising demand and consumption. The country's soft underbelly is its heavy dependence on imports, amounting to more than 60 per cent of all the energy it consumes. This figure rises to 98 per cent for natural gas

and 93 per cent for oil.

Turkey is not only a significant energy consumer. It is also geographically close to 72 per cent of the world's proven oil and gas resources, and thus commands major chokepoints and transit routes for energy shipments between key energy-producing areas in Russia, the Caspian Sea basin, the Middle East and European consumer markets. Turkey could thus become the 'Silk Road of the 21st century.

Turkey needs to clarify whether its long-term ambition is, as often stated, to become a regional gas hub or a simple transit country. A hub is a competitive marketplace where gas from multiple sources is stored and traded at spot prices. In order to encourage the high level of investment needed (around \$12 billion each year), Turkey should also make further efforts to create a stable business environment, including a policy framework which helps companies take on and manage risk, incentivise efficiency and innovation, and ease key infrastructure decisions.

Biography

Mehmet Ögütçü has a 30 year plus track-record of success in government, international organisations such as NATO, IEA and OECD, banking, diplomacy and the energy business. Currently chairman of Global Resources Partnership and Bosphorus Energy Club, and independent non-executive director on the boards of Genel Energy plc, Siseam Group plc and Saudi Crown Holding, Mehmet is a sought after speaker with a wide breadth of knowledge and experience.

Ögütçü also serves on the international advisory boards of Invensys plc, Windsor Energy Group, The Oil Council, European Policy Forum and Beijing Energy Club. He is the special envoy for Asia-Pacific for Energy Charter based in Brussels. He was recently nominated by the Turkish government for the secretary-general position of International Energy Forum, the world's largest energy organisation based in Riyadh.

Previous positions that Mehmet has held include:

Head of OECD's Global Forum on International investment

Principal administrator for Asia-Pacific and Latin America at International Energy Agency

Turkish diplomat in Ankara, Beijing, Brussels and Paris

Deputy inspector at Is Bankasi, Turkey's largest private bank

NATO Research Fellow

EU's Jean Monnet Fellow

Advisor to the late Turkish Prime Minister Turgut Ozal

Mehmet studied international relations at the prestigious Political Sciences Faculty in Turkey completing his MSc degree in International Economy at London School of Economics (LSE) and his MA in European Studies at College d'Europe in Bruges.

He teaches occasionally at LSE, University of Dundee and Harvard University on energy geopolitics, competitiveness, and investment for development.



INTERVIEW

Božidar Rajić, General Manager of OMV Serbia and President of the Association of Oil Companies of Serbia

Help from the World Petroleum Council in developing the Serbian market

International cooperation within the World Petroleum Council, the largest oil association in the world, has ensured members of the National Petroleum Committee of Serbia, among other things, much quicker access to current achievements and events on the global oil market, as well as an insight into valuable experiences of other countries in energy market development which lies ahead for us. Our market is going through a difficult period of adjustment to the conditions that rule the unified European market. It is exactly because of this that in the years to come the role played by professional associations will be a particularly important one, says Božidar Rajić, General Manager of OMV Serbia and President of the Association of Oil Companies of Serbia.

By Vladimir Spasić

NNKS-WPC BULLETIN: Your assessment of the business conditions in Serbia under which the Association of Oil Companies of Serbia (AOCS) is operating?

BOŽIDAR RAJIĆ: In answer to this question, I must consider the conditions in which the Association of Oil Companies is working in, and the conditions in which the oil companies on the Serbian market are working in. The goals set at the founding of the National Association of Oil Companies, adopted on the Founding Assembly of AOCS in 2010, have remained unchanged to this day, which clearly demonstrates that we have focused our activities on those spheres of activity which then, as well as now, presented a common interest of all relevant stakeholders on the Serbian oil and oil derivatives market. Let me point out some of them: improving the public reputation of the oil industry, creating conditions for sustainable development, affirmation of professional and economic principles and, of course, creating an oil and oil derivatives market based on equal status of all





the stakeholders and free competition.

The first, and probably most difficult step was establishing cooperation with departments of the Government of Serbia authorised to enact and implement regulations defining business conditions in this segment of the market. In seven years, we have witnessed a change of Government four times. Let me note that in this period the Ministers of Energy were Mr. Petar Škundrić, Mr. Milutin Mrkonjić, Mrs. Zorana Mihajlović and for two terms Mr. Aleksandar Antić. We have had a good cooperation with all of them and, over time, in spite of our often critical standpoint, they have accepted AOCS as an ally in the endeavour to improve the national oil market.

Let me remind you that AOCS members, as is the case in all other professional associations, are more or less in fact competitors on the market, but the Association has always appeared before government bodies with a standpoint that is the product of a consensus protecting the general interests of our sector, and not the interest of any individual member. I believe that this was recognised by the state and that the comments and suggestions put forth by AOCS have to a great extent contributed to improving business conditions on the Serbian oil and oil derivatives market.

In some of its segments, the oil derivatives market in Serbia is still afflicted by relicts of the troublesome nineties. Battling such a deeply rooted grey economy is by no means an easy task. Many countries, particularly in East and South East Europe have managed to overcome this problem and maintain excise tax evasion within acceptable limits, if the term acceptable can even apply in this case. They have accomplished this ten, twenty years ago, while

Serbia is only about to permanently resolve this issue. Unfortunately, in the search for a system-based solution that would once and for all discourage every attempt at illegal trade, sometimes moves were made which we, the Association, feel have unnecessarily burdened legal fuel trade. Measures which have been undertaken in the last four or five years, such as the introduction of excise duty on extra light fuel oil and biodiesel, prohibition of sale of extra light fuel oil at petrol stations, more rigorous pre-requisites for engaging in wholesale of fuel, introducing fuel quality monitoring and a system of fuel marking which is unique in Europe, have all contributed to curtailing the illegal trade market, resulting, however, in a substantial increase of the costs of legal operations. As a result, motor fuel prices have gone slightly up, preventing to some extent the expected increase of consumption. The increase of retail prices were to a great extent affected by the shift in the taxation policy relating to excise duty because in this same period prices of diesel fuel and TNG increased. So in order to assess the effects of all these measures which contributed to curtailing the grey economy zone, their negative effects must also be taken into account. All things considered, the Serbian oil derivatives market, in light of the expected rise of industrial production, has a good perspective, and it is the duty of everyone in the society to regulate this area according to healthy principles of market economy as this is the only way that all members of the chain, the state and oil companies, will satisfy their interests to the full.

NNKS-WPC BULLETIN: How would you evaluate the collaboration of the National Petroleum Committee of Serbia (NNKS-WPC) and AOCS?



BOŽIDAR RAJIĆ: The Association of Oil Companies of Serbia gladly accepted the invitation to be the founder of the National Petroleum Committee of the World Petroleum Council. This is why I would rather talk about the collaboration within the National Petroleum Committee, as a very dynamic organisation which in a very short time has become a notable member of the global petroleum family, and not of the collaboration of these two associations.

International cooperation within the World Petroleum Council, the largest petroleum association in the world, has ensured members of the National Petroleum Committee of Serbia, among other things, much quicker access to current achievements and events on the global oil market, as well as an insight into valuable experiences of other countries in energy market development which lies ahead for us. As a crown on all past activities of NNKS-WPC I would single out the organisation of the Expert Workshop “Perspectives of the Petroleum Industry in the Future Energy Mix”. For the first time in Belgrade, and we can safely say in the region, perhaps for the first time, the future of the petroleum industry was discussed on such a high level, from the perspective of highly competent participants from all parts of the world. I believe that NNKS-WPC members have taken advantage of this in the right way.

The AOCS will certainly support all such activities, as well as international projects such as the ones that have enabled us an insight into the experiences of

countries of the European Union in development of the biofuels market and in battling the grey economy, and their becoming a backbone of future activities of the National Petroleum Committee of Serbia.

NNKS-WPC BULLETIN: Your proposal of future steps to improve collaboration between the NNKS-WPC and AOCS?

BOŽIDAR RAJIĆ: At the time of the founding of the Association of Oil Companies of Serbia, we decided to form an association of companies which meet extremely high requirements. Not in order to create an elitist business society, but in order to bring together the most vital part of the market, the companies who are the leaders of development of the oil market in Serbia and who are prepared to defend professional and market business principles. In my opinion, to a great extent, we have succeeded in doing so. In defending the said principles, in addition to defending the interests of its members, AOCS defends the interests of the state and the consumers and I think that this is something that has been recognised by the professional, institutional and general public in Serbia.

Both AOCS and NNKS-WPC play an important role in developing the oil and oil derivatives market in Serbia, and what I see as a possible way to improve the work of both of these associations is the focusing of activities. The National Petroleum Committee has some outstanding achievements on the international plan and I think that that should be the focus of activities of the Serbian Committee of the World Petroleum Council in the forthcoming period, and that the work of the Association of Oil Companies of Serbia should be primarily focused on improving business conditions and developing the domestic





market. Naturally, this should not be a strict and exclusive divisions of spheres of activity, as it hasn't been up to now, but I do feel that we can use our resources more rationally if we direct them to one or the other respective association in the realisation of activities which have the same goals.

The Serbian market is going through a difficult period of transformation and/or adjustment to the conditions that rule the unified European market. It is exactly because of this that in the years to come the role played by professional associations will

be a particularly important one. At AOCS we have several members who are part of international companies and their experience in countries that have recently become members of the European Union unambiguously tells us that it won't be either simple or easy to go through the process of market transformation without some negative aftermath. Their experience shows that efforts of individual companies in such circumstances don't even remotely equal the power that efforts of associations like AOCS and NNKS-WPC have.

Biography

Božidar Rajić graduated from the Faculty of Economy of the University of Belgrade. He started his professional career in 1985 as Commercial Manager for medical and mining equipment in the company Jugometal in Belgrade. In 1998 he joined the construction and trade company Modulor as the Manager in charge of import of mineral oils from Bulgaria, Hungary, Croatia and Bosnia & Herzegovina. In April 2002 he joined the newly formed company OMV Serbia (at the time OMV Yugoslavia) as Manager in charge of lubricants in the Commercial Department, soon to be promoted S&L Manager for Serbia. From 2007 he performed the same job for OMV Romania, helping in the successful consolidation and integration of OMV Petrom. As the S&L Manager for Serbia, he was in charge of optimum supply of the retail and commercial networks. Since 2010 he has had an active part in the development of the Association of Oil Companies of Serbia as OMV Serbia's representative, and as of recently as President of the Association.



**Ass. Prof. Goran Radosavljević,
General Secretary of the National Petroleum Committee of Serbia**

The NNKS-WPC in the period 2014-2017 and principal activities until 2020

In the course of the past three years the National Petroleum Committee's operations have been very successful. Following the Electoral Assembly in late 2014, ambitious plans were set. The principal goals set for the period 2014-2017 included, first and foremost, improving the functioning of the oil and oil products market in Serbia, the transfer of knowledge and best international practices to Serbia and protection of its members' interests in the country and abroad. In addition, the NNKS-WPC set as its goal to become a forum for key stakeholders on the oil market (economy, academic and professional public and state institutions). From today's perspective, it is safe to say that the NNKS-WPC has fulfilled all those goals, and much more.

In order to achieve the set goals, the management of the NNKS-WPC aimed its activities in three key directions: strengthening international cooperation, lobbying for the interests of its members and oil sector analysis.

STRENGTHENING INTERNATIONAL COOPERATION

In May 2015, at one of the meetings of the WPC Programme Committee (convenes twice a year), the NNKS-WPC submitted its nomination to host the "Expert Workshop", an international conference that is held 3-4 times a year under the auspices of the WPC. Several months later, Belgrade was selected to host

and organise this conference. The conference titled "Perspectives of the Petroleum Industry in the Future Energy Mix" was held in June 2016, attended by some 120 guests from 22 countries and four continents. During the one-day conference, 16 experts, of which as many as 9 were international experts, discussed the perspectives of the oil industry, and the conclusions drawn will be presented at a separate panel during the 22nd World Petroleum Congress in Istanbul. The great success of this conference resulted in it being included in the official WPC promotional video. The conference also received huge media coverage in Serbia. Strengthening international cooperation was further developed through an initiative for the holding of an annual meeting of all the national committees in the region which would serve as a platform for discussing open issues in reference to the oil and gas sector, as well as common stands of the committees to be taken before the WPC. Cooperation of committees in the region is important in terms of the stand on the interests of the committees to be taken before the WPC, as well as in terms of interests of the companies, members of the committees, that generally operate in all countries of the region.

Lead by these interests, on the initiative of the NNKS-WPC, and in cooperation with national committees from Slovenia and Croatia, the Petroleum Committee of Bosnia & Herzegovina was formed in mid-2016. With this, the zone of interest in the region is complete,



and the WPC gained another member. The founding of the Petroleum Committee of Bosnia & Herzegovina was crowned by an international conference that was organised together with the NNKS-WPC in Sarajevo in May 2017. With the participation of international and local experts and the support of representatives of the state, key challenges facing the global oil sector were analysed. Also, the burning issues of the oil sector in B & H were identified and it was agreed that in the future the committee is to be a forum on which all interested parties could discuss these topics. The conference in Sarajevo was attended by the President of the WPC, Jozef Toth.

In this period, the NNKS-WPC also established a good cooperation with leading international organizations from the oil sector. Representatives of the International Energy Agency attended two conferences organised by the NNKS-WPC in the course of 2015 and 2016, on which occasions they presented to the local public their

view of the trends in the oil sector. Cooperation with the OPEC Secretariat in Vienna was also established and it was agreed that in the forthcoming period their experts would give lectures in Serbia.

DEVELOPING THE SERBIAN OIL MARKET

The second key activity of the NNKS-WPC in the period 2014-2017 was aimed at developing the oil sector in Serbia. Primarily through cooperation with the competent ministries (in charge of energy and trade), activities were carried out for the transfer of best practices from the EU to Serbia related to combatting grey economy and fighting against illegal trade, as well as the introduction of EU quality and environmental protection standards. With the support of its members, the NNKS-WPC has on two occasions realised EU funded projects (CEI) aimed at, among other things, assisting the state and companies in the industry in the process of harmonisation with EU standards.



The project BIOGOS was implemented in the course of 2014, in cooperation with the Faculty of Mechanical Engineering and Naval Architecture of the University of Zagreb. In this period, an important issue on the market of Serbia was the blending of biofuels with petroleum fuels. Croatia, which had already passed down that road of harmonisation with EU standards, was chosen as the example on which to base the model for Serbia. Also, experts from the Faculty of Mechanical Engineering in Zagreb worked on the introduction of biofuels in Croatia, and it was very useful to learn from their experience first-hand. The final outcome of the project was the preparing of draft bylaws required for the unimpeded implementation of EU requirements in the field in Serbia. Another outcome of the project was that Croatian experts pointed out to the representatives of the competent ministries in charge of enacting the bylaws that the process is very complex and consuming, which is why it shouldn't be rushed. In effect, this influenced pushing the start of introduction

of biofuels from 2015 to 2018.

The other CEI funded project was implemented through a partnership with the University of Chemistry and Technology from Prague and the Czech Association of the Petroleum Industry and Trade. The project FUELPAGE was intended to improve the quality monitoring system introduced in late 2015 and to harmonise it with EU standards. Quality monitoring is one of the most important elements in fighting illegal trade, the ultimate goal being to ensure that highest EU quality oil products are supplied on the Serbian market. NNKS-WPC members, together with the Ministry of Trade, Tourism and Telecommunications, The Market Inspection Department and the Ministry of Mining and Energy, with the help of the Czech partners, prepared an analysis which served as the basis for the amendment of bylaws regulating this area. The final outcome was a better quality monitoring system of oil products, harmonised with EU regulations, as well as a drop in illegal retail trade of oil products.





In the previous period, in addition to activities carried out in relation to the two issues mentioned above, the NNKS-WPC organized a number of professional workshops aimed at developing the oil sector and transfer of best European practices to Serbia. The topics discussed referred to the marking of oil products, strategic oil and gas reserves, retail market in the region, education in the oil and gas industry, and many others. All of this was aimed at raising the level of general knowledge in the sector, among companies, as well as among the decision makers in institutions responsible for regulating this sector.

OIL SECTOR ANALYSIS

The third activity which was a priority in this period related to the oil sector analyses and publishing activities. These activities presented a continuation of the already existing ones, only now significantly improved. The NNKS-WPC is the only organization in

the region that gathers information on a monthly level, in a professional and analytical manner, relating to the retail market in Serbia, analyses that information and such analyses are made available to its members who then use them in their analytics, strategies and plans. There is now a data base which includes information starting from 2011. A study is being prepared titled “Analysis of the oil products market in the period 2011-2016” which aims to give an overview of the oil sector in Serbia and trends on the retail market.

Regarding the NNKS-WPC publishing activities in this period, in addition to the weekly and monthly bulletins, several professional editions have been introduced.

The first was the professional publication “Price of Oil – What is that?” aiming to explain all the aspects of the price of oil – technical, technological and economic.

In the meantime, two more professional publications have been published, while two more are planned by the end of this year.





PLANS FOR THE PERIOD 2018-2020

In the near future we have the 22nd World Petroleum Congress in Istanbul and several challenges standing before the NNKS-WPC. First of all, for the first time, the NNKS-WPC will be organising a panel discussion which is to be a part of the official programme of the world's largest oil conference (even more significant in light of the fact that it is held only every third year). Second of all, the Vice-Chairman of the NNKS-WPC, Prof. Slobodan Sokolović will be co-chairman of one of the central panel discussions at the Congress. Also, the NNKS-WPC will be presenting itself for the first time at the oil and gas exhibition which will be taking place at the same time as the Congress. Together with the petroleum committees from B & H and Macedonia, the NNKS-WPC will be presenting its activities to the global oil community, further strengthening its international position. Finally, the NNKS-WPC has a candidate nominated for WPC Programme Committee and this will be a rare opportunity for a representative of a country which is not a large oil producer to be in one of the two governing bodies of the WPC.

Following the Congress, we will be having elections at the NNKS-WPC, and I believe that the management that will be heading the committee in the forthcoming period will continue the activities pursued by the NNKS-WPC in the past. On the plan of international cooperation, a priority should certainly be using the WPC Programme Committee to establish better cooperation with the world's leading committees. The NNKS-WPC will thus be able to influence the organisation of the next, 23rd World Petroleum Council in Houston in 2020, making opportunities for promoting the committee almost endless.

Work which needs to be done in the forthcoming period is strengthening the Youth Committee which was formed in 2015, and which has already had significant activities in the field of promotion of the oil and gas economy among the youth. Their participation at the conferences "Future Leaders", held in Budapest in 2015, and "Perspectives of the Petroleum Industry in the Future Energy Mix", held in Belgrade in 2016, showed that young people are very interested in this sector, however, there is perspective for further future development.

In the forthcoming period, the NNKS-WPC will continue implementing projects aimed at developing the oil market in Serbia. On this note, scheduled for the second half of 2017 is the realisation of the project "Blend4Quality" which is funded by the Czech Government. The goal of the project is to transfer the experiences of Czech companies, the academic and professional community in combatting illegal trade and illegal blending of different substances in oil products. This is one of the biggest problems on the Serbian market and we trust that this project will contribute to curtailing this problem and keeping it within reasonable limits. In the period that is before us, the NNKS-WPC will continue with such projects with the support of its members and the competent ministries.

In any case, in the forthcoming period, the NNKS-WPC should remain a forum for bringing together companies from the oil and gas sector, the government bodies and the academic community for meetings, discussions and solving problems that affect all stakeholders on the market. In this way, the NNKS-WPC fully fulfils its mission and goals and sets a good example for the pooling of other sectors of the Serbian economy.



Publishing activities of the NNKS-WPC

By Prof. Slobodan Sokolović, Vice president NNKS-WPC

From its very beginnings, the NNKS-WPC initiated the defining of the concept of publishing activity that would encompass both professional briefing and expanding knowledge of NNKS-WPC members relating to oil and gas. At present, the NNKS-WPC issues three publications and one annual study - Analysis of the Oil Products Market in Serbia.

NNKS-WPC publications include:

1. **News Bulletin** published on a quarterly basis
2. **Weekly Review** published on a weekly basis
3. **EDITION: NNKS-WPC professional publications** published periodically

Without the financial aid of NIS Gazprom Neft Novi Sad, the National Petroleum Committee of Serbia would not be able to launch its Publishing activities.

NEWS BULLETIN

The basic concept of the Bulletin was based upon the choice of a current topic and the basic content structure: interviews with eminent experts in a given area and professional analysis. Every issue of the Bulletin provides NNKS-WPC members with space where they can report on the most significant events taking place between two issues of the Bulletin.

A designated section within the Bulletin is dedicated to the work of the WPC Council and the National Petroleum Committee of Serbia (NNKS-WPC).

Interviews with our interviewees from abroad are published in English and Serbian.

From 2011 until the present day, the Bulletin has been published in electronic form 24 times and 4 times in printed form. In this period, the Bulletin has published over 80 interviews with prominent international and local experts, as well as over 60 professional papers.

The Bulletin's editorial staff includes three standing members:

Editor in Chief: Prof. Slobodan Sokolović

Executive editor: Dušan Daković

Journalist: Vladimir Spasić

and

Permanent Expert Contributor on staff:

Aleksandar Nedučin

Presented below is a brief overview of the

contents of the published issues of the Bulletin.

1st Issue; 15 November 2011

20th WORLD PETROLEUM CONGRESS - ENERGY SOLUTIONS FOR ALL - PROMOTING COOPERATION, INNOVATION, INVESTMENT

The issue was dedicated to the anticipated 20th World Petroleum Congress and the topic of EU regulations and refinery practices. It brings three interviews: with the Chairman of NNKS-WPC, Prof. Petar Škundrić, Director General of the WPC, Dr Pierce Riemer and Deputy Secretary General at EUROPIA, Chris Beddoes. The principal message related by the Deputy Secretary General at EUROPIA is that the Regulations and decisions adversely affect competitiveness of oil refineries in the EU. A professional paper (author V. Spasić) was dedicated to the challenges facing oil industry operations due to the recession.



2nd Issue; 15 January 2015

MESSAGE FROM DOHA: THE ENERGY FUTURE LIES IN GLOBAL COOPERATION AND THE SHARING OF RESPONSIBILITIES

The issue presented the key messages of the 20th World Petroleum Congress held in Doha, Qatar on 4-8 December 2011. Prof. Slobodan Sokolović, Secretary General of NNKS-WPC – WPC writes about the participation of the Serbian delegation at the Congress, as well as the core messages conveyed at the gathering.

In an attempt to present a view from the region in which Serbia is based in regarding the key topic of the Congress - ensuring global energy security – the Bulletin presents an exclusive interview with the

Director of the EC Secretariat, Slavtcho Neykov, while the Secretary of the Slovenian National Petroleum Committee Ales Peternel writes for the Bulletin about his country's experiences and the necessary steps that need to be undertaken in the region of South East Europe.

As part of the feature of professional papers, the Bulletin explores key challenges to which this gathering was dedicated to – global energy needs, new global partnerships and the more demanding need for investments. Also published were professional papers written by members of the editorial board of the Bulletin:

Message from Doha: Rivalry gives way to partnership (V. Spasić) and Global energy future – unconventional oil and gas resources (A. Nedučin).

3rd Issue; April 15 2012

THE OIL EMBARGO – EVERYBODY LOOSES, “COLLATERAL DAMAGE” BEING THE GREATEST

The central theme of this issue are the consequences affecting the oil market that result from the quakes that are produced when this strategic energy source is used as a weapon of political pressure by either the producers, or large customers. The Bulletin publishes the response of the European Commission to the embargo on Iranian oil, as well as interviews with the leading figures at NIS (Kirill Kravchenko) and Srbijagas (Dušan Bajatović) on the subject of security of oil and gas supply to Serbia in these situations. Two professional papers were published. One gives a historical view of the imposed oil embargo, the other analyses the measures which can serve to protect consumers from the negative effects of the



imposed embargo on import/export of oil. Company News brings an interview with the CEO of Lukoil Serbia, Aleksandar Panfilov, on the subject of oil products in Serbia one year after the liberalisation, as well as future plans of this company.

4th Issue; July 1 2012

FUEL QUALITY MONITORING – KEY BATTLE FOR THE OIL PRODUCTS MARKET

In this issue, the Bulletin directly tackles an area of the oil industry that affects all parties on the Serbian market. Consumers cannot be sure what kind of fuel they put into their tanks on domestic petrol stations, while from the point of the distributors, those who want to operate fairly are crushed by the

grey market “competition”. Finally, the state is at a loss as well due to reduced inflow of budget funds generated via the fuel tax.

This issue also publishes interviews with Niek Klooster, Director of Project Development at “Intertek”, who stressed the need for the consumers and the state to enforce a system of penalties for sellers of poor-quality fuel.

Robert Martin – of the multinational company “John Hogg” talks about how the Euromarker system is very efficient is preventing tax evasion. This issue presents an interview with Vassil Katincharov, a consultant for the preparing of a fuel quality monitoring system in Serbia.

Professional papers were presented by Snežana Ristić: Head of the Oil and Gas Sector at the MIE: First step – creating the legal framework for the introduction of a monitoring system and Aleksandar Nedučín, Expert Contributor of the Bulletin: Quality analysis of motor fuels in Europe.

5th Issue; 1 October 2012

COOPERATION OF NATIONAL AND INTERNATIONAL OIL COMPANIES: PARTNERSHIP FOR SECURING FUTURE ENERGY SUPPLY

In an attempt to explain to the readers the relationship between national (state) and international oil companies (dominantly private capital), this issue of the Bulletin presents interviews with Robert A. James, partner in the international law firm Pillsbury Winthrop Shaw Pittman LLP and Dr. Wolfgang Rutenstorfer, former CEO of OMV. Published in this issue are the results of the survey developed by the company Terrapinn.



The Bulletin published answers contributed by several current and former heads of some of the leading national and international oil companies to these questions:

What are the key ingredients for a successful NOC-IOC partnership?

How will the NOC-IOC relationship evolve?

The message that singles out is that there is no cooperation without mutual economic interest.

Two professional papers were featured:

The advantages and disadvantages of the collaboration of national and international oil companies (A. Nedučin)

A three-way marriage model (V. Spasić)

6th Issue; 15 January 2013

ENERGY STRATEGY FOR SOUTH EAST EUROPE

Published in this issue were interviews with Prof. Zorana Mihajlović, Serbian Minister of Energy, who stressed the need for a Balkan energy union in order to ensure greater stability of supply, with Janez Kopac, Director of the Energy Community Secretariat, who's opinion is that: the energy strategy should serve as a wakeup call. Anita Orban, Coordinator of the program "Sustainable Energy" of the European Union Strategy for the Danube Region (EUSDR) feels that one of the main activities in 2013 will be investigating the regional renewable energy production and its impact on the network, as well as the potential of introducing smart grids and smart solutions in the Danube region.

One of the featured professional papers (A. Nedučin) analyses the energy status in countries of the European Community. The other professional

paper presents an overview of the leading oil companies operating in Serbia trends of decrease of consumption and the place of the regional energy industry in relation to Europe and the world and that of the South East Europe region (V. Spasić).



7th Issue; 15 April 2013

SCHOOLING UNTIL RETIREMENT

The focus of attention of this Bulletin is seeking answers relative to the processes and forms of permanent education which is a pre-requisite for the subsistence of oil companies within the more and more complex sociological, political, economic and technical processes.

This issue presents four interviews and three



professional papers. An interview with Peter Cameron, Director of the Centre for Energy, Petroleum and Mineral Law and Policy at the University of Dundee who pointed out that: Education could cure the “dark side” of energy. The issue also brings interviews with the Rector of the University of Novi Sad, Prof. M. Vesković, (Finding the balance between short-term applicable knowledge and transversal competencies), Dmitry Fomenko from NIS stressed that this company is shaping people with broad views for the global level, and A. Sedmak from the Faculty of Mechanical Engineering pointed out that Faculties of the University of Belgrade should be more aggressive in their attempts to establish a collaboration with the industry.

In the part reserved for professional papers, the Bulletin published the paper written by Prof. Radmila Marinković-Nedučin, on the subject of the Strategy of development of higher education in Serbia, A. Nedučin gives an overview of permanent education in the oil industry. V. Spasić, in his paper gives a short analyses of permanent education in companies MOL and LUKOIL.

8th Issue; 15 July 2013

PANNONIAN BASIN: OIL AND GAS POTENTIALS

This issue of the Bulletin analyses oil and gas reserves in the Pannonian Basin. Writing on the subject is Prof. Ferenc Horvat, Eötvös University, Budapest, who states that the Pannonian Basin is a mature exploration area located on the territory of 8 different countries. This implies different levels of exploration. If taking into account variable geological

conditions, it can be concluded that the remaining hydrocarbon potential varies from country to country.

Nikolay Zalevsky, new CEO of the Scientific and Technical Centre (STC) at NIS Naftagas feels that there are still considerable reserves in the Pannonian Basin and that by applying new technologies present oil and gas reserves could be increased.

MOL Group has a high level of geological knowledge of the Pannonian Basin, supported by on-going explorations. New discoveries in the last year added 4 MMboe (millions of barrels of oil equivalents) to the existing reserves base. In 2012, 58% of MOL Group’s booked reserves (380.6 MMboe) originated from Hungary or Croatia. Even if we can talk about a matured field portfolio and a naturally declining rate, the area is still considered a stable base of hydrocarbon production, particularly in Romania. Statistics show that exploration activity in the Pannonian Basin has been extensive and that it will remain so, and in time the search for unconventional reserves will increase - says Mike Lakin, founder and Managing Director of Envoi Limited, a company involved in global upstream project acquisition and divestment (A&D).

Prof. Bruno Saftić, graduate engineer of geology, graduated at the Faculty of Mining, Geology and Petroleum Engineering of the University of Zagreb, feels that it is time for revitalisation of old oil and gas fields in the Pannonian Basin, while Prof. Dušan Danilović, from the Faculty of Mining and Geology in Belgrade states that it has been established that there are significantly greater reserves than the ones previously determined.

Further on, A. Nedučin presents a study of the



Pannonian Basin Province, Central Europe (Province 4808)—Petroleum Geology, Total Petroleum Systems, and Petroleum Resource Assessment, Gordon L. Dolton, U.S. Geological Survey, Reston, Virginia, 2006.

9th Issue; 15 October 2013

CHAPTER 15

This Bulletin includes the largest number of interviews. A total of 7 high positioned officials, former chief negotiators with the European Union. Serbia and the European Union must open “Chapter 15” which is considered one of the most controversial areas in terms of defining European regulatory policies. The complexity and significance of this area were reasons enough for the NNKS-WPC Bulletin to present to its readers what can easily be called a unique dossier which comprises the standpoints and expectations placed before our country in terms of the chapter relating to energy, as well as the views and terms set by the European Union and the most recent experiences and advice from neighbouring countries which have finalised the negotiation process and become a part of the EU, or which are preparing for those challenges.

Speaking on the subject are:

Prof. Zorana Mihajlović, Minister of Energy, Development and Environmental Protection: We are better prepared than it seems – Two teams for negotiation, Janez Kopač – Director of the Energy Community Secretariat: The biggest problems in the gas sector – oil is not a problem, Serbia has already entered the EU through NIS, Robert Golob, negotiator (energy sector) for Slovenia’s accession to the EU: Privatisation should not precede market

liberalisation Željko Tomšić, chief negotiator for the “Chapter” on behalf of Croatia: Don’t think of the European Commission as an enemy
Slobodan Petrović, Secretary of the Society for Energy with the Serbian Chamber of Commerce and Industry: Difficult tasks are before us
Aleksandar Pejović, chief negotiator for Montenegro’s accession to the EU: Opening of the chapter after screening of the European Commission
Tomislav Mićović, Secretary General of the Association of Oil Companies of Serbia (AOCS): It will take years for the economy to improve its competitiveness

10th Issue; January 2014

SERBIA, AN ENERGY HUB?

This issue of the Bulletin is dedicated to finding an answer to the question whether Serbia can become in a geo-political sense an energy hub for the countries of South East Europe. Pursuing the course set in the first issue of the Bulletin of the National Petroleum Committee of Serbia – for its pages to introduce new events, thereby meeting the needs of the professional community and informing the general public – this issue tackles the potential which could transform our country into an energy monster in this part of Europe.

Bratislav Čeperković, Adviser to the Prime Minister for EU Integration, in his answers emphasises that whether we will become a hub depends on us, while Željka Cvijanović – Prime Minister of the Republic of Srpska estimates that construction of the leg of the South Stream pipeline means a billion euros worth of investments. Ivan Vrdoljak – Minister of Economy of the Republic of Croatia, points out the official



position of Croatia that there are no obstacles for the branching of the leg of the South Stream to Croatia.

In a statement for the NNKS-WPC Bulletin issued by “Gazprom” headquarters in Moscow (Gazprom Information Department), it was stated that construction of the South Stream could mean a new European hub for the distribution of gas in countries of South East Europe.

Aca Marković – Chairman of the Supervisory Board of the Electric Power Company of Serbia: points out that Serbia and its surrounding have the most transmission lines in the region, and the “skeleton” of the 400 kV network for connecting Ukraine, Moldavia and Romania with Italy will pass through our country, forming the “Drina Highway”, a corridor which is to accommodate large transport of

electrical energy, from the exporter to the importers. What the “South Stream” is for gas, the “Drina Highway” will be for electrical power.

The issue includes many professional papers on the subject of A third Leg of the South Stream from Serbia to Macedonia, Emergency oil and gas reserves– should a service be enabled?, Serbia as a centre of expansion of the oil business in the region.

11th Issue; April 2014

ENERGY EFFICIENCY IN THE OIL AND GAS INDUSTRY

Energy efficiency, along with gas emissions reduction and an increase of the share of renewable energy sources in the overall energy mix, is one of the three cornerstones of the climate and energy policy of the European Union which is mandatory for all member countries, as well countries who have entered the market by way of a partnership agreement with the European Community (EC).

This issue of the Bulletin brings interviews with: Borko Raičević, energy efficiency expert in the Energy Community Secretariat, New rules for the oil and gas sector

Alen Maturen - representing EUROPIA: EU rules offset energy efficiency gains

Igor Korać – Deputy Director of NIS Energy Block: Efficient use of energy – an imperative in times of crisis

Dušan Gvozdenc – Professor at the Faculty of Technical Sciences of the University of Novi Sad: ISO 51001 standard means that people also have to change 17 Professional papers: Energy efficiency of refineries.

In a professional paper written by A. Nedučín, the energy efficiency of refineries is analysed.





12th Issue; June 2014

IN ANTICIPATION OF THE 21st CONGRESS ECONOMY TAKES ON RESPONSIBILITIES

This issue of the Bulletin is dedicated to the 21st WPC Congress which was held in Moscow on 15 - 19 June 2017. The electronic version of this issue was distributed on specially designed USBs during the WPC Congress.

The Bulletin brings interviews with:

Prof. Petar Škundrić – Chairman of the NNKS-WPC:
Exchange of knowledge and experience will be very important

Renato Bertani – President of the Executive Committee of the World Petroleum Council: The need to engage all stakeholders in order to achieve cross-border cooperation

Vladimir Vasilievich Kornev – the Executive Secretary of the Organising Committee of the 21st WPC Congress and Director of the Russian National Petroleum Committee: Despite the difficult geopolitical situation in the world, we have succeeded

Pierce Riemer – Director General of the World Petroleum Council: Industry must earn the right from society to continue doing business

The Bulletin also brings very detailed information about NNKS-WPC members.

13th Issue; October 2014

RISK MANAGERS

In continuation of the editorial policy of looking towards the future, exploring the not fully, or not at all researched topics, in this issue we attempted to report on how financiers, the banks, support in this environment the oil companies in the realisation of

their business strategies. “Attempted” and to some degree succeeded, as in the process of knocking on the doors of some of the big financiers we were often told that at the moment they are not ready to answer questions relating to such a complex and delicate area.

This issue brings interviews with:

Kent F. Moors, one of the leading internationally recognised experts in the oil and gas sector feels that: There are more “exotic” arrangements than ever before

Milica Travica, Managing Director at Inec Engineering, former Head of the Financial Market Analysis Unit at Banca Intesa which analysed trends in the energy sector as well: Bankers are well acquainted with trends in the energy sector

Riccardo Puliti, Managing Director for Energy and Natural Resources at EBRD: Environment and sustainable development are key

Nebojša Arsenijević, Manager of the Renewable Energy Programme for the Western Balkans at IFC: Banks in the region have no experience in financing renewable energy resources.

14th Issue; January 2015

PRICE OF OIL – What is that?

This issue of the Bulletin is an attempt to offer to the professional and general public that we are addressing, a broader framework within which to contemplate the answer to the question: Price of oil – what is that?

In the search for an answer to this question, the editorial staff of the Bulletin provided a considerable number of original articles that deal with the history of oil prices, costs of oil production and



transportation, dealing with oil and oil products on the stock market. A part of the issue was dedicated to the oil products market in the region, with particular emphasis on auto gas.

Professor Lutz Kilian from the University of Michigan, an internationally renowned expert of oil markets analysis, in an interview opening this issue of the NNKS-WPC Bulletin says that “global economy depends as much on the price of oil as the price of oil depends on the global economy. Awareness of this is essential in making sense of the evolution of the price of oil and has far-reaching implications for any discussion of the origins and effects of oil price shocks in the current environment, as well as in the past”. “Overall, the oil market has become considerably more complex in recent years” – says Prof. Kilian, who according to the Thomson-Reuters list belongs to the one percent of most often quoted scientists in the world.

Published in this issue of the Bulletin are interviews with:

Lutz Kilian, Everything is determined by demand and supply, even speculations

Giulio Cifarelli, The very structure of the oil and natural gas industry is changing

And professional papers:

Goran Radosavljević, Oil price trends in 2014 and the projection for 2015

Slobodan Sokolović, A brief overview of oil prices through history (1861-2011)

Milan Lončarević, Costs of finding and producing oil

Aleksandar Nedučin, Methods for determining the price of oil transportation

Ivan Brajović, Modern trends in global oil trade

Dragan Govedarica, Reference oil.

Snežana Ristić, Determining prices of oil products in the region - examples

Tomislav Mićović, Platts, Argus – providers of price data

Petar Gonja, Liquefied petroleum gas

An extended version of this issue of the Bulletin was published as the first issue of the edition NNKS-WPC Professional Publications

15th Issue; April 2015

HOW TO REACH 2030?

The editorial staff of the Bulletin tried to offer to its readers some thoughts on the position of the oil industry in 2030, at a time when global political, fiscal and financial terms are highly uncertain

The following interviews were published:

Jozsef Toth, President of the World Petroleum Council: Restructuring is inevitable after the drop of oil prices

Wayne P. Weitz, Managing Director at Bankruptcy Consultancy Gavin/Solmonese: Short-term drop of capital investments delays long-term returns

Szabolcs I. Ferencz, MOL Group's Senior Vice President for Corporate Affairs, member of the Supervisory Boards of INA and Slovnaft: Upstream will remain the main direction for investments

Andreja Josifovski, President of the Board of Directors of Makpetrol A.D.: Restructuring with more attention to distribution and marketing

Professional paper

Vladimir Spasić: Companies respond to the collapse of oil prices: some cutting of costs, some takeovers

In a situation where there is a sign of equality between energy and politics, the editorial staff of the Bulletin attempts to research the mission and



influence of energy journalism today. The delicacy of the topic adds to the significance of our interviewees in this issue, some of the most prominent editors, journalists and bloggers covering this topic.

A special part of the Bulletin are the extremely precise, clear and critical answers of a number of the most reputable local journalists covering this sector on the subject – does energy journalism exist in Serbia today, what does it look like, and what are the conditions under which it exists and works.

This issue published an opening professional paper Slobodan Sokolović: Energy journalism – a profession or a passing interest?

Interviews

Antoine Halff, Editor of International Energy Agency flagship monthly publication the “Oil Market

Report”: Energy journalism is about the future as much as the present

Dr. Matthias Lang, Co-founder and one of two primary authors of German Energy Blog: Social media increase speed and risk of error also

Robert Bryce, One of America’s most prominent energy journalists: The public isn’t well informed about what is happening in the energy sector And responses from the most prominent local economy journalists

Miša Brkić, Dimitrije Boarov, Jelica Putniković, Dragan Nedeljković, Mijat Lakićević, Momčilo Cebalović, Željko Martinović

17th Issue; October 2015

STATUS OF EMERGENCY OIL AND OIL PRODUCTS RESERVES IN EUROPE, IN THE REGION, AND IN SERBIA

Talking to the Bulletin on the subject of how far Serbia has come and what kind of solutions it has chosen in the field of forming emergency oil and oil products reserves are Miroslav Pivić, Director of Emergency Reserves with the Ministry of Mining and Energy.

Adrian Jasimi, Oil Expert, Energy Community Secretariat, explains to our readers on behalf of the Secretariat of the Energy Community the financial, legal, political, technical and organizational challenges that lie ahead on this path, noting that the 2030 deadline is not far away.

Jan Bartos, analyst for the Emergency Policy Division of International Energy Agency (IEA), gives an account of this institution’s emergency response to disruptions on the oil market, which is in fact the pillar of its activities.





Pedro Miras Salamanca, Chairman of CORES - Spanish Strategic Petroleum Reserves Corporation of energy supply, completes the list of our interviewees providing an overview of one of the most successful global experience in this field.

The Bulletin also brings an overview prepared by our expert contributor Aleksandar Nedućin on the four decades long history of developing emergency oil and oil products reserves in the world, with particular emphasis on European directives regulating this area and practices in a number of European countries.

18th Issue; January 2016

OIL AND GAS PIPELINE PROJECTS IN THE REGION

In continuance of the editorial policy of covering the most current topics and open veins of our energy scene, in this issue of the Bulletin we try to find answers to the question how realistic are the oil and gas pipeline projects in this region. The public and economy that have been promised one after another oil and gas pipelines so needed to secure the energy stability of Serbia and the region deserve an answer. In this issue of the Bulletin, readers will for the first time find in one place a well-rounded dossier of all the former and future, open and closed or dormant oil and gas pipeline projects.

Interviews

Anna-Kaisa Itkonen , European Commission:
Interconnection agreements are the first results of the CESEC initiative

Dr. Petr Steiner, Stratas Advisors: Interconnectors have a greater chance to succeed than new large-scale projects

Thomas Campbell, Stratas Advisors: CESEC projects problems are related to political will and poor demand

Professional papers

Slobodan Sokolović: Balkan pipeline projects – Testing the (lack of) power

Aleksandar Nedućin: Supplying the region with oil

Vladimir Spasić: Everyone builds pipelines, but only the Germans finish them

19th Issue; April 2016

OIL PRICES AND INVESTMENTS IN THE OIL INDUSTRY

The primary response of our oil companies in a two-year period includes lowering oil prices, cutting operating costs, affecting mostly decrease in investments.

The answer to the fundamental question how to operate in such an environment is provided in this Bulletin by Kirill Kravchenko, CEO at NIS, who stresses that by constantly increasing operational efficiency of business operations and by continued development of the company via new investments, NIS has managed to maintain profitability in the extremely difficult conditions at work in 2015. The company will not back out from key investments, primarily those relating to the increase of oil and gas reserves and deep processing.

This is also confirmed by Marko Čadež, President of the Chamber of Commerce and Industry of Serbia: In spite of the crisis, investments in the Serbian oil sector continue

LUKOIL states for the NNKS-WPC Bulletin that it has a strategy in place in the event of the price of oil being 20, 30, or 40 dollars. Owing to the need for cutting



costs, capital projects that bring long-term profit need to be surrendered, however, the company must think of the future – geological surveys and preparing new sites for exploitation.

The leading oil experts of two particularly cited global consulting companies, Rystad Energy and Energy Aspects, answer for the NNKS-WPC Bulletin questions regarding the causes, and especially the consequences of current oil prices.

Bjørnar Tonhaugen, Vice President Oil Markets, Rystad Energy says that even a price of 60 dollars for a barrel is not a big enough incentive for investments in production, while Virendra Chauhan, Oil Analyst at Energy Aspects states that Oil prices at these levels will cause substantial price volatility.

The Bulletin also includes two professional papers: Aleksandar Nedučín Expert Contributor for the Bulletin: Low price of oil slows down development of the oil sector Jelica Putniković a journalist of “Balkan magazin”: Cutting down investments – a medicine with contraindications.

20th Issue; June 2016

PERSPECTIVES OF THE PETROLEUM INDUSTRY IN THE FUTURE ENERGY MIX

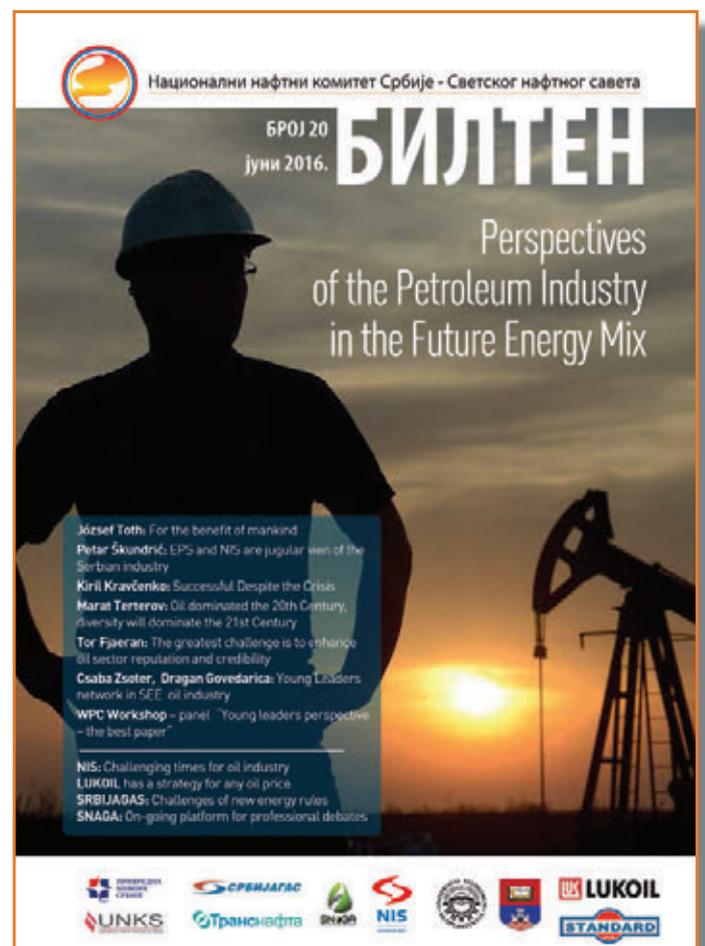
This issue of the Bulletin is dedicated to the WPC Workshop held in Belgrade on 16 June 2016. Presentations from this Workshop were published as part of the edition NNKS-WPC Professional Publications. This WPC Workshop is the result of our endeavours to draw attention to the key challenges facing the oil sector and to dedicate ourselves to perspectives of the future global energy mix. Published in the Bulletin is the message addressed by Dr. Jozsef Toth, President of the World Petroleum

Council, to the participants of this WPC Workshop. The Bulletin publishes interviews with Prof. Petar Škundrić, PhD, Chairman of NNKS-WPC: EPS and NIS are the jugular vein of the serbian industry

Kirill Kravchenko, CEO NIS: Successful Despite the Crisis

As well as moderators and panellists:

Marat Terterov, the Principal Coordinator of the Energy Charter Secretariat: Oil dominated the 20th Century, diversity will dominate the 21st Century
Tor Fjaeran, Statoil Norway – 22nd WPC - Congress Programme Committee Chair: The greatest challenge is to enhance oil sector reputation and credibility
Csaba Zsoter, WPC Youth Committee, Hungary, Dragan Govedarica, PhD, Serbian WPC Youth Committee





Chair: Young Leaders network in the SEE oil industry.
The Bulletin also brings an overview of the best papers submitted by students which were announced at the WPC Workshop

21st Issue; 21 September 2016

OIL COMPANY AND CLEAN ENERGY TECHNOLOGIES

This is the first issue of the Bulletin published in English and it was dedicated to the 10th Forum of Clean Energy Technologies.

Featured are interview with:

István Pásztor, President of the Assembly of the Autonomous Province of Vojvodina: We are a society of trapped resources

Ivo Vajgl, Chairman of the Forum and Member of European Parliament: The energy sector is a key factor of climate change

Tihomir Simić, Chairman of the Forum: Energy Transition of Serbia – A Prerequisite for Sustainable Development

Pierce Riemer, Director General World Petroleum Council: Industry has to become even more innovative in ensuring future growth
Artur Thernesz, CEO ÁMEI Petroleum Products Quality Company, Hungary: Customers want mobility and quality
Professional papers

Snežana Ristić, Head of the Department for Legal and Economic Affairs in the Fields of Oil, Oil Derivatives and Natural Gas, Ministry of Mining and Energy.
Introduction of quality monitoring of oil derivatives in the Republic of Serbia

Nikola Radovanović, Chief Legal Officer for EU Legislation of NIS:

COP 21 and what it means for a company in the oil

and gas sector - the NIS jsc perspective
Aleksandar Nedučin, NNKS-WPC Bulletin's

Permanent Contributor:

Multinational oil companies and clean energy



22nd Issue; 17 January 2017

OIL PRODUCTS AND THE GREY MARKET

For the first time the Bulletin was published in Latin script.

This Bulletin was dedicated to the always current theme – smuggling or, as it is also known as, grey economy, or shadow economy, which is present in all countries of the world, regardless of the level of economic development or how well regulated the government administration is.

There isn't a country in the world which isn't struggling with problems of illegal trade of motor



fuel and diesel. It is estimated that countries of the European Union lose 4 billion euros per year as a result of contraband fuel and diesel.

The following interviews were published:

Ottó Grád, Secretary-General, Hungarian Petroleum Association: More and more countries understand the problem of base oils

Slaviša Petković, Head of the Department for technical supervision of the Market Inspection Sector at the Ministry of Trade, Services and Telecommunications of the Republic of Serbia: The

number of marking related violations cut ten-fold

Goran Radosavljević, Secretary General of the National Petroleum Committee of Serbia:

Amendment of the Decree on monitoring quality of oil products is in the works

The following professional papers were published:

Tomislav Mićović, Secretary General of the Association of Oil Companies of Serbia: The overall system of oil and oil products control needs to be reviewed

Aleksandar Nedučín, NNKS-WPC Bulletin's Expert Contributor: fuel smuggling – a “business” worth billions

And the following review:

I. G. Balčín: Surviving under the sanctions

23rd Issue; 17 April 2017

CIRCULAR ECONOMY

This issue of the Bulletin is devoted to the concept of circular economy which, unfortunately, is still not sufficiently implemented in business operations, and, it must be noted, is far from being a part of our everyday lives and practices.

Circular economy offers a new “product – waste – product” model. The primary source of economic

growth secured by circular economy is the growing re-use of materials from production that have ended their “life cycle”, and the reduced use of new resources.

4 interviews and one professional paper were published:

Urlih Peball, Director of the HSE function at NIS

Gazprom Neft: Review of waste management, energy consumption and production practices

Ladeja Godina Košir, initiator and Executive Director of “Circular Change” Slovenia: How to keep resources in the production cycle for as long as possible.

Siniša Mitrović, advisor to the President of the Chamber of Commerce and Industry of Serbia for ecology and sustainable development: A word of advice to companies – start now!

Goran Vujić, Associate Professor at the Faculty of Technical Sciences of the University of Novi Sad: We need consumers willing to pay

Professional paper

Aleksandar Nedučín: Circular economy and the oil industry.

WEEKLY REVIEW

The NNKS-WPC prepares and publishes regular weekly electronic magazines featuring reviews of the most significant events in the oil and gas industry globally, as well as in the region of South East Europe, always quoting the source of information presented. Each issue titled WEEK also contains theme related analytical stories covering the most important event that marked the past week. At the end of each year, the NNKS-WPC publishes annual editions which present a sort of chronology of events that have marked that year.



EDITION: NNKS-WPC PROFESSIONAL PUBLICATIONS

In 2015, the NNKS-WPC started the edition NNKS-WPC Professional Publications. Three publications have been published to date:

1. PRICE OF OIL – WHAT IS THAT? (2015)

This publication presents an extended edition of the 14th Issue of the Bulletin (January 2015)

2. V. SPASIĆ – SELECTION OF INTERVIEWS (2015)

This publication presents a selection of interviews published in the NPS Bulletin in the period 2011 – 2015. Interviews were conducted by Vladimir

Spasić, member of the Bulletin's editorial staff, and the interviews were selected by Slobodan Sokolović, Editor in Chief of the Bulletin.

3. WPC EXPERT WORKSHOP PERSPECTIVE OF THE PETROLEUM INDUSTRY AND THE FUTURE ENERGY MIX

Belgrade, 15 June, 2016 (Proceedings-2016)

This publication is a Collection of panellists' presentations and the best papers submitted by students which were announced at the WPC Expert Workshop held in Belgrade.





NNKS-WPC MEMBERS

NIS

ENERGY LEADER IN THE BALKANS

NIS is one of the largest vertically integrated companies in the South East Europe region. Its principal activities include oil and gas exploration, production and refining, sales and distribution of petroleum products, as well as implementation of petrochemical and energy projects. The head office of the NIS Group is in Novi Sad, and its main production capacities are situated across the Republic of Serbia. Owing to its geographical position, the Group represents a trading and investment hub of the Balkans.

In Serbia, NIS owns a refining complex, with two plants, one in Pančevo and the other in Novi Sad, an LPG production unit, as well as a network of petrol stations in Serbia and the neighbouring countries. In line with its strategy to become a regional leader, NIS has expanded its business operations to the regional markets: Bosnia & Herzegovina, Hungary, Romania and Bulgaria. In support of the EU integration process of Serbia, NIS opened a representatives offices in Brussels. NIS representative offices operate in Russia, Turkmenistan, Angola, Bulgaria, Hungary,

Bosnia & Herzegovina, and Croatia.

In 2012, NIS began expanding operations in the fields of electricity generation and geothermal energy.

The Russian company "Gazprom Neft" has a 56.15 % equity share in NIS, while 29.87 % of NIS shares are held by the Republic of Serbia. The remaining portion of shares belongs to citizens, current and former employees and other minority shareholders. NIS shares are listed on the Belgrade Stock Exchange.





Since the arrival of “Gaprom NEft” as a majority shareholder in 2009, investments into the development of NIS totalled in excess of 2 billion euros. One of the most significant investments is the investment into the refining segment, or phase 1 of the modernization works carried out in the Pančevo Refinery where over 500 million euros were invested in the construction of a MHC/DHT complex for mild hydrocracking and hydrotreating. With the modernisation of the refining facilities, the company is investing in exploration and production of oil and gas aimed at increasing the resource base, as well as the volume of trade and supply of top-quality branded fuels, such as G-Drive Diesel and G-Drive 100. In the energy sector, NIS has expanded its sales network of compressed natural gas, and is continuing its investments in the program of cogeneration modules. NIS now has 14 cogeneration facilities for production of

electricity from gas on oil and gas fields in Serbia. Also, more than 30 million euros was invested in the Amine treating plant for treating of natural gas in Elemir, thus increasing the quality and volume of production of natural gas. NIS priorities remain investments into key development projects, increasing operational efficiency, as well as maintaining profitability of the business, in spite of the complex macroeconomic climate and the market environment. The project for increasing the depth of refining at the Pančevo Oil Refinery is one of the biggest investments in Serbia in the forthcoming period, estimated at 300 million euros. As the next phase of modernisation of the Pančevo Oil Refinery, it includes construction of a plant for delayed coking, and it will also enable increased «white product» output. In the energy field, implementation of one of



the key projects continues, the construction of the Pančevo thermal power plant-heating plant. This plant, a collaborative project of NIS and “Centrenergoholding” PAO, a subsidiary of “Gazprom Energoholding”, will be producing electrical energy for the Pančevo Oil Refinery, as well as for the electrical and thermal energy market.

For the company with more than 400 petrol stations in Serbia and the region, key investments include the modernisation of the retail network via two retail brands – NIS Petrol, as a mass brand and GAZPROM, as a premium brand. Priorities include further development of premium branded fuels on the market of Serbia and the region, as well as improving sales in the segment of end-clients and increasing market share of motor fuels.

In this half of the year, NIS has already realised several significant investments like the introduction of a contemporary digital system of blending fuel at the Pančevo Oil Refinery, putting into operation the facility for production and wholesale of compressed natural gas in the gas field «Ostrovo», as well as a small-sized power plant for the production of electrical and thermal energy in the oil and gas field



Majdan. Of great significance for the company’s business operations is the Business and Technology Cooperation Agreement which NIS signed with the German chemical company BASF, defining the partnership for the upgrading of the quality of NIS production programme, as well as developing oil products output technology.

In this way, NIS has confirmed its role as the regional energy leader, and, at the same time, these key investment projects are of great importance for the economy of Serbia and the Balkan region as a whole.





NNKS-WPC MEMBERS

LUKOIL SERBIA

LUKOIL HEADQUARTERS FOR THE BALKAN REGION IN BELGRADE

“LUKOIL SERBIA” PLC, a subsidiary of the vertically integrated multinational company PAO “LUKOIL” which has been operating in over 30 countries world-wide for more than a quarter of a century, has set high goals for the forthcoming period aimed at conquering European corridors, highways, larger cities in the country, as well as fostering customer loyalty.

“LUKOIL SERBIA” PLC, with 114 petrol stations is ranked second according to the number of petrol stations on the market of the Republic of Serbia and is at the same time the centre of the Balkan Regional Organisation which brings under its wing “LUKOIL” companies from Macedonia, Montenegro and Croatia.

In addition to the retail network, the company

carries out its activities via two active oil storage facilities in Ostružnica and Doljevac.

The efforts of 960 people working within the “LUKOIL SERBIA” PLC system are focused on creating a modern and efficient retail network and increasing quality of customer service at petrol stations.

“LUKOIL SERBIA” PLC ranks second in terms of the scope of investments in the energy sector of





the Republic of Serbia and is one of the largest importers of Euro-5 diesel fuel. Since its arrival on the Serbian market in 2003, “LUKOIL” has invested 343 million dollars. Investments in the construction of 12 new petrol stations amounted to 34 million dollars. Only in the period from 2014 to 2016, 7 million dollars were invested in the upgrading of 101 petrol stations. In the course of 2016, investments amounted to 2.9 million dollars.

The Company’s annual income in 2016 was 261.5 million dollars. In the same year, 102 million dollars’ worth of tax was paid into the Serbian state budget. The Company appreciates its customer’s loyalty and gives them the opportunity to optimise and efficiently control costs, using corporate cards to

purchase fuel and participate in the LUKOIL loyalty programme.

The Company offers its customers new generation fuels “ECTO Diesel” “ECTO Plus” and “ECTO Sport”. “ECTO” is the innovation fuel with improved exploitation and environmental properties, developed with the use of modern technologies. Social policies of “LUKOIL SERBIA” PLC present a significant segment of its activities. Ever since its arrival on the Serbian market, as a socially oriented Company, “LUKOIL” has been providing all kinds of assistance to citizens, orphanages, educational and healthcare institutions. The most important projects are directed at supporting local authorities, family cultural and spiritual heritage.

Svetlana Šuković, PR Manager “LUKOIL SERBIA” PLC



VAŽNO JE ŠTA NAS POKREĆE



PREMIJUM GORIVO

ecto



ZIMSKI



LUKOIL

UVEK U POKRETU



NNKS-WPC MEMBERS

SRBIJAGAS

DEDICATED TO CLEAN ENERGY

SECURITY OF NATURAL GAS SUPPLY

The Public Enterprise “SRBIJAGAS” Novi Sad, a leader on the gas market of Serbia, was founded on 1 October 2005, emerging in the process of restructuring of the Serbian Oil Company (NIS), from the NIS gas divisions. The company has based its business policy on high-quality and secure market supply of natural gas, the development and safe operations of the gas transportation, distribution and storage system, and development of opportunities for establishing new routes and sources of gas supply.

Serbia’s state-owned natural gas provider which bases its operations on efficient and high-quality implementation of the Energy Balance and Energy Development of the Republic of Serbia, strives to

be a competitive and market efficient company not only within the boundaries of our country, but in the South East Europe region as well. “SRBIJAGAS” has been developing a modern organisation of work and operations, as well as a profitable and successful company long-term which persistently cares about its customers, employees and the environment in which it operates.

WE ARE WORKING ON BUILDING A FUTURE

The most valuable resource of the company are its employees. Over 1,000 employees of PE “SRBIJAGAS”, dominantly professional and highly educated staff – mechanical engineers, electrical engineers, mining engineers, economists, lawyers and managers





belonging to various professions present the organisational and development potential of the company.

SECURE AND SAFE GAS PIPELINE

High-pressure gas pipelines 16 - 50 bars ~ 2,300 km

Transportation system exits ~ 242

Leg of the magistral pipeline – transit pipeline to B&H

Mean pressure gas pipelines 6 - 16 bars ~ 700 km

Exists from mean pressure ~ 859

Low-pressure gas pipeline < 6 bars ~ 7,265 km

Number of users on the low-pressure network ~ 90,000

STRATEGIC PARTNERSHIP WITH PAO “GASPROM”, MOSCOW

PE “SRBIJAGAS”, Novi Sad, owing to the strategic partnership and long-term agreement with the Russian company “Gasprom” has been supplying the market of Serbia with natural gas on an on-going, regular and stable basis. The benefits of the cooperation with Russian partners are manifold.

Owing to this, one of the most important goals of the company is maintaining and expanding the strategic partnership with “Gazprom” by initiating new joint projects in the domain of storage of natural gas, CNG, LNG, gas power plants, insurance, banking.

GAS INFRASTRUCTURE RELATED PROJECTS

Planned activities of “Srbijagas” in the field of natural gas transportation are primarily oriented towards an interconnection with Bulgaria, Romania and Croatia, but also new investments in high-pressure distribution gas pipelines in different parts of the Republic of Serbia. In reference to natural gas storage, there are plans for



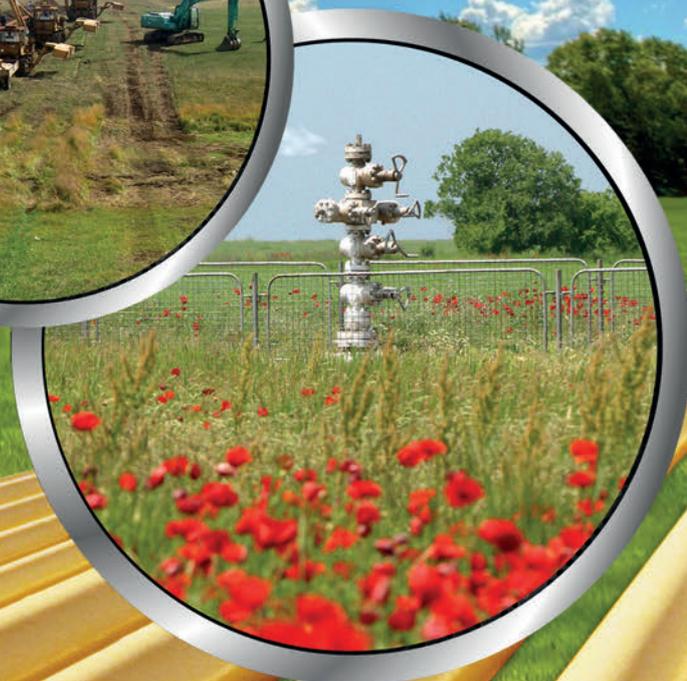
expansion of the underground gas storage “Banatski Dvor”. Its present capacity is 450 million m³ of natural gas, and the target capacity is 1 billion m³ of natural gas. In the area of natural gas distribution, the initiated programmes of gasification will be finalised and further gasification of cities and municipalities in Serbia will be undertaken.

NATURAL GAS IS AN ENERGY RESOURCE THAT HAS A LOT TO OFFER

PE “SRBIJAGAS” has been supplying the market with natural gas on a reliable, timely and on-going basis and it is striving to have this energy resource, being the most cost efficient and environmentally friendly, play a more important role on the energy market of Serbia, and, as a result, for it to become one of the most important factors driving the country’s economy.

In addition to securing a leading position on the market of the Republic of Serbia, PE “SRBIJAGAS” has a vision to assume a leading position in the region as well. The company is developing its HR and material base in compliance with European regulations, and is enabling, in a transparent and socially reliable manner, the implementation of its energy commitments.

DEDICATED TO PURE ENERGY





NNKS-WPC MEMBERS

JP TRANSNAFTA

TRANSNAFTA SECURE, SAFE AND RELIABLE TRANSPORT

Public company Transnafta was founded in 2005 by the Government of the Republic of Serbia for the purpose of performing energy related activities of public interest. The Company's main task is the implementation of conditions for secure, safe and reliable pipeline transport of crude oil in terms of energy security, as well as to provide the continuity of crude oil supply.

Since the Company was established during the restructuring of the oil industry and has continued with performing activities within the energy sector, it can be proud today of the knowledge and experience gained over the past thirty years of pipeline management. At the time of its establishment, the Company's core business activities included crude oil and petroleum

products pipeline transport throughout the territory of the Republic of Serbia. Since then, due to its efficient business policies, professional staff and ambitious ideas, the Company had grown and developed, and its registered activities extended to storage and trade of crude oil, petroleum products and biofuels.

JP Transnafta also deals with design, construction, supervision and maintenance of pipelines, provides engineering and construction services in the field of pipeline transportation, and in accordance with the law performs foreign trade within its registered business activities.

JP Transnafta is the first public company in Serbia which fulfilled the certification of its Energy Management System in accordance with the International Standard





ISO 50001:2011. The Energy Management System is entirely integrated into the existing Quality Management System, environmental protection and health and safety at work (ISO 9001:2008/ ISO 14001:2004/OHSAS 18001:2007). The implementation of these standards ensures more efficient utilization of available energy resources, improves competitiveness, reduces greenhouse gases emissions and the other related effects on the environment.

The goal of the Company's development strategy is the construction and implementation of an efficient system of transportation of crude oil and petroleum products, storage facilities for compulsory reserves of crude oil and petroleum products in order to ensure the country's efficient and secure supply of energy, as well as the long-term and sustainable economic growth of the Company. Following the realization of current development projects, the Company would expand its core business activities with storage of compulsory reserves of crude oil and petroleum products, storage of petroleum products for third parties, as well as petroleum products trade.

As a part of the Company's development program, the

following projects stand out:

- Construction of the petroleum products pipeline system through Serbia
- Construction of petroleum products storage tanks
- Reconstruction and reparation of storage tanks for petroleum products for special purposes and bringing them into the working condition.

With the implementation of the petroleum products pipeline system through Serbia, the projected transport of petroleum products would be carried out through the pipeline in length of approximately 400 km, from the Oil Refinery in Pančevo in three directions: via Novi Sad to Sombor, via Smederevo and Jagodina to Niš and towards Belgrade, wherefrom the gravitating regions would be supplied.

JP Transnafta operates on several different locations, in the territory of Pančevo, Novi Sad and Belgrade. JP Transnafta terminal is located close to the complex of Novi Sad Oil Refinery and the metering station is close to Pančevo Oil Refinery whereby JP Transnafta operates the crude oil pipeline Omišalj-Pančevo, in the part of the pipeline that passes through Serbia.





NNKS-WPC MEMBERS

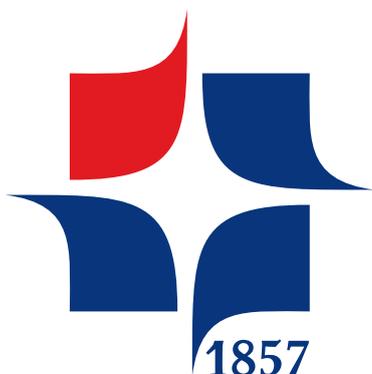
CHAMBER OF COMMERCE AND INDUSTRY OF SERBIA

RELIABLE PARTNER

Chamber of Commerce and Industry of Serbia is an independent, modern and responsible non-budgetary institution, a national association of all Serbian businesspeople, which serves the best interests of its members and the Serbian economy, owing to its tradition, experience and knowledge. Our key commitment is to make Serbia visible as a market economy country, with investment opportunities, open borders, and ready to join the European trends in a competitive way. A century and a half of the Serbian chamber system tradition and the developed chamber network, Representative Offices abroad, are the guarantor of efficient implementation of the support mechanisms for the economy and businesspeople in their activities.

We have been and will remain your responsible partner and support to your business through:

- Representing interests of our members before the governmental bodies and institutions
- Exercising public powers by issuing various documents
- Upgrading international economic cooperation
- Promoting the economy in the country and abroad
- Disseminating business information to our members
- Consultancy services
- Business education
- Fostering good business practice and business ethics
- Work of Courts and Arbitration hosted by CCIS



CHAMBER OF COMMERCE AND INDUSTRY OF SERBIA



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