

# INDUSTRY OF CRUDE OIL, GAS AND PETROLEUM PRODUCTS

1.50

## WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Bearing in mind the refund of excise duties for agricultural holdings in 2024, consider abolishing the fixed price of Eurodiesel in the Regulation on limiting the price of petroleum products.	2023		√	
Repeal the Regulation on the limitation of the price of petroleum products.	2022			√
Harmonize national regulations for the implementation of the Carbon Border Adjustment Mechanism (CBAM) and the introduction of the emissions trading system.	2024		√	
Introduce the special marker when marking the petroleum products sold to vessels in domestic water transport.	2021			√
Re-introduce excise refund on fuel used in domestic water transport.	2021			√
Reduce the level of excise taxation for LPG in order to increase the consumption of this petroleum product.	2021			√
Apply a general 20% VAT rate on CNG consumption and begin the application of excise taxation, in order to eliminate the effects of CNG's preferential status compared to other motor fuels.	2021	√		
Conclude bilateral agreements on carriers' right to VAT refund on fuel purchased in Serbia with Bulgaria, Turkey, Greece, North Macedonia and Montenegro, as well as with other countries whose trucks use Serbia as a transit country.	2021			√

## CURRENT SITUATION

The global crude oil and natural gas market in 2024 was shaped by the effects of OPEC+<sup>1</sup> controlled supply and fluctuating demand, increased geopolitical tensions, a slow-down in global economic activity, and a continuing focus on the energy transition.

The price of Brent crude oil in 2024 remained stable and averaged around USD 80/bbl which is about 2% lower than the previous year. The highest price during the year was around USD 93/bbl in April, and the lowest price was around USD 70 USD/bbl in September, marking one of the most stable trading periods since 2019.

Companies operating in the oil and gas sector in the Republic of Serbia, in their energy transition processes in 2024, continued to invest in renewable energy sources, primarily to increase the production of electricity from solar panels at fuel supply stations. In order to accelerate the process of green transition in the Serbian energy sector and the entire

economy, it is necessary to continue the process of adopting appropriate regulations in consultation and cooperation with the economy.

A significant issue for the free functioning of the motor fuels market remains the enforcement of the Regulation on limiting the prices of petroleum products, in effect since 10 February 2022, when introduced to prevent negative consequences from global market disruptions. During 2024, amendments to this regulation were made three times, while the fixed margin for the maximum retail price relative to the average wholesale price changed only once – in March – from RSD 13 to RSD 16. In 2025, regulation was amended three times, and the margin was increased to the final RSD 19 in October. The Ministry responsible for the energy sector, in line with the Regulation, adopted a Rulebook on the calculation of average wholesale prices of euro diesel and euro premium BMB 95 in 2024, defining the wholesale price at a specified parity including all dependent costs. The Regulation on the temporary measure of limiting the price of gas and compensation of the price difference for natural gas procured from imports or produced in Serbia in the event of natural gas market disruptions remains in force after its second extension in October 2023.

<sup>1</sup> Organization of the Petroleum Exporting Countries plus selected non-member countries, including Russia

According to the Energy Balance of the Republic of Serbia, oil production in the country is carried out at 866 oil and 66 gas wellbores using various exploitation methods. In addition, in 2024 44 new wellbores were put into operation (43 development and 1 exploratory wellbore). NIS a.d. Novi Sad is the only company in Serbia engaged in exploration, production, refining of oil, and production of petroleum derivatives at the Pančevo Oil Refinery, with a total processing capacity of 4.8 million tons annually. NIS also operates the Oil and Gas Preparation and Transport Plant in Elemir and manages HIP-Petrohemija's facilities—the largest petrochemical producer in Serbia, with plants in Pančevo, Elemir, and Crepaja. The refining capacities in Serbia produce a wide range of petroleum products including LPG, motor gasoline and gas oils, aviation fuels, road and industrial bitumen, lubricants, oils, feedstocks for the petrochemical industry, and other petroleum-based products.

In January 2025, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) added NIS a.d. Novi Sad to its Specially Designated Nationals (SDN) list, as Gazprom Neft held a 50% ownership stake at that time. Consequently, sanctions were imposed, though the company has been allowed to operate under periodically issued special licenses.

According to the Energy Agency of the Republic of Serbia, 63 energy entities held licenses in 2024 to trade in oil, petroleum products, biofuels, bioliquids, compressed natural gas (CNG), and hydrogen—unchanged from 2023.

NIS owns the largest retail network and the greatest storage capacities for all types of motor fuels. Other major players in the Serbian oil and derivatives market include international companies such as Lukoil, OMV Serbia, MOL Serbia, EKO Serbia, Petrol, and domestic enterprises like Knez Petrol, Mihajlović Business System, Euro Petrol, Art Petrol, and Radun AVIA. Many of these companies conduct wholesale activities via leased storage tanks, whereas in the retail segment, most operate their own fuel stations.

The production of liquefied petroleum gas (LPG), as a natural gas product, takes place at NIS a.d. Novi Sad Oil and gas preparation and transportation unit in Elemir, at Standard gas d.o.o. units in Odžaci and Hipol a.d. units, which use imported gas condensate, i.e. a broad fraction of light hydrocarbons, as a raw material. The production of propane-butane mixture and autogas, as component mixture,

is carried out at Petrol LPG d.o.o. Belgrade in its Smederevo unit, while VML d.o.o. Belgrade does the same thing at Jakovo unit.

Transportation of petroleum products in the Republic of Serbia is carried out by rail, ship and road. Transport from refineries to terminals mainly goes by rail and ship, while transport to final consumers takes place by road. Transnafta AD Pančevo is the only company in Serbia that transports crude oil using pipeline at regulated prices, considering that the above activity is of general interest. The company transports crude using oil pipeline that stretches from the Danube River at Sotin on the border with the Republic of Croatia to the Pančevo Refinery and its total length is 154.5 km. The section Bačko Novo Selo - Refinery Novi Sad is 63.3 km long, while the section Refinery Novi Sad - Refinery Pančevo is 91 km long. The 2024 estimated quantity of imported crude oil transported to the refinery using the DN-2 pipeline section (Novi Sad - Pančevo) is 2.85 million tons, with 0.65 million tons of domestic crude oil. This oil pipeline is part of the main Adria oil pipeline (JANAF), put into operation in 1979. The associated pipeline infrastructure consists of Novi Sad terminal with four crude oil tanks of 10,000 m<sup>3</sup> each and two tanks of 20,000 m<sup>3</sup> each, a dispatch centre and a pumping station, a measuring station in Pančevo and eight block stations along the pipeline route.

Most oil imports are conducted via the JANAF pipeline from the Omišalj terminal (Krk, Croatia). To diversify supply routes in the long term, Serbia and Hungary are planning to build a new pipeline with a capacity of up to 5 million tons per year. Construction is expected to start in 2026, with the Serbian section being 113 kilometres long.

The total supply of domestically produced crude oil and intermediate products intended for refining in refineries in 2024 was about 3.41 million tons, down about 4.5% from 2023. In 2024, about 0.826 million tons of crude oil were produced (23% of the total consumption), and 2.581 million tons (77%) were imported. 4.081 million tons of petroleum products were produced in 2024, which is about 9.1% less than in 2023. Imports of petroleum products rose by around 12%, reaching 1.025 million tons, while exports amounted to 0.572 million tons, up about 2%.

The total production of natural gas in the country in 2024 was 302,431 million m<sup>3</sup>, about 3.3% less than the previous year. Imports totalled 2.440,530 million m<sup>3</sup>, a decrease of

about 7.8%. In 2025, it is expected that 10% of natural gas needs will be covered by domestic production and 90% by imports.

## POSITIVE DEVELOPMENTS

During 2024, the supply of petroleum products on the global market stabilized, judging by their availability and supply possibilities, which positively affected Southeast Europe as well.

The state bodies' continued efforts to structure the energy transition. Serbia adopted its Integrated National Energy and Climate Plan (INECP) for the period up to 2030, with projections until 2050, and the Energy Development Strategy to 2040, with projections until 2050. Drafting is under way for the Oil Act, the Gas Act, and the Act on Mandatory Oil and Gas Reserves.

At the beginning of 2024, the introduction of excise tax refunds improved systemic subsidization of agricultural fuel supply at preferential prices. After the latest increase, as of 1 July 2025, the refund amounts to 56.1 RSD/litre, up to 100 litres per hectare for a maximum of 100 hectares. This creates the basis for resolving fuel price caps.

Amendments to the Excise Act passed in November 2024 increased excise refunds for certain oil derivatives and bio-fuels used for transportation of passengers and goods. As of 1 July 2025, the refund for diesel fuel was increased by 19.37 RSD/litre (from RSD 15.19 to 34.56). This measure is expected to improve the economic position of domestic road transport operators.

Additionally, excise on compressed natural gas (CNG) will be introduced starting January 1, 2026. This is to balance the market, since CNG has so far been exempt from excise and enjoyed a lower VAT rate of 10%, making it more competitive than other fuels.

## REMAINING ISSUES

The price limits on petroleum products in the Republic of Serbia, which has been in force for more than three years, has a significant negative impact on companies and disrupts the petroleum product market. Despite the supply of petroleum products has significantly improved compared to 2022 and is running smoothly, Serbian state authorities still regulate the prices of petroleum products. The price

cap regulation was extended three times in 2024 and twice again in 2025.

The non-market price of Eurodiesel for registered agricultural holdings remains a related and very significant problem, established as binding for one supplier on the market, which has led to a significant redistribution of market shares in the agricultural supply segment. As stated, in early 2024, farmers got excise tax refund for dedicated fuel consumption as a type of subsidized price, which is another reason why the price of Eurodiesel should no longer be regulated.

Please note that as of 1 January 2026, the Carbon Border Adjustment Mechanism (CBAM) will be applied to certain goods exported to the EU, i.e. a cross-border tax calculated on the basis of emissions of carbon dioxide or other gases with a greenhouse effect during production. Transition period for the implementation of CBAM is underway, during which future taxpayers are obliged to report, but not to pay financial adjustment, nor to verify the report by an accredited verifier. What Serbia lacks at the moment is harmonized national regulations in the scope of preparation for CBAM mechanism implementation, as well as the possibility of emissions trading.

Currently, the majority of vessels in domestic water transport are being illegally supplied with derivatives via tank trucks, in places that do not meet the minimum safety and environmental criteria. By introducing a special marker when marking the petroleum products sold to vessels in domestic water transport, misuse of unmarked (customs) goods in cabotage would be prevented, which would have a positive impact on the revenues of the budget of the Republic of Serbia and enable a simple check of ships in domestic traffic regarding the place of supply.

Re-introducing of an excise refund on fuel used in domestic water transport, for which shipper provides an evidence of supply at places envisaged for the supply of vessels with fuel, would positively impact the river transport competitiveness as an ecologically safe way of transport. Also, excise refund on this type of fuel would make refuelling at legal bunkering stations an attractive option for shippers, eliminating safety and environmental risks that exist in the current way of refuelling via truck tanks.

The intensive and continuous control of illegal trade in petroleum products in the country needs to continue, including capacity building of inspection authorities to

perform control.

Due to the high LPG excise duty, which is among the highest in the region, the use of this environmentally friendly derivative is discouraged.

Vehicles in international passenger and freight road transport in Serbia buy smaller quantities of fuel, while, on the other hand, there is an increasing number of domestic carriers who buy fuel outside of Serbia due to more favourable excise policies in neighbouring countries.

### FIC RECOMMENDATIONS

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- Repeal the Regulation on the limitation of the price of petroleum products.
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- Apply a general 20% VAT rate on CNG consumption and begin the application of excise taxation, in order to eliminate the effects of CNG's preferential status compared to other motor fuels.
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