

# Legal 500

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## Serbia

### Energy- Oil & Gas

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This country-specific Q&A provides an overview of energy- oil & gas laws and regulations applicable in Serbia.

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# Serbia: Energy- Oil & Gas

## 1. Does your jurisdiction have an established upstream oil and gas industry? What are the current production levels and what are the oil and gas reserve levels?

Upstream oil and gas industry i.e., exploration and exploitation of oil and gas is established in our jurisdiction, but the small volume of resources, the high level of exploration and the limitation of the research area represent the basic characteristics of this industry in the Republic of Serbia. All of this affects the natural decline in production, which is being tried to be temporarily stopped by the application of new technologies and interventions.

The Law on Mining and Geological Exploration ("Official Gazette of the RS" no. 101/2015, 95/2018 – other law and 40/2021) recognizes oil and natural gas as mineral resources of strategic importance to the Republic of Serbia and their exploration and exploitation are considered to be in the public interest. The said law sets out conditions for oil and natural gas exploration as upstream activity, in which exploration may be undertaken by a domestic company, other legal entity, or an entrepreneur.

Under the Energy Law (Official Gazette of the RS Nos. 145/2014, 95/2018, 40/2021, 35/2023, 62/2023, 94/2024, and 109/2025) and the recently adopted Law on Gas (Official Gazette of the RS No. 109/2025), the production of natural gas is not classified as an energy activity requiring a license. In contrast, the Energy Law and the new Law on Oil (Official Gazette of the RS No. 109/2025) stipulate that entities producing oil derivatives as midstream activity must obtain an energy license before commencing production. Failure to do so constitutes a commercial offense.

### Natural gas

A major characteristic of reserves of natural gas is that the Republic of Serbia from its own reserves can cover only a small part of domestic needs for natural gas. The production of natural gas is conducted only in the area of Vojvodina (north part of the Republic of Serbia) with Naftna Industrija Srbije as the only producer of natural gas.

In 2024 , a total of 28.072 GWh was available for consumption from imports, domestic production and

underground storage, and 27.228 GWh of natural gas was consumed. In 2024, domestic production of 1,815 GWh could meet only 6.7% of needs.

For that reason, the Republic of Serbia is oriented to import of natural gas mainly from Russian Federation and smaller part is imported from Azerbaijan. Import of natural gas is conducted via two gas interconnectors.

On the other hand, natural gas was not exported from the Republic of Serbia in 2024. However, the Republic of Serbia is a transit country through which natural gas is transported to Bosnia and Herzegovina as well as to Hungary.

### Oil

Same as for natural gas, in the Republic of Serbia production of crude oil conducts only one company being Naftna Industrija Srbije. The total consumption of crude oil and semi-finished products from domestic production, imports, and stocks in 2024 was about 3,620 million tons. In 2024, Serbia produced about 0,801 million tons of crude oil (22.13% of total consumption), and 2,819 million tons (77.87%) was provided from imports. Due to the energy sanctions, during 2024 no oil was imported from Russian Federation, but from Azerbaijan, Iraq, Kazakhstan.

## 2. How are rights to explore and exploit oil and gas resources granted? Please provide a brief overview of the structure of the regulatory regime for upstream oil and gas. Is the regime the same for both onshore and offshore?

### Exploration of oil & gas

The main law governing the exploration of oil and natural gas is the Law on Mining and Geological Explorations. In order for any entity to commence works on exploration, it is mandatory to obtain an exploration permit. The process of issuing exploration permits is initiated by the Ministry of Mining and Energy ("Ministry") by publishing public tender for exploration of oil i.e., natural gas. Announcement of the public tender is published in the Official gazette of the RS as well as in the Official gazette of the EU. In the announcement is stated, inter alia, mineral resources subject to exploration and exploration

field.

Within the exploration phase, it is allowed to take oil i.e., natural gas when testing exploration well, for a duration of up to one year to test the production and technical characteristics of discovered oil i.e., natural gas deposits, and define the parameters of their possible exploitation. For such obtained oil i.e., natural gas, it is necessary to pay royalties as determined by the law governing royalties for usage of public goods.

Additionally, the holder of the exploration permit may submit a request to retain the right to the exploration area in order to prepare documentation for the exploitation permit, i.e., the exploitation field and exploitation area permit, no later than 30 days before the expiration of the exploration period. The exploration area for oil and natural gas cannot exceed 5,000 square km.

The holder of an exploration permit is obliged to prepare a yearly report on results of geological exploration, which report shall cover all findings in the last 12 months. When the exploration phase is over, the holder of an exploration permit must prepare a final report on the results of geological exploration as well as elaborate on resources and reserves of oil/natural gas. Both yearly and final reports must be delivered to the Ministry.

When drafting action plans and energy strategies, not much space is dedicated to the exploration and exploitation of oil and natural gas having in mind the above-mentioned low level of resources. However, the main strategic documents in this regard are i) the Energy Development Strategy of the Republic of Serbia until 2040 with Projections until 2050, ii) the Strategy on Management of Mineral Resources of the Republic of Serbia until 2030 (process of adoption of the new strategy in ongoing), iii) National Energy and Climate Plan for a period until 2030, with Projections until 2050.

### **Production of oil & gas**

The main laws regulating the production of oil and natural gas are the Law on Mining and Geological Exploitation, the Energy Law, the Law on Gas and the Law on Oil. As per first law, it is envisaged that the holder of a certificate on reserves and resources is entitled to submit a request for obtaining an exploitation permit, which permits the Ministry is authorized to issue in the administrative proceedings. The process of obtaining a complete exploitation permit is divided into three parts.

First, it is necessary to obtain a permit for the exploitation field. In this permit is determined, inter alia, the type of resources subject to exploitation and deadline for

commencement of preparatory works and deadline for obtaining a permission for construction of mining objects and conduction of mining works. Therefore, when the permit for exploitation field is obtained, the holder may commence on preparatory works (clearing the terrain and removing facilities in order to provide space for the construction of future mining objects and performing mining works) and should commence on drafting necessary documents (see below paragraph) for obtaining next permission.

Second, holders of a permit for exploitation field may submit a request for permission to construct mining objects and conduction of mining works. For obtaining this permission, it is necessary to prepare investment-technical documentation consisting of among others: i) feasibility study for exploitation of mineral resources, ii) long-term exploitation program, iii) yearly operation plan, and iv) the mining project. When the Ministry issues this permission, the entity is entitled to commence construction of mining objects in line with the mining project.

Third, in case mining objects are constructed in compliance with the mining project, a permission for usage of mining objects may be obtained, and exploitation commences.

From the Energy Law's perspective, the production of natural gas and crude oil do not represent licensed activities i.e. they are license-free activities. However, for production of oil derivates (motor gasoline, aviation gasoline, jet fuel, gas oil, fuel oil, marine fuel, liquefied petroleum gas) energy license must be obtained, and such energy activity is conducted based on market principles.

Additionally, as a precondition to commencing the construction of objects for oil production, Energy Law envisages obtaining energy permits (for more details on energy permit, please see answer to the question 12).

### **Onshore versus offshore**

Having in mind that the Republic of Serbia has no exit to the sea, all above-mentioned referred only to the onshore projects.

**3. What are the key features of the licence/production sharing contract/concession/other pursuant to which oil and gas companies undertake oil and gas exploration, development and production?**

As previously mentioned, oil and gas companies conducting oil and gas exploration and exploitation based on permits for conducting these upstream activities. Not like the other midstream and downstream oil and gas activities, exploration and exploitation of oil and natural gas are not an energy activity for which energy licenses are needed, and such activities are in the public interest of the Republic of Serbia.

More features on obtaining the exploration i.e., exploitation permits are given in answer no. 2.

#### **4. Are there any unconventional hydrocarbon resources (such as shale gas) being developed and produced and is there a separate regulatory regime for those unconventional resources?**

Besides conventional resources (coal, oil and natural gas) and renewable energy sources, energy resources and potentials of the Republic of Serbia consist of unconventional resources (oil shale) as well.

When the total geological reserves are considered, in addition to the most represented lignite reserves, the presence of still unexploited oil shale can be observed, of about 9% of the total geological reserves.

The general geological reserves of oil shale in Serbia are estimated at over 4.8 billion t of shale, i.e. 400 million t of kerogen (a type of shale). The reserves of oil shale are significant, but the conditions of their exploitation and the technology of their use have yet to be defined.

Like oil and natural gas, oil shale also represents mineral raw materials of strategic importance for the Republic of Serbia, and the procedure related to oil, and gas is also applied for exploration and exploitation.

#### **5. Who are the key regulators for the upstream oil and gas industry?**

Exploration and exploitation permits are issued by the Ministry, and for the exploitation of mineral reserves, which is carried out on the territory of the autonomous province, permits are issued by the competent authority of the autonomous province.

#### **6. Is the government directly involved in the upstream oil and gas industry? Is there a government-owned oil and gas company?**

In the upstream oil and gas industry, only one producer of

crude oil and natural gas is operating – Naftna Industrija Srbije. At the date of preparation of this Q/A, Republic of Serbia has 29.87% of shares, while 44,85% of shares are in ownership of the Gazprom Neft and 11,3% of shares are in the ownership of the JSC Intelligence. Other minor shareholders holds 13,98% of shares.

#### **7. Are there any special requirements for, or restrictions on, participation in the upstream oil and gas industry by foreign oil and gas companies?**

##### **Foreign investment and participation**

The Republic of Serbia does not impose restrictions on foreign companies in relation to acquisitions of interest in the Serbian energy sector. In fact, foreign investors may have participation in the exploration as well as in its exploitation, but not directly. Namely, in order for foreign investors to perform exploration/exploitation of oil and natural gas, they must incorporate a branch office and register it before the Business Register Agency of the Republic of Serbia.

Law on Investments of the Republic of Serbia ("Official gazette of the RS" no. 89/2015 i 95/2018) lists benefits to foreign investors, such as the right to transfer profit, protection from expropriation, or similar acts, stability clause, national treatment, etc.

##### **Foreign exploration**

Foreign investors may obtain exploration permits in two ways: i) by filing a request for an exploration permit to the Ministry, and ii) by transfer. Namely, a domestic public or private company may transfer an exploration permit to another entity, including a foreign branch office. Such transfer is initiated by the holder of exploration permit filing request for transfer to the Ministry, and if all conditions set out by the Law on Mining and Geological Exploration are met, the transfer shall occur. The foreign investor shall have the same scope of rights and obligations, regardless of the manner of obtaining an exploration permit.

Additionally, from the law perspective, there are no differences in legal treatment between domestic companies and foreign investors, as well as no difference in the manner of obtaining exploration.

##### **Investment protection by law**

Regarding the investment protection, the Law on Mining and Energy stipulates the possibility that the Republic of

Serbia and investor who is the holder of exploration permit may execute investment agreement. This agreement shall govern the construction of missing infrastructure, environmental protection, financial benefits as well as other important issues for the realization of the project.

#### Foreign production

Pursuant to the Law on Mining and Geological Exploration, when the holder of certification on resources and reserves is the Government of the Republic of Serbia, it may transfer such certificate to another entity in two ways: i) through a public auction, on which most appropriate entity shall be chosen, and with such certification, it may commence the procedure for obtaining exploitation permit or ii) by executing PPP or concession agreement.

Furthermore, if the holder of exploitation permit (i.e., permit for exploitation field, permission for construction of mining objects and conduction of mining works and permission for the usage of mining objects) is a public company, it may, under the same conditions as a private entity, submit a request to the Ministry to transfer relevant permit to another eligible entity. If all conditions for the transfer of permit, as set out by the law, are met, the shall render resolution on the transfer of the relevant permit.

Additionally, if the holder of the exploitation permit is in the process of privatization, the buyer of the holder's property which is used for exploitation may obtain the holder's exploitation permit as well, by an agreement executed between the holder, buyer of property, Ministry and Privatization Agency. The Government of the Republic of Serbia must give its consent to such an agreement.

#### 8. What are the key features of the environmental and health and safety regime that applies to upstream oil and gas activities?

Exploration is carried out according to the project of geological research, in accordance with the regulations that establish requirements regarding safety and health at work, protection against fire and explosion, and protection of the environment and cultural goods and goods that enjoy prior protection. Also, environmental impact assessment study is in certain cases mandatory, and in other it is necessary to request evaluation whether the EIA is needed or not.

Exploitation of reserves and resources of oil and gas is

carried out according to investment-technical documentation, and it is prepared on the basis of research results, i.e. reports on resources and reserves and other documentation that are used to develop and analyze the technical, technological and economic conditions of work performance, safety and health conditions at work, fire protection, environmental protection, protection of cultural goods and goods that enjoy prior protection, water protection and other conditions from the impact on the assessment of the technical-technological and economic justification of exploitation and the performance of mining works.

The Ministry can reject the request for exploration and exploitation, i.e. revoke the authorization for exploration and exploitation, among other things, if it is determined that there are restrictions on conducting exploration and exploitation in relation to the protection of: landscapes of exceptional natural features, sources of underground water for public supply, endemic plant and animal species, objects of cultural heritage or geoheritage, religious buildings, etc.

Having in mind that the Republic of Serbia and the investor who has acquired the right to exploitation can conclude an investment agreement, such agreement more closely regulates issues such as environmental protection.

#### 9. How does the government derive value from oil and gas resources (royalties/production sharing/taxes)? Are there any special tax deductions or incentives offered?

##### Fees

The Republic of Serbia has an interest in and benefits from the exploitation of oil and natural gas to the same extent from the domestic as from the foreign companies. As already said, Law on Investment envisages national treatments of investors meaning that foreign investors shall have the same position as domestic companies.

Law on Fees for Usage of Public Goods envisages a list of royalties connected with the production of oil and natural gas. The most important and significant one is the fee for usage of oil and natural gas in the amount of 7% of acquired income from selling of goods. Furthermore, producers of oil and natural gas must pay a fee for the environment, as such production is classified as a high-risk activity for the environment.

With respect to oil production, energy entities conducting the production of oil derivates are obliged to pay a fee for

establishing and maintaining mandatory reserves as well as fees for energy efficiency.

#### **Incentives**

Currently, the Republic of Serbia is more devoted to granting incentives for renewable energy sources. However, the Regulation on Conditions and Criteria of Harmonized State Aid for Environmental Protection and in Energy Sector ("Official Gazette of the RS" no. 99/2021) envisages the possibility of state aid for investment in energy infrastructure. State aid may be granted for energy infrastructure located in the area of level two of the nomenclature of statistical territorial units whose GDP per capita is less than or equal to 75% of the EU-27 average. Under energy infrastructure is considered any physical equipment or facility located in the Republic of Serbia or connecting the Republic of Serbia with at least one country and is classified as infrastructure natural gas or oil infrastructure. The amount of state aid may not exceed the difference between the eligible costs and the operating profit of the investment, whereby the operating profit is deducted from eligible costs in advance or through a refund mechanism, up to a maximum of EUR 50 million per market participant per investment project.

Pursuant to the Law on State Aid ("Official gazette of the RS" no. 73/2019), state aid can be granted through the following instruments: 1) subsidy (grant) or subsidized interest rate on loans, 2) fiscal relief (reduction or exemption from taxes, contributions, customs duties, and other fiscal duties), 3) a guarantee from the state, any legal entity that disposes of and/or manages public funds or another state aid provider, given under conditions more favourable than market ones, 4) waiver of profits and/or dividends of the state, local self-government or legal entity that manages or disposes of public funds, 5) write-off of debt to the state, local self-government or a legal entity that manages or disposes of public funds, 6) sale or use of the publicly owned property at a lower market price, 7) purchase or use of the property at a price higher than the market price by the state, local self-government or a legal entity that manages or disposes of public funds.

#### **10. Are there any restrictions on export, local content obligations or domestic supply obligations?**

In relation to the export of natural gas and oil, currently the Republic of Serbia envisages no specific restrictions.

As for the import of oil and natural gas, the Energy Law stipulates that an entity must have a license for

conducting of energy activity oil trade i.e., energy activity natural gas supply. However, in case oil i.e., natural gas is imported for the own needs, such a license is not legally required. On the other hand, it is required to have the said license for oil trade in case of oil exports. Contrary, when exporting natural gas, an energy license is not legally required. Other approvals are not needed for export/import.

The Republic of Serbia does not envisage additional authorizations/permits to conduct these activities.

#### **11. Does the regulatory regime include any specific decommissioning obligations?**

Pursuant to the Law on Mining and Geological Exploration, it is possible to i) temporary suspense production and ii) abandon production.

Temporary suspension occurs due to unforeseen circumstances (gas or water burglary, problems with mountain strikes, pit fires, disturbances on main ventilation routes, passage, drainage and transport, landslides, eruptions, etc.) or due to force majeure. In such an event, the holder of exploitation shall notify the mining inspector of the reasons for the suspension.

Prior to the planned suspension of works, which will last longer than 30 days, the holder of the exploitation permit is obliged to perform the necessary measurement, draft supplement mining projects and plans, and make a record of the reasons for the suspension of works, indicating hazards for reopening of the oil, i.e., natural gas field. During the temporary suspension of works, facilities in the oil i.e., natural gas fields must be maintained in such a condition that they do not represent danger.

On the other hand, if the holder of an exploration permit wants to abandon the production of oil, i.e., natural gas, it must notify the Ministry.

In case of abandonment, the holder of exploitation is obliged to undertake all measures to protect the mining facility and land on which the works were performed and measures to protect and rehabilitate the environment to ensure life and health of people and property, all in line with the mining project. The works on rehabilitation must be undertaken within one year as of the abandonment, and the Ministry must be informed on the results of rehabilitation of the environment and conservation of the abandoned mining facilities.

Additionally, when applying for an exploration permit, it is

necessary to submit security for the rehabilitation of the environment. Such security may be in form of either a bank guarantee, promissory notes, or corporate guarantee. If the holder of an exploration permit does not undertake necessary measures of environmental rehabilitation, the costs of rehabilitation shall be collected from the provided security.

## 12. What is the regulatory regime that applies to the construction and operation of offshore and onshore oil and gas pipelines?

### Onshore

#### *Construction of oil and gas pipeline*

Construction of gas/oil pipeline is conditioned to prior fulfilment of several steps: i) adopting relevant spatial plan, ii) drafting environmental impact assessment study, iii) obtaining energy permit, iv) obtaining construction permit. Also, it is necessary to regulate proprietary rights (ownership, lease, easement right) over the land used for the construction of oil/gas pipeline. It is possible to do it through expropriation, if conditions from the law are met, and public interest for the expropriation is determined.

Competence for adoption of spatial plan depends on the territorial span of oil/gas pipeline, and may be in the competence of the Government of the Republic of Serbia, National Assembly of Autonomous Province or National Assembly of Local Municipality. The procedure for drafting and adopting spatial plan consists of the following steps: i) adoption of the decision on drafting spatial plan, ii) early public insight in the spatial plan, i.e. general purpose and proposed solution in the spatial plan, iii) drafting of the spatial plan, and iv) adoption of the spatial plan.

After fulfillment of the above, Energy permit must be obtained in order to request the construction permit. The Ministry is competent body for issuing energy permit, and has deadline of 30 day to issue energy permit starting from the request for energy permit. This permit is valid up to three years. Energy permit is not needed in case the project is implementing through concession or PPP.

For the oil/gas pipelines with the radius over 800mm and length more than 40m, it is necessary to draft environmental impact assessment study and to obtain consent to it.

Request for construction permit must be accompanied with the energy permit. Construction permit is issued within 5 days as of request. Prior to commencement of

the works, the investor is obliged to notify competent body on commencement of works.

#### *Operation of gas pipeline*

As per operation of gas pipelines it should be differentiated two energy activities: transmission and operation of natural gas transmission system and distribution and operation of natural gas distribution system. Main difference is certification. Namely, in order for energy entity to commence conduction of energy activity transmission and operation of natural gas transmission system, first such entity must be certified as transmission system operator („TSO“).

The Republic of Serbia adopted EU Third Energy Package, to be more precise the Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/E, in the currently applicable Energy Law.

Therefore, in the Republic of Serbia, TSO may be certified in one of three models: i) ownership unbundling, ii) independent system operator or iii) independent transmission operator. All this with the purpose of separating energy activity of natural gas transmission from the production and supply of natural gas.

Energy Agency of the Republic of Serbia („AERS“) is competent body for issuance certification, within 4 months as of the submission of the request for certification. After rendering decision, AERS sends its decision to the Energy Community for opinion, and after receiving opinion renders final decision on certification, taking into account Energy Community opinion.

Energy activity of transmission and operation of natural gas transmission system is designated as licensed energy activity. Therefore, when TSO is certified, it is obliged to initiate procedure before AERS to obtain license. Only domestic entities may be licensed. AERS has deadline of 30 days to issue license, as of the submission of fully documented request. License has validity of 10 years and can be renewed.

As per energy activity distribution and operation of natural gas distribution system, no certification is needed. However, distribution system operator is obliged to, prior to commencement of the activity, obtain license.

#### *Operation of oil pipeline*

For the operation of oil pipeline, i.e., for transport of oil through pipeline it is necessary to obtain energy license. However, Energy Law sets out several exemptions: i)

transport of oil in pipelines for its own needs, and ii) transport of oil in other means of transportation.

Currently, in the Republic of Serbia only one company holds license for transport of oil through pipeline, being Transnafta a.d. Pančevo. It operates over the oil pipeline which connects with Croatian oil pipeline Janaf, which enters into the Republic of Serbia at Croatian border, pass through Novi Sad, and ends in Pančevo. From there, oil is transported via other means of transportation (rail/trucks).

#### Offshore

The Republic of Serbia does not have see, therefore offshore pipelines are not regulated.

### 13. What is the regulatory regime that applies to LNG liquefaction plants and LNG import terminals? Are there any such liquefaction plants or import terminals in your jurisdiction?

Energy Law of the Republic of Serbia recognizes activities related to LNG as energy activities: i) trade in oil, oil derivatives, biofuels, bioliquids, compressed natural gas, liquefied natural gas and hydrogen, and ii) filling containers for liquid petroleum gas, compressed and liquefied natural gas. For both energy activities, it is necessary to obtain energy license (as explained in the answer to the question 12).

Pursuant to the publicly available data, currently 60 energy entities has license for trade in oil, oil derivatives, biofuels, bioliquids, compressed natural gas, liquefied natural gas and hydrogen, and 31 energy activities has license for filling containers for liquid petroleum gas, compressed and liquefied natural gas.

Additionally, for construction of LNG terminal with the capacity more than 250 m3 in the Republic of Serbia, it is necessary to obtain energy permit as well.

Currently, LNG is not widely spread and used in the Republic of Serbia, but certain steps in this regard have been taken. For example, JP Srbijagas, as the main and dominant player in the natural gas sector, during September 2023 executed memorandum of understanding with DEPA, Greek gas company, on future cooperation in gas sector, including usage of LNG terminals in Greece. Also, in 2023 the Republic of Serbia booked 300 million m3/yearly in LNG terminal in Greek port Aleksandropolis, which commenced its operation on 01 October 2024.

On the territory of the Republic of Serbia, the company Petrol has LNG terminal in Smederevo. Also, in 2024 Wabio Investment Holding SR commenced construction of biogas LNG terminal in Serbia (Nova Crnja).

### 14. What is the regulatory regime that applies to gas storage (not LNG)? Are there any gas storage facilities in your jurisdiction?

Storage of natural gas is energy activity for which license is needed (as explained in the answer to the question 12).

Same as for operator of natural gas transmission system, operator of natural gas storage must be unbundled from the energy activities of natural gas transmission, production and supply.

Additionally, for construction of natural gas storage facility, it is necessary to obtain energy permit.

Currently, in the Republic of Serbia only one operator of natural gas storage has license – being Banatski Dvor, i.e., only one natural gas storage exists. Natural gas storage Banatski Dvor is located on the spot of exhausted natural gas source, and storage is connected with the transmission system operated by Transportgas doo Novi Sad. Total capacity of storage is 4.617 GWh with plan to expand the capacity up to 8.208 GWh.

### 15. Is there a gas transmission and distribution system in your jurisdiction? How is gas distribution and transmission infrastructure owned and regulated? Is there a third party access regime?

Currently there are three TSOs in the Republic of Serbia: Gastrans doo Novi Sad, Transportgas doo Novi Sad and Yugorosgaz-Transport doo Niš. Gastrans doo Novi Sad is the only one certified and licensed. It operates with Turkish Stream and represents transit gas pipeline through the Republic of Serbia, connecting Bulgarian gas system with Hungarian gas system. Total length of gas pipeline is 402 km. Ultimate owners of Gastrans doo Novi Sad are PAO Gazprom with 51% and JP Srbijagas with 49%.

Transportgas doo Novi Sad is state owned TSO, which is established through separation from JP Srbijagas, in the process of unbundling of energy activity of natural gas transmission from natural gas supply, all in line with the Energy Law and EU requirements. The owner of the transmission system is JP Srbijagas, so Transportgas doo Novi Sad acts as independent system operator. Total

length of gas pipeline is 2.606 km (data from end of 2024) and covers north and central parts of the Republic of Serbia. The certification process is ongoing.

Yugorosgaz-Transport doo Niš operates in the south-east part of the Republic of Serbia on the transmission system with length of 125 km. The ultimate owners of Yugorosgaz-Transport Niš are PAO Gazprom with 75% and JP Srbijagas with 25% of the shares.

Pursuant to the publicly available data, currently there are 26 licensed distributions system operators. Total length of all distribution pipelines is 24.633 km.

Speaking of third-party access regime, two models are applied.

On the interconnection points – points of connection of adjacent transmission systems in the Republic of Serbia or with neighbouring country, pursuant to the Regulation on network codes related to the calculation and allocation of capacities for the natural gas transmission, access to the transmission system should be achieved through the auctions. So far, only Gastrans doo Novi Sad has implemented this method, and it uses Regional Booking Platform ("RBP") for allocation of capacities. It should be noted that AERS has approved to Gastrans doo Novi Sad exemption from third party access to the certain extent (in order to allow feasibility of the project), and Gastrans doo Novi Sad the remaining part of the capacities offers on RBP. This model of third-party access applies only TSO.

On domestic points – points other than interconnection points, the access to the transmission system is, pursuant to the Energy Law, achieved on the transparent and non-discriminatory basis, as well as on the regulated prices. This in practice means that person who wishes to book capacity in the transmission system, must file request for capacity to the relevant TSO which will then allocate the capacity. TSO may reject the request for access to the system in case the capacity is not available, or security of supply will be jeopardized. This model applies for access to the distribution system.

As per regulation of energy activity of transmission/distribution and operation of natural gas transmission/distribution system, please refer to the answer to the question 12.

## 16. Is there a competitive and privatised downstream gas market or is gas supplied to end-customers by one or more

### incumbent/government-owned suppliers? Can customers choose their supplier?

In the Republic of Serbia, it can be differentiated three kinds of suppliers: i) public supplier of natural gas, ii) supplier of natural gas, and iii) wholesale supplier of natural gas. All three energy activities are licensed activities.

Energy activity public supply of natural gas is the sale of natural gas to households and small customers at regulated prices. Household category is an end customer who buys natural gas for the consumption of his household and for the joint consumption of households, excluding the performance of commercial or professional activities. Small customers of natural gas are final customers whose annual consumption of natural gas is up to 100,000 m<sup>3</sup> and whose facilities are all connected to the natural gas distribution system.

Regulated prices means that AERS renders methodology, on the basis of which public suppliers of natural gas calculate prices, and must obtain AERS' consent on such prices.

Energy activity of natural gas supply is the sale of natural gas to customers for their own needs or for resale. The price of natural gas in this case is market price.

Energy activity of wholesale supply of natural gas is the sale of natural gas to customers, including resales, but excluding sales to final customers. It should be noted that license for this energy activity may obtain foreign legal entity. In the Republic of Serbia, currently there are 48 licensed suppliers of natural gas, 28 licensed public suppliers of natural gas and 21 wholesale suppliers of natural gas.

Most dominant supplier in the Republic of Serbia is state owned JP Srbijagas, which is designated to be supplier to other public suppliers of natural gas, as well as to be public supplier. During 2024, total amount of sold natural gas on market was 25.470 GWh, out of which JP Srbijagas sold 19.963 GWh, being 78% of the market share.

On a regulated market (with regulated prices) was sold 4.836 GWh, and on a free market was sold 20.634 GWh.

It should be noted that households and small customers are allowed to change their public supplier for supplier, i.e., instead of buying natural gas on regulated prices, to buy natural gas on market prices. Also, they are free to be on public supply again without restrictions.

## 17. How is the downstream gas market regulated?

In the Republic of Serbia, natural gas market consists of:

1. regulated market – market on which public supplier sells natural gas to the households and small customers at regulated prices,
2. free market – market on which customers buy natural gas from suppliers on market-based price, this is actually industry and heating power plants, and
3. wholesale market – market on which natural gas is sold to the suppliers/public suppliers.

For more details, please refer to the above answer to the question 16.

## 18. Have there been any significant recent changes in government policy and regulation in relation to the oil and gas industry?

Republic of Serbia is devoted to secure steady supply of natural gas and diversification of supply sources. Several years ago, only route and source of natural gas supply was on the north of the country through Hungary system, and only natural gas from Russian Federation was imported. By construction and putting into operation of Turkish Stream, Republic of Serbia has another route of supply, on the border with Bulgaria.

At the end of 2023, construction of new part of transmission system of JP Srbijagas was finished and put into operation. The length of pipeline is 109km and it is connected with the Bulgartransgaz transmission system. It is agreed that natural gas from Azerbaijan will be imported in the Republic of Serbia, in the amount of 400 million m<sup>3</sup> during 2024, 2025 and 2026. After this period, the amount may be increased up to 1 billion m<sup>3</sup>.

Also, in August 2024 the Republic of Serbia and Romania executed memorandum of understanding for construction of gas interconnection with Romania, through which interconnector Republic of Serbia may be supplied with Romanian natural gas which should be cheaper than Russian.

Furthermore, in October 2024 the Republic of Serbia and North Macedonia executed memorandum of understanding and cooperation in gas sector, envisaging construction of gas interconnection with the length of 70km (47 km in Serbia) and with total capacity of 14 billion m<sup>3</sup>/annually. Speaking of oil industry, as Republic

of Serbia is supplying with oil through only one oil pipeline (as explained in the answer to question no. 12). To diversify routes of supplies, the Government of the Republic of Serbia announced the project of new oil pipeline Hungary-Serbia as the project of importance for the Republic of Serbia. The works should start in 2025 with aim to finish construction in 2027. Through this oil pipeline it is intended to connect with Russian oil pipeline "Družba" to secure new route of supply.

## 19. What key challenges currently affect your jurisdiction's oil and gas industry, and how has the government and/or industry responded to it? In particular, please comment on the impact of recent geopolitical tensions and any significant regulatory or market developments.

### US sanctions

US Office for Foreign Assets Control (OFAC) introduced sanctions to NIS on 10 January 2025. Sanctions were postponed several times and finally came into force on 09 October 2025. As a consequence, the foreign banks and legal entities stopped conducting business with NIS, and oil refinery stopped working since 02 December 2025. Aim of the sanctions is to exclude Gazprom Neft from the ownership in NIS.

Currently, negotiations were undergoing for selling of the Gazprom Neft shares to other entities, and Republic of Serbia may acquire certain percentage of the shares in NIS in this process. During the negotiations, the OFAC issues license and foreign entities are allowed to work with NIS. It is expected that on 16 January 2026 oil refinery commences again its work.

### EU ban on Russian natural gas

Regulation of the European Parliament and of the Council on phasing out Russian natural gas imports, improving monitoring of potential energy dependencies and amending Regulation (EU) 2017/1938, envisages ban on import of Russian natural gas in phases.

However, under this Regulation, it is permitted that Republic of Serbia imports Russian natural gas through the EU, more precisely through Bulgaria via Turkish Stream.

## 20. Are there any policies or regulatory requirements relating to the oil and gas industry

**which reflect/implement the global trend towards the low-carbon energy transition? In particular, are there any (i) requirements for the oil and gas industry to reduce their carbon impact; and/or (ii) strategies or proposals relating to (a) the production of hydrogen; or (b) the development of carbon capture, utilisation and storage facilities?**

In July 2024 the Republic of Serbia adopted new energy significant document – the National Energy and Climate Plan for a period until 2030, with Projections until 2050. The main goals of the plan are:

- decarbonization – aiming to reduce GHG until 2030 by 40.3% comparing with the level of emissions in 1990;
- share of gross consumption of electric energy generated from RES should be at least 33.6% until 2030
- increase of energy efficiency, mainly through

the rehabilitation of buildings;  
 • increase of energy security through diversification of supply routes, construction of new interconnections in both gas and electric energy sector, strengthening domestic production of electric energy through revitalization and rehabilitation of existing capacity as well as building a new ones.

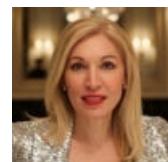
The Ministry adopted the new Energy Development Strategy for a period to 2040 with projections up to 2050 which recognises the usage of hydrogen. The Strategy follows the Integrated National Climate and Energy Plan, having the same goals.

Regarding the production of hydrogen, during 2023, Naftna Industrija Srbije, energy company in Serbia, started with the procedure to construct facilities for obtaining green and blue hydrogen as a path to decarbonization. It is planned that the plants have a capacity to deliver blue hydrogen of at least 275 cubic meters, and green hydrogen of at least 20 cubic meters per hour.

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