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Russia May Have Won a Company, But Lost a Friend in Serbia

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“To others his example is a lesson.” Those words from Pushkin’s “Eugene Onegin” seem strangely apt for the unfolding drama around Serbia’s oil company NIS. And make no mistake — they will be invoked, first and foremost, by Russia’s friends.

While Moscow debates the future of Lukoil’s overseas assets, Serbia is facing a crisis that could cost it its last genuine ally in Europe.

“We did everything to help the Russian investor; everything the Russians signed, we signed too. We followed our Russian friends’ guidance, and our country now finds itself in a very difficult situation,” President Aleksandar Vučić told the nation, warning that Serbia could face a fuel crisis by the New Year.

Cheap, then angry

The story begins in 2008. Serbia was emerging from war and sanctions, and the state-owned Naftna Industrija Srbije (NIS) was struggling. Selling it to a foreign investor seemed the obvious solution. And the choice was Russia.

At the time, Russia was seen as a reliable friend — a valuable one. As a permanent UN Security Council member, Moscow consistently vetoed recognition of Kosovo's independence, a territory still officially considered by Serbia to be part of Kosovo and Metohija.

Local lore repeated by politicians held that Russia promised to help Serbia reclaim the province.

The sale of NIS to Gazprom Neft, a Gazprom subsidiary, was never formally a payment for that promise, but in Serbia it was widely seen as a gesture of gratitude.

Negotiations culminated in 2011 with the sale price of 400 million euros.

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Some argued even then that the sum was scandalously low, though this debate intensified only after Vučić's Serbian Progressive Party came to power in 2012 — and over time, opposition criticism shifted toward Vučić himself, even though he had no role in the deal.

To be fair, the buyer did revitalize the company. Serbia's only refinery, in Pančevo, was modernized. Russian gas was sold at friendly prices — lower than Europe in some periods, though in much smaller volumes.

Discontent existed, especially among residents of the northern Banat region, where gas storage and a small oil field now under Gazprom's control sparked local resentment.

Former NIS employees were also unhappy, replaced at times by Russian specialists. Still, working for NIS was prestigious, and most Serbs accepted the new ownership.

A political acquisition

For Russia, acquiring NIS was about more than securing a fuel supplier. It offered influence over Republika Srpska in neighboring Bosnia, a foothold in a friendly country that could serve as a bastion of the "Russian world."

Russian diplomacy leveraged this influence extensively. Serbia, unlike Hungary under Viktor Orbán, seemed a loyal friend.

In 2014, Russians were still admired almost religiously, and the arrival of Russian emigres after February 2022 was greeted with mild curiosity but generally positive sentiment. What could possibly go wrong?

Sanctions change everything

In February 2025, soon after Donald Trump returned to office, the U.S. Treasury sanctioned NIS, demanding Russian shareholders exit the company.

Serbia delayed implementation, citing ongoing negotiations, but by October the sanctions took effect.

Russian oil and gas could no longer flow to Serbia, international cards stopped working at NIS stations and soon even the local DinaCard system might be blocked.

Vučić, who initially assured the public that a resolution was imminent, now warned that Serbia was in a difficult position. Without action, it might have to place NIS under external management and offer Russia a "fair price."

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Serbia had already proposed to buy the company, initially offering 700-800 million euros, including the Pančevo refinery modernization. Gazprom rejected the offer. Later, minor share adjustments left 44.8% with Gazprom Neft, 29.8% with the Serbian government and the rest with small shareholders. Reports suggest that the U.S. sanctions, demonstrating Russia's unwillingness to sell, finally tipped the balance.

According to Vučić, Serbia is ready to offer 1.4 billion euros for Russia's stake; rumors suggest Moscow wants 3-4 billion euros. Serbia cannot pay that, and it is unclear if money is the issue at all. The Kremlin may be waiting for a deal with Trump, confident that once sold, the asset cannot be reclaimed.

Was it worth it?

There are plenty of interested parties eyeing Russia's stake: the Americans, the Austrians, the Hungarians. Prime Minister Orbán reportedly discussed acquiring NIS during a meeting with Putin. MOL, Hungary's oil and gas company, is negotiating a stake. This might be Russia's best outcome: Serbia can continue receiving Russian oil via Hungary, and Orbán's friendship preserves Moscow's influence.

But this scenario depends on too many "ifs." Orbán faces elections next year. Trump may reject the sale. And whatever happens with NIS, Serbia's sincere friendship has been damaged. Russia exploited its power so bluntly that the trust of ordinary Serbs is likely lost forever.

For Serbians, the trauma of the Yugoslav wars is still raw. Many still remember the bombings and the days when they bought gasoline in Coca-Cola bottles from roadside speculators at 10 Deutsche Marks a liter. Russia struck precisely at that sore spot.

I cannot predict how the NIS drama will end. I am confident there will be no fuel crisis. But I am equally certain that Russia, in cynically leveraging the goodwill of others — whether citizens or allies — has inflicted a lasting wound on Serbia and lost a genuine friend.

Vučić summarized it delicately: “All this time we were taking risks because of our relationship with Russia.”

My only question is: was it worth it?

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