



# **Can Serbia Escape the Geopolitical Grip of Great Powers?**

FILIP ILANKOVIĆ

HIIA Perspective

Regular publication of the Hungarian Institute of International Affairs.

Publisher:

© Hungarian Institute of International Affairs, 2025.

Author(s):

Filip Ilanković

Copy editor(s): Lillian Aronson

For more publications, see the homepage of the Institute ([www.hiia.hu](http://www.hiia.hu)).

Source of cover photo: Shutterstock

November 28, 2025

**Filip Ilanković, Research Fellow, HIIA**

## **CAN SERBIA ESCAPE THE GEOPOLITICAL GRIP OF GREAT POWERS?**

U.S. sanctions on Serbia's Russian-owned energy sector have exposed not only the fragility of Serbia's energy security but also the European Union's strategic shortcomings in the region. While Washington has acted swiftly and assertively to reduce Russia's influence, the EU's fragmented approach has had limited impact and left even its own member states vulnerable to instability. As Serbia and neighboring countries, mainly Bulgaria and Romania, scramble for alternatives, it is now primarily the United States—not the EU—that sets the terms of regional dynamics, pointing out Europe's inability to turn its economic weight into coherent geopolitical influence. A potential solution for the Serbian issue lies in involving a third party, as Serbia seeks to maintain energy stability amid growing pressure.

### **PRIVATIZATION OF A STRATEGIC COMPANY: A GOOD DECISION?**

Very few could have anticipated the heavy political fallout between the European Union and Russia as it exists in 2025. This was especially true one and a half decades ago, when Serbia decided to [privatize](#) its oil and gas company NIS back in 2008. Back then, the move [was seen](#) as a strategically beneficial due to the bad condition of NIS, which required financial and governance assistance from a more experienced actor. What better choice than the Russian oil giant Gazprom? As political and economic cooperation between Serbia and Russia was historically good and stable, the idea of selling the strategic company to Gazprom was viewed favorably at the time. The decision was made to sell 56 percent of company shares to Russians for €400 million, partially giving up energy sovereignty for the sake of progress. Fast forward 17 years, Serbia is experiencing the possibility of its largest

energy crisis in decades precisely because of the trade-offs made by previous governments. These trade-offs made Serbia the collateral damage of great power rivalry, relying on their goodwill to resolve the crisis.

Currently, the [ownership structure](#) of NIS looks quite fragmented. Gazprom Neft owns 44.85 percent of shares of the company, and JSC Intelligence, a subsidiary of Gazprom, owns 11.3 percent. The Serbian government owns 29.87 percent of shares, and minority shareholders represent the remaining 13.98 percent. To understand the scale of the company, it is crucial to understand that NIS is one of the [largest](#) contributors to the Serbian national budget and GDP, contributing 11.9 percent and 6.9 percent respectively, and it [controls](#) 80 percent of the Serbian domestic oil market. Any crisis within the company would affect not only energy security but also the economic progress of Serbia.

## WHAT'S BEHIND THE SANCTIONS?

In January 2025, the U.S. Treasury Department [announced](#) that the Office of Foreign Assets Control (OFAC) would impose sanctions on NIS due to Gazprom Neft's status as the majority stakeholder. After months of postponement, the sanctions entered into force on October 9. Why did Serbia, a small country of 6.5 million inhabitants, become a target of serious energy sanctions? Such a country is not a relevant actor in the wider geopolitical context, thus sanctioning it would not have any significant impact on the Russo-Ukrainian war. To justify its pragmatism, the United States pointed out multiple times that these sanctions are [not aimed](#) at harming Serbian energy security but rather at crippling Russian revenue from energy exports that purportedly finance war in Ukraine. The supporting argument for this claim would be that other subsidiary firms of Gazprom Neft located in Tajikistan, Kazakhstan, Kyrgyzstan, and even Luxemburg are subject to these sanctions package as well. Given these circumstances, it is evident that Serbia is not the central target of the sanctions.

Still, the financial hit to the Russian Federation is minimal. In the 2024 financial year, only 1.7 percent of Gazprom Neft's annual profit came from the Serbian market, which makes Washington's justification appear rather

thin. A more convincing reason for imposing the sanctions would be that the Trump administration has grown frustrated with Russia's continued prolongation of the war, which undermines Trump's campaign pledges and his claims that he could bring the conflict to a quick end. By asserting pressure through financial sanctions on the most important area of the Russian presence—energy—Russia may be forced to negotiate and possibly end the war in Ukraine. By targeting Serbian energy security, the United States has demonstrated its significance not only locally but regionally as well.

## REGIONAL IMPLICATIONS

By all accounts, the Trump administration has achieved more in 10 months than the previous Biden administration did in four years when it comes to U.S. foreign policy interests. European countries that previously relied on Russian energy or decision-making in any way are forced to find alternative solutions and eradicate the Russian element from their respective energy sectors. Together with Serbia, several other Balkan countries are affected by the U.S. sanctions announced against Russian energy companies directly or indirectly.

For example, Croatian oil transit company JANAF is experiencing significant [financial issues](#) since its main trading partner was NIS, which is currently unable to acquire oil through the JANAF pipeline due to sanctions. Additionally, the United States announced a [new package](#) of sanctions against other Russian energy companies including Lukoil and Rosneft, entering in force on November 21, 2025. Thus, Bulgaria and Romania share similar energy concerns due to Lukoil's ownership of several oil refineries in these two EU states. Bulgaria would face stronger impact because the largest oil refinery on the Balkan peninsula, located in Burgas, represents around 80 percent of the Bulgarian oil market and is one of the [largest contributors](#) to the Bulgarian economy. Romania, on the other hand, has a somewhat more relaxed stance since Petrotel, the Romanian refinery in question, is [supplying](#) only 20 percent of the domestic market. Nevertheless, any disruption to the operational processes of the refinery would have significant economic consequences, which Romania seeks to avoid.

Due to the severity of the situation and an already constrained political relationship with Russia, both countries approached the issue differently than Serbia, even raising the possibility of nationalizing the refineries. Serbia, on the other hand, [ruled out](#) nationalization as a solution, saying that it would be a last resort. Of course, there are key differences between privately-owned companies like Lukoil and state-owned Gazprom Neft, which influences the options for tackling the issue. Private companies are focused more on profits while state-owned companies are guided by geostrategic and political considerations as well. Nevertheless, the outcome depends on all sides, particularly on Washington's decision to either accept or reject proposed solutions. After all, sanctions have been introduced to put additional pressure on Moscow to end the war as soon as possible—a goal that could in itself be seen as part of the solution.

## IS THERE A SOLUTION TO THE SERBIAN ISSUE?

Back in September, Gazprom [transferred](#) 11.3 percent of the shares to JSC Intelligence, but this was not an acceptable solution for the United States, since NIS was still under Gazprom's control. Since September, not much has changed with the company's structure and ownership, which brought the question of Russian intentions to solve this issue. However, one month after the sanctions took place, Russians made the first official move and [offered](#) to give up their management control and influence over the company to a third-party company in exchange for the necessary licenses and eventually lifting the sanctions. This solution was again not accepted as Washington made it clear that the goal is to [eliminate](#) Russian ownership from the company. There have been some unofficial [reports](#) that the United Arab Emirates' Abu Dhabi National Oil Company (ADNOC) could buy the Russian shares, given the United Arab Emirates good economic and political relationship with both the United States and Russia, but there are no official statements from the company on the matter yet. ADNOC would be suitable choice for the current Serbian leadership as well, due to [close](#) personal relationship between President Aleksandar Vučić and Sheikh Mohamed Bin Zayed Al Nahyan. Until the transaction takes place, the Hungarian foreign minister

has [promised](#) that Hungary will increase its oil exports to Serbia and, by doing so, will help mitigate the damage created by the sanctions.

Recent developments show the increasingly visible influence of the United States in the region and the fading Russian footprint. Meanwhile, the 19 total EU sanctions packages have had much less of an effect on the energy landscape in the Balkans due to the EU's approach of granting exemptions. The United States has positioned itself as an assertive actor, unwilling to reach compromises, with the sole exception of Hungary due to its unique position. Hungary's special place under Trump's administration was proven by the Orbán–Trump meeting in November, where Hungary secured [exemption](#) from ongoing energy sanctions. The Trump administration's pragmatic foreign policy has strengthened the image of the United States as the most relevant actor globally despite the emerging challengers. Putting pressure on strategic industries like energy seemed to be an effective strategy to eradicate the Russian presence and demonstrate power to the countries in the region, especially Serbia, which has been actively looking for alternatives to the Western world. By placing heavy sanctions on Russian companies, the United States is also reshaping the European energy market, which will undoubtedly have consequences beyond the region.



**HUNGARIAN  
INSTITUTE OF  
INTERNATIONAL  
AFFAIRS**