

The Serbian government plans to borrow 608.3 million \$ from the Chinese Export-Import Bank for the construction of the Frushkogorski corridor, ie the Novi Sad-Ruma expressway. The Government has sent to the parliamentary procedure the Law on Confirmation of Loan Agreement for Eligible Buyer for the project of construction of the Novi Sad - Ruma highway (Fruskogorski corridor) between the Government of Serbia, represented by the Ministry of Finance, as the borrower and China Export-Import Bank as the lender, New economy writes.

In October 2020, the Commercial Agreement on the design and construction of the Novi Sad - Ruma expressway (Fruskogorski Corridor) was signed between the Government of Serbia, "Roads of Serbia", "Corridor of Serbia" and "China Road and Bridge Corporation".

The commercial agreement stipulates that Serbia will use the loan funds to cover 85% of the project value, while the remaining 15% will be provided from the budget.

The agreed price for the preparation of project-technical documentation, execution of works and delivery of goods according to the Commercial Contract is 715.7 million US dollars.

The Budget Law for 2020 approved Serbia's borrowing from Chinese banks in the amount of up to 608,385,000 US dollars.

The Budget Law for 2021 increased the amount of debt for the said project to 610 million US dollars, while the same article of the Budget Law for 2022 specified that amount and amounts to 608,384,610 US dollars.

Under what conditions does Serbia borrow?

The loan has a maturity of 20 years, including a starting period of five years. The principal repayment period is 15 years in 30 semi-annual installments due on May 15 and November 15 each year.

The interest rate is fixed at three percent per year.

The costs of loan processing (at the rate of 0.5 percent of the total amount) will be paid by the Government once, in the amount of 3.04 million dollars, within 30 days from the day this agreement enters into force.

The loan availability period is five years, with the possibility of extension.

The construction of the Frushkogorski Corridor is of special importance for the development of the Serbian transport system and will contribute to improving efficiency and economic benefits in the transport sector, reducing the consequences of freight traffic and adverse environmental impacts, relieving other roads and speeding up traffic.

At the beginning, the route is connected to the existing state road Novi Sad - Zrenjanin - Romanian border, and finally to the planned state road Ruma - Sabac - Loznica, thus connecting Vojvodina with the western and northwestern part of Serbia, and very important administrative and regional centers such as : Novi Sad, Ruma, Sabac and Loznica, and indirectly Serbia with Bosnia and Herzegovina, Croatia and Romania.

Writes: 021.rs