Instytut Europy Środkowej

IEŚ Commentaries

No. 1506 (11/2026) | 22.01.2026

ISSN 2657-6996

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Hungarian MOL Takes Over Russian Shares in Serbian Company NIS

The declaration of intent by Gazprom Neft to sell its shares in the Serbian company Naftna Industrija Srbije (NIS) to the Hungarian firm MOL[1] represents one of the most significant developments in the Central European fuel market in recent years. MOL's entry in place of the Russian owner is expected to restore the operational continuity of the Pancevo refinery while simultaneously reshaping the balance of power across the regional fuel market. The transaction goes far beyond a standard acquisition of refining assets due to the sanctions imposed by the United States on Russian oil companies. NIS, the operator of Serbia's only refinery and a key fuel supplier in the Western Balkans, has come under pressure as a result of these sanctions levied against Gazprom Neft.

The sanctions imposed in January 2025 on Gazprom Neft and its foreign assets had direct consequences for NIS, even though the company operated solely in the European market and was vital for Serbia's fuel supply. The shareholder structure – where Russian entities controlled 56.15% of the shares – resulted in NIS falling under the sanctions regime ("IEŚ Commentaries", no. 1495). In practice, this meant the loss of access to crude oil transported via the Adria pipeline, managed by the Croatian company Janaf, as well as financial and insurance restrictions that crippled the operational capacity of NIS. The Pancevo refinery, with a processing capacity of 96,000 barrels per day, was temporarily forced to shut down at the end of 2025, immediately raising the risk of fuel shortages on the Serbian market.

From the outset, the sanctions mechanism included the possibility of temporary exemptions aimed at enabling the sale of Russian-owned shares to any entity not subject to restrictions. Special licenses issued by the U.S. Department of the Treasury allowed NIS to continue crude processing during 2025, but ultimately, on 9 October 2025, crude deliveries were halted, followed by a gradual shutdown of the refinery.

MOL is one of the largest integrated oil companies in Central Europe, operating three refineries and an extensive logistics and retail network. Its key refining assets include the facility in Százhalombatta, Hungary (165,000 barrels per day), the refinery in Bratislava, Slovakia (122,000 barrels per day), and the smaller refinery in Rijeka, Croatia (90,000 barrels per day), controlled indirectly through MOL's ownership in INA. Together, they form a production system capable of supplying several regional markets. MOL also operates nearly 2,400 fuel stations across Central and Southeastern Europe, including in Poland, the Czech Republic, Romania, Croatia, Serbia, and the Western Balkans.

The company's business model relies heavily on access to Russian crude delivered via the Druzhba pipeline, while alternative supplies through the Croatian Adria pipeline remain limited and, furthermore, thanks to political support from the Hungarian government, MOL has obtained U.S. sanctions exemptions, allowing it to maintain its traditional supply model. The acquisition of NIS fits into MOL's strategy of regional integration of refining assets, strengthening its position as the dominant player in Central European refining.

The purchase by MOL of Russian shares in NIS will result in the integration of Serbia's refinery into a broader regional production and logistics system. For the Central European fuel market, such a concentration of refining capacity in the hands of a single player – already crucial for the supply of several countries – has significant implications for regional energy security. The integration of NIS into MOL's network may enhance short-term supply stability for Serbia, reducing the risk of fuel shortages such as those that emerged during the Pancevo shutdown. At the same time, the transaction reinforces the region's indirect reliance on Russian crude, as MOL

[1] MOL competed for a stake in NIS with ADNOC from the United Arab Emirates.

remains a beneficiary of sanctions exemptions and plans infrastructure developments that will enable continued crude deliveries from the east, including the construction of a new pipeline connecting Hungary and Serbia ("IEŚ Commentaries", no. 807). In the long term, this may hinder genuine diversification of supply sources and increase the market's vulnerability to shifts in U.S. sanctions policy.

Conclusions:

- MOL's acquisition of NIS represents an optimal short-term solution from the perspective of Serbia's energy security as well as regional market stability. Integration with MOL's existing infrastructure and logistics network allows for a rapid restoration of full operational capacity at the Pancevo refinery and reduces the risk of fuel shortages, which in recent months had to be mitigated through imports from Hungary.
- However, this transaction does not resolve the fundamental issue: the continued dependence of certain Central European countries on Russian crude oil. Instead, it transforms this dependence into an indirect model based on sanctions exemptions and regional infrastructure linkages – an arrangement that may prove unstable in the long term, particularly if U.S. policy becomes even more restrictive.