What Happened After Electricity Market Liberalisation - State Owned Electric Utilities in Bosnia and Herzegovina

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Abstract

One of the biggest questions battling government of Bosnia and Herzegovina is performance of Electric Utilities, as they are one of the biggest resources and largest State Owned Enterprises. This issue became more important as of January 1st 2015 electricity market has been liberalized and fully opened and all customers have the ability to freely choose their supplier of electricity. Before January 1st 2015 state owned Electric Utilities operated in monopoly market where competition was not possible. Therefore, due to market liberalisation existing companies will need to be more competitive than before in order to grow and survive new competition from neighboring countries and EU. Paper analyses performance of State Owned Electric Utilities listed on the Banja Luka and Sarajevo Stock Exchange in period after opening of electricity market. Measuring the success of the State Owned Electric Utilities is based on the analysis of financial statements for period from 2015 to 2019, using indicators of profitability and market indicators. The results reveal that State Owned Electric Utilities from Bosnia and Herzegovina have poor performance indicators. The broad conclusion that emerges from the results is that electricity market in Bosnia is still not liberalised and open and that state owned Electric Utilities still operated in monopoly market as they continue to survive with very poor performance indicators. In order to improve government has to conduct extensive reforms and reorganization of its Electric Utilities in order to survive when new competition enters market.

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