Balkan countries and Ukraine are making “substantial investments” in polluting coal power stations to sell cheap electricity to the European Union, as the bloc searches for new suppliers to reduce its dependence on Russian gas.
EU officials appear reluctant to use energy negotiations next month, or trade law, to force higher air pollution and environmental standards, despite the risks the rush poses to EU climate change and enlargement policies, and to finances and public health in the Balkans.
Bosnia and Herzegovina, Macedonia, Kosovo, Montenegro, Serbia and Ukraine are planning to build a total of 14.82 GW of new coal power capacity, much of which would be additional to existing capacity, according to a Change Partnership study commissioned by NGO CEE Bankwatch.
The countries are members of the Energy Community, a largely EU-funded drive for binding rules to integrate markets with the EU set up after the Balkans War. Reforms to the Community treaty will be proposed at a June meeting in Vienna, with a view to them being adopted by October.
But campaigners said they had detected little appetite from the European Commission to use the talks to increase air pollution or environmental standards.
“The Commission would need to reflect on possible EU action. This would however still require some analysis to know how such measures would interfere with our policy objectives and international obligations,” a source from the executive told EurActiv.
The Energy Community treaty does not “in principle” allow for import restrictions, the source said, but membership “implies” they have to abide by the same environmental rules as EU power generators.
NGOs including Climate Action Network and the Centre for European Reform said the countries were not subject to all the same rules as the EU.
Climate Action Network Europe has urged the Commission to use its influence to stop Energy Community countries from becoming “dumping grounds for dirty energy”. It pointed to the fact that the EU pays 95% of the Community’s funding.
“These funds should be conditioned on meeting environmental and climate standards of the EU. The EU must deliver this through a proper reform of the Energy Community Treaty,” said Dragana Mileusnic of CAN Europe.
New coal power stations in Serbia, Montenegro and Ukraine are not advanced enough to reduce toxic emissions such as sulphur dioxide, the Centre for European Reform (CER) think tank said. Reduction technology for sulphur dioxide is mandatory in the EU.
Trade
CER said the countries had an unfair trade advantage as they are not compelled to use

certain more expensive emission reduction technologies, which must be used in the EU. It wants the Commission to use trade law to block imports on the grounds of the health and environmental risk coal pollution poses to Europe.
The bloc should stop buying any electricity from countries that do not meet EU air pollution standards at all their power stations, the CER said.
Commission sources said Serbia, Montenegro and Ukraine are members of the World Trade Organisation (WTO), as is the EU. The European Commission speaks for all EU member states at most WTO meetings.
WTO members are bound not to restrict imports from other members, unless justified by environmental or health exemptions. The Commission would have to consider whether the exemption criteria were met, the source said.
Pollution from neighbouring countries' coal plants can harm people in other nations and have a significant economic and health impact.
The Health and Environment Alliance (HEAL) found more than 10,000 people in Serbia died prematurely from particulate matter and ozone exposure in 2010. 2.5 million working days were lost.
HEAL estimate that health costs from coal power plants in Serbia alone cost €4.98 billion per year. Serbia has the second highest rate of premature deaths due to air pollution in Europe with particulate matter concentrations higher than both EU and World Health Organisation standards.
The World Health Organisation estimates air pollution deaths cost Serbia 33.5% of its GDP, Montenegro 14.5%, and Ukraine 26.5%.
Energy Union
Serbia, Montenegro and Ukraine are "substantially" increasing their use of coal, according to CER. This is partly to take advantage of the EU's plans for Energy Union.
The Energy Union is the EU's strategy to bolster its resistance to energy shortages. As part of the drive to reduce its dependence on Russia for gas imports, it is looking to increase and diversify its energy suppliers.
The Energy Union communication, published in February, said the EU needed to use its weight as a huge energy customer to clampdown on unfair trade practices. It also said the Commission will try to strengthen the Energy Community to ensure existing energy, environment and competition law was implemented.
But a recent Energy Community report conceded achieving the environmental "acquis" would be a "major challenge."
Accession issues

The Energy Union plans make little mention of coal, focusing more on natural gas as a lower carbon alternative. A major goal of the strategy is to move the EU towards a low carbon economy.
That meant the current investment in coal in Balkan countries looking to join the EU was simply storing up problems for the future, campaigners said.
The adoption of environmental and climate policies are one of the most demanding chapters of EU accession negotiations, accounting for about a third of total legislation that needs to be transposed.
A conservative estimate is that Serbia alone will spend €10.5 billion, a quarter of its GDP, on implementing EU laws, said CAN Europe's Mileusinic.
As Serbia is pencilled in to join the EU in 2022, and Montenegro in 2020, their emissions would count against the EU's 2030 climate and energy targets.
EU leaders agreed last year to set a 40% reduction in comparison to 1990 greenhouse gas levels by 2030, ahead of this November's UN Climate Change Conference in Paris. The Paris summit aims to set a global legally binding limit of below 2 degrees for global warming.
Floods in the Balkans in May 2014 killed at least 86 people and caused billions in damage. Experts have pointed out that such extreme weather events will increase with global warming.
EurActiv has learnt that total extra-EU imports compared to the annual electricity consumption is less than 1% in the EU. Given the low share of electricity imports at EU level, a substantial emission reduction would quite likely be low as well.
But no Energy Community countries have yet adopted carbon pricing policies
Analysis by the Change Partnership, commissioned by CEE Bankwatch, showed that at current EU carbon emission permit prices of €5 euros per tonne, existing coal and gas power plants in the region will cost governments at least €575 million each year. Planned coal energy infrastructure would add an additional €133-317 million annually.
If carbon prices rise to €30 per tonne of CO_2 – as is expected to happen by 2025 – these projects' carbon price tag will soar to €790 million or €1.9 billion every year.
Source; Agencije