

After just five hours visiting the tiny Serbian village of Vreoci, just outside the country's capital, environmental activist Dragana Mileusnic developed a terrible cough. Vreoci is pincered between two rapidly expanding arms of the Kolubara coal mine, one of the largest in Europe, which churns out 22 million tons of coal per year — along with what Mileusnic calls “incredible” air pollution. Now the mine owner is resettling the entire village because coal dust, smog and respiratory disease have made life there unbearable.

Coal may be increasingly persona non grata in eco-conscious Western Europe, but the continent's southeast frontier is embarking on a little-noticed love affair with lignite. Abundant deposits of the black stuff, eager Chinese investors, the prospect of literally filthy lucre and a regional willingness to get all up in the face of climate change have fueled an epic Balkan expansion of coal-burning power stations — not to mention the mines that feed them. It's an important parable for a world haunted by climate change: The distant prospect of global disaster can't always trump a local hunger for jobs and exports.

While Balkan nations have always been coal-friendly — they're sort of the West Virginia of Europe in that respect — new coal projects are “mushrooming,” says Ioana Ciuta, a coal campaigner at CEE Bankwatch, a European environmental watchdog. Across Serbia, Bosnia and Herzegovina, Ukraine (not technically part of the Balkans), Macedonia, Kosovo and Montenegro, planned power-plant expansions — some already under construction, others are planned over the next decade — will boost coal-based generation capacity by 14.8 gigawatts, an increase of approximately 30 percent, according to a recent report by the nonprofit Change Partnership and International Energy Agency data. That's up to 25 percent more power than the region actually needs too.

In the process, the Balkans might jeopardize their shot at a bigger prize: membership in the European Union. But that's not the first thing on their minds, says Andreas Goldthau, a professor of public policy at Central European University. In regions like the Balkans where democracy is relatively weak and corruption abounds, governments are more worried about political survival, he says — and that means keeping energy cheap. “It's about winning elections,” Goldthau says.

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All that makes the Balkans a microcosm of carbon geopolitics — sort of like a Cold War spy novel, only with coal plants standing in for missile silos. China sees the region as a possible entrée into Europe proper via what Winston Churchill once (wrongly) considered the continent's “soft underbelly.” Europe, eager to wean itself off the Russian natural gas that produces roughly a third of its electricity, seems equally disinclined to break the region's

anthracite addiction. And Russia is still keen to retain a foothold in its old stomping grounds. The Balkan nations themselves, still sapped by their long war in the 1990s and subsequent anemic growth, are playing a bad hand as best they can, scrambling for any foreign investment that will let them shovel as much coal as fast as possible.

In Serbia, China's Export-Import Bank recently dropped \$608 million on a new 350-megawatt generator for the Kostolac power plant; in Bosnia, meanwhile, it's putting \$833 million into a 450-megawatt unit at the Tuzla coal-fired plant. Not to be outdone, the China Development Bank provided \$385 million for a Bosnian coal station. Chinese investors are funding similar construction in Montenegro and Romania. Ask the local rep for the Chinese Southeast European Business Association, Siniša Malus, why that is, and he'll tell you it's because European countries "prefer not to invest in coal." (Which is largely but not entirely true; two major European development banks are also plowing \$175 million into Serbia's Kolubara coal mine.)

A simpler explanation might be that China, which is cutting back coal power to curb its own carbon emissions, is effectively exporting part of its coal industry to the Balkans. (Chinese construction firms and manufacturers are, unsurprisingly, deeply involved in these projects.) In the process it's forging business ties with Europe that could pay off down the road.

The trans-European Energy Community has worked for years to boost power-related investment in the Balkans, improve environmental standards and integrate the region into the European energy market, but it's been slow going. Regional governments dream of exporting their expected surplus electricity to Europe, but their national power grids are so ramshackle they simply lose roughly 17 percent of the power they currently transmit. Exporting electricity also requires additional infrastructure to move current across national borders. Trouble is, the Balkans can't afford it and EU taxpayers are likely to make a fuss about importing coal-fired electricity, Goldthau says.

For all the legitimate concerns over pollution and health risks of coal, some experts say the Balkans don't have better alternatives. "Renewables wouldn't increase electricity dramatically enough," says Simon Uzunov, head of the electricity unit at the Energy Community. Uzunov says the pressure from NGOs for stricter environmental regulations are welcome, but in reality, "compromises have to be made."

But as countries like Serbia look toward joining the EU, their coal plants may be more of a pain in the ass than they're worth. Full EU members have to meet strict efficiency and environmental requirements, and the region's current plans almost certainly fall short. Mileusnic, a policy coordinator at Climate Action Network Europe, estimates that Serbia will

have to spend some \$11.5 billion on implementing EU laws. None of which seems to be slowing down the coal rush.

Source; OZY