

Bosnia and Herzegovina is a net exporter of power. It has some of the worst air pollution in Europe.

Yet this small, Balkan state of 3.5 million people is planning to nearly double its coal power capacity, a major source of harmful emissions.

Green groups are locked in a war of attrition with the authorities over environmental permits handed out to four coal plants. Ekotim and Center for Environment have no fewer than seven open legal challenges and complaints.

They are up against a powerful energy lobby seeking to preserve jobs in overstuffed state-owned coal mines, not to mention Chinese investors.

"We are a country which is rich by coal, but actually there are new technologies, new possibilities and we should be moving towards renewable energy," Rijad Tikvesa, president of Ekotim, tells Climate Home.

At issue are four coal plants totalling 1.7GW capacity - nearly equal to the 1.8GW already running. Even with 100-400MW of expected closures in the next decade, they would expand capacity by three quarters.

Despite the NGOs' efforts, Stanari became the first of these to officially launch last month, with the help of a \$390 million loan from the Chinese Development Bank.

Tuzla 7, Banovici and Ugljevik III are still in play. They have environmental permits - subject to court rulings - but have yet to sign finance deals. That is to say nothing of various mooted projects that are at the pre-permit stage.

"For a country the size of Bosnia, this is just ridiculous, this is total mania," says Pippa Gallop, research coordinator at CEE Bankwatch Network.

Bankwatch is campaigning against coal plants across the Western Balkans. As a hangover from the socialist era, many have overstuffed, state-owned mining and power companies they are reluctant to shrink.

"It is a social issue that the politicians are putting off," says Gallop. "Instead of building their energy policy based on how much energy do we really need, they are building energy policy based on: we need to keep the jobs in the mines open..."

"There is quite a big danger of people in this region ending up as second class citizens in terms of environmental protection."

Neighbouring Kosovo has the dubious distinction of hosting perhaps the last coal plant to be financed by the World Bank. But it is Bosnia-Herzegovina that has the most vigorous pipeline, with Chinese investors expressing an interest.

The NGOs aim to tie the developers up in legal procedure so their plants never see the light of day.

“The strategy is to delay it as much as possible and to prove there are huge amounts of subsidies being pumped in from the budget into this production,” says Denis Zisko of the Tuzla-based Center for Ecology and Energy.

“For renewables, they show the subsidies on the electricity bill, but the subsidies in the coal sector are hidden.”

The World Health Organization estimates the economic cost of death and disease caused by air pollution at a staggering 21.5% of Bosnia-Herzegovina’s GDP. For comparison, the UK figure is 3.7%.

Last December, Sarajevo closed schools and urged drivers to use their cars less as a toxic smog settled on the capital.

Then there is climate change. It doesn’t come up much in the Bosnian debate, by all accounts, but burning fossil fuels causes global warming.

The US government estimates the social cost of a tonne of carbon dioxide emissions at \$38, while other economists put the figure higher.

As an economy in transition, Bosnia-Herzegovina has set the modest target of limiting emissions growth to 2% from 1990 levels by 2030. With aid, it might stretch to a 3% reduction.

The country’s desire to join the EU – it started the application process in February – may prove to be a stronger lever for change.

As well as filing lawsuits in Sarajevo Cantonal Court, the NGOs put in complaints to the Energy Community. An initiative to harmonise energy markets in the region, it requires members to comply with certain EU regulations.

Plants opened after 1 January 2018, as Tuzla 7, Banovici and Ugljevik III would be, need to meet tougher pollution limits. The NGOs argue the environmental permits awarded do not cover this requirement.

The Energy Community has limited enforcement powers. It cannot fine offenders, instead relying on symbolic gestures like suspension from decision-making bodies.

“The penalties are political rather than financial,” says the body’s environmental expert Peter Vajda. But he adds “many of our contracting parties are at the same time candidates for EU membership. Obviously, if there is a serious, persistent breach, it does not really help that process.”

Bosnia-Herzegovina also has a target to get 40% of its power from renewables by 2020, Vajda points out. Existing big hydro dams take it close – 34% in 2009 – but new coal would push the dial in the wrong direction.

While he will not comment on individual government decisions, the case for coal is

“questionable”, Vajda says: “Installing more and more new coal plants does not seem to be a wise choice.”

Job creation – or protection – seems to be the main motive for building the plants. Since the war in 1992-95, the economy has been weak and unemployment high.

The CIA world factbook puts the joblessness rate at 43% in 2015, based on official figures, although it notes many more people work in the grey economy. Incomes are around a quarter the EU average.

Zoran Micanovic, president of the trade union at Ugljevik, says new thermal power plants are needed in the region and will help employment. The Energy Community is small and will not make much difference to climate change, he argues, while renewable energy is “a privilege of rich countries”: unsustainable without state subsidies.

State-owned energy and telecoms sectors provide some of the most dependable jobs around, but those too are under pressure.

A US\$608 million loan from the International Monetary Fund announced last month comes with strings attached. The Washington-based body is urging privatisation of “often inefficient” state-owned enterprises and a shrinking of the public sector.

Meanwhile, the Chinese investors bring in Chinese equipment and labour. Dongfang built Stanari, China Gezhouba Group is lined up for Tuzla 7 and China Petroleum Engineering & Construction Corporation for Ugljevik III.

The energy and environment ministers for the Federation of Bosnia and Herzegovina, the regional authority overseeing Tuzla 7 and Banovici, could not be reached for comment.

With no court dates fixed, the fate of the three permitted coal plants is highly uncertain.

Environmentalists fear the developers could forge ahead with construction while the legal system grinds into gear.

On the other hand, the projects are all running behind schedule and potential sources of finance are dwindling.

EU and international development banks have all but stopped backing coal projects, leaving China as the main player.

Even Beijing, with big money and surplus production to find a home for, is developing sustainable lending rules that could start to affect its overseas investments.

As the uncertainty drags on, though, it prevents the country from making much-needed plans for a low carbon transition, says Gallop.

“The decision makers are not recognising that coal is going to have to stop being burned.

With this comes the unwillingness to make a really long term plan for making these [mining] communities more diverse.”

Bosnia faces legal action over Chinese-backed coal dash

source: climatechangenews.com