

While the Energy Community is calling for a turn to renewable energy sources, thermal power plants are being closed in the EU, and in 2025 the new Unit 7 of the Tuzla Thermal Power Plant is expected to be in operation in Bosnia and Herzegovina.

In November, the construction of Block 7 of the Tuzla Thermal Power Plant is expected to begin in Tuzla. Bosnian companies have carried out preparatory works, and the construction will be taken over by Chinese contractors, it was confirmed for Radio Free Europe from the Public Company Elektroprivreda BiH, which manages the Tuzla Thermal Power Plant. Block 7 will be financed by a loan from the Chinese Import and Export Bank (CEXIM) in the amount of 641 million euros. The loan guarantee was given by the House of Representatives of the Parliament of the Federation of BiH in 2019. The rest of the funds will be provided by Elektroprivreda BiH from its own budget and other sources, which is problematic for the Energy Community.

The first group of engineers from China arrived in Tuzla at the end of August 2019, and in the following period, more precisely until November, it is expected that the construction site, where Bosnian companies performed preparatory works, Chinese contractors take over, it was confirmed for Radio Free Europe from Elektroprivreda BiH.

Proceedings of the Energy Community against BiH

The director of the Energy Community, Janez Kopac, told RFE / RL that they see a violation in the protocols that have to do with state aid, ie the guarantees of the Federation of BiH for a loan taken from a Chinese bank.

Senad Salkić, Executive Director for Capital Investments of JP Elektroprivreda BiH, told RSE that they believe that there were no irregularities in that company.

The issue of state aid is a formal issue within the Energy Community, but not only this issue is problematic for the director of the Energy Community Kopač when it comes to Block 7. Kopač believes that it is wrong at a time when Europe and the world are trying to "separate from coal" "plans to build a thermal power plant.

Investing in coal - investing in the past

The European Union plans to close all thermal power plants by 2050 at the latest, but also much earlier. Kopač believes that this will also happen to Block 7. Bosnia and Herzegovina still has no legal obligation to tax carbon dioxide emissions, but it will happen soon.

Kopač considers it wrong that the FBiH Government, while everyone invests in renewable energy sources because it is extremely cheap, invests in coal.

"It is an investment in the past, which loses the future. It is completely illogical to go into

such investments economically," he concludes.

Denis Zisko, coordinator of the energy and climate change program at the Center for Ecology and Environment, told RFE / RL that the main problem with Block 7 is the fact that parliamentarians have given a loan guarantee, which means that "citizens will repay that money."

This is denied by Elektroprivreda BiH.

With the agreement on the construction of Block 7, China, by securing funds for the loan, obliged FBiH that almost the entire amount of the loan must be returned to Chinese companies, everything must be bought from Chinese producers and Chinese workers must be paid, says Žiško.

Salkić from Elektroprivreda says that there is a contractual clause that at least 20 percent of the total project must be done by BiH companies, not counting the preparatory works.

NGO warnings to the EU

The problem of Chinese lending and the construction of thermal power plants in Southeast Europe as part of the "One Belt, One Road" initiative, popularly known as the "New Silk Road", was also pointed out by civil society groups, calling on the European Union to step up legal proceedings against Chinese companies. The request was made on September 14 by the CEW Bankwatch Network during the EU-China summit, when German Chancellor Angela Merkel, EU Council President Charles Michel and Commission President Ursula von der Leyen met with Chinese President Xi Jinping to discuss among other things, discussed the planned Chinese investment agreement.

NGOs have warned that Chinese state-owned companies have been "particularly active" in Southeast Europe in recent years, citing signed contracts to build four new coal plants, rehabilitate two coal plants, invest in heavy industry and build other infrastructure.

In Serbia, Chinese companies have also bought an ironworks and a copper mine and plan to build a tire factory, according to a network of NGOs.

"Most projects violate national and EU law on the environment, procurement and state aid," states the CEE Bankwatch Network.

It adds that none of the projects are in line with the latest EU pollution control standards from 2017, most have "very poor" environmental impact assessment studies, and the Drmno lignite mine expansion project in Serbia "did not have them at all".

Concerns about the construction of Block 7 in Tuzla last year were also expressed by the European Commission, when the then Commissioner for Enlargement Johannes Hahn assessed the decision of the FBiH Government as a move to show that they are not

committed to BiH's European path.

China's influence on future EU members?

Žiško believes that China sees these projects as a good way to "build its economy". He emphasizes that EU leaders are talking and thinking about this more and more, and reminds of the case of Greece, where a similar thing happened with money coming from China. He certainly underlines that this is just one reason why Chinese banks give loans for thermal power plants to countries in Southeast Europe. He sees another reason in the fact that all other banks, including European and American ones, have stopped doing this.

The total investments of the People's Republic of China in BiH, according to the data of the Central Bank of BiH by years are: 2015 - 636.9 million convertible marks (KM), 2016 - 618.4 KM, 2017 - 780.6 KM, 2018 - 783, 4 KM, and for the first three months of 2019 - 863.1 KM. China has directly invested in BiH in the sectors of trade and mining and quarrying.

With nine EU member states currently using no coal at all and 11 more planning to cut off electricity produced from coal by 2030, a phasing out of coal in the EU is under way.

Fifty-two thermal power plants closed in 2016, when the EU stepped up its commitment to climate change mitigation and paved the way for zero greenhouse gas emissions by 2050. The problem in achieving these goals of the EU and the wider community could be slowed down by Chinese loans to EU Southeast European countries that still rely on electricity generation in thermal power plants, and although Chinese media and state-owned companies claim these projects are environmentally friendly, the European Commission is 2019. In her strategic view of EU-China relations, she emphasized that "... China is building coal-fired power plants in many countries, which undermines the global goals of the Paris Agreement."

NGO networks resent the EU for not taking concrete steps to prevent such projects in addition to these criticisms.

In its Vision and Actions on the Belt and Road Initiative or New Silk Road announced in 2015 from China, it was emphasized that it would focus on efforts to promote green and low-carbon infrastructure, but on the example of Bosnia and Herzegovina, the Silk Road is paved with coal. - A thermal power plant in Stanari was built earlier from Chinese loans, for which the Chinese Development Bank approved a 350 million euro loan, and received the company "EFT - Rudnik i Termoelektrana Stanari" as a guarantee and the right to a concession for coal, water and thermal power plant.

Source: slobodnaevropa.org

