

Chinese energy conglomerate China Energy Engineering Corp said it is in talks about investing 1 billion euros (\$1.2 bln) in a coal power project in Bosnia, one of the biggest energy schemes in the Balkans.

If a deal is reached CEEC would fund virtually the entire project to build a 430 megawatt coal-fired power plant and develop a coal mine in Bosnia's autonomous Bosniak-Croat Federation, which is seeking to revive its energy sector as many of its coal-fired power plants are past their prime.

Yu Gang, vice president of state-owned CEEC, said the talks with Bosnian private company Lager, which holds a 30-year concession to operate the Kamengrad coal mine in Sanski Most in northeast Bosnia, were well underway and could soon lead to an agreement. The mine has 115 million tonnes of proven coal reserves and an estimated 400 million tonnes of untapped coal reserves.

"Our technical team will visit the site next week and explore the quality of coal and other factors that have to be priced into the final project cost," Yu Gang told Reuters.

Coal is widely available in the Balkans, making it appealing to governments seeking ways to ensure security of supply and keep energy prices low while also placating influential mining lobbies.

As the European Union, the World Bank and other institutions cut back on coal financing, Balkan states are encountering difficulties in securing finance for their projects, prompting Chinese institutions and contractors to step in.

They are increasingly targeting energy projects in the Balkans, boosting their presence and showing a willingness to take bigger risks than European rivals in a potentially lucrative market with good links to the EU and scope for prices to rise.

Source: reuters