

The Just Finance International portal warned on Tuesday that the Chinese-built Kostolac B3 coal-powered electricity plant could inflict serious environmental damage once it goes online in September 2023.

“If the Chinese-backed coal Kostolac B3 power plant is allowed to come online it will be a serious blow to the climate, as well as Serbia’s commitment to become carbon neutral by 2050,” it warned.

It recalled that the European Commission has repeatedly urged Serbia to step up investments in renewable energy, phase out fossil energy sources and ramp up air quality plans. According to Just Finance International, the Kostolac B3 power plant which will be operated by the Serbian electricity company (EPS) will have a capacity of 350 MW and will burn 12 million tons of coal a year from the Drmno mine.

Just Finance International said that 85 percent of the investment in Kostolac B3 was covered by a 608 million Dollar loan to Serbia from the state-owned China Exim Bank. It said that there was no tender for the project, that any possible arbitration would be defined by the lender and subject to Chinese law, that no environmental impact assessment was conducted before the Drmno mine was expanded, that Kostolac B3 is non-compliant with current EU pollution limits, and that the Serbian government could possibly have violated its obligations under the Energy Community Treaty when it took out the loan for the EPS, N1 reports.