

Taught by examples of environmental and social harms that international mining companies leave behind in the Balkans, local communities in North Macedonia have opposed the creation of new gold and copper mines. The awards granted under the VMRO-DPMNE mandate were one of the cornerstones of attracting foreign direct investment. However, the municipalities did not accept this model.

Cities in North Macedonia have recently become the center of self-organized movements by locals, who have opposed international mining projects in the country. They share the same fears: that concessions for geological exploration and exploitation will result in catastrophic environmental and social consequences with marginal benefits for local communities, but also for the country as a whole.

It was not known exactly how many concessions were awarded under the term of former Prime Minister Nikola Gruevski, but at least 80 concessions were granted after 2012, when a new law was adopted, with the aim of increasing investment in the mining sector. At the time, it was clear that concessions were being divided as part of a strategy of attracting foreign direct investment.

After the change of government, we learned that 378 operating concessions were issued. The new regulation shortened and simplified procedures for obtaining mining licenses and concessions, but, more importantly, ensured the almost automatic conversion of mining exploration permits into exploitation permits, meaning that excavation work began automatically.

The situation has not changed much with the advent of the new government in May 2017, so the consequences of mineral exploitation remain the sole concern of the locals and activists. At one point, a wave of calls for local referendums seized the state, aimed at confronting politicians with this problem, and at the same time preventing or delaying the work. The first successful referendum was held on April 23, 2017 in Gevgelija in southeastern Macedonia, at which the population voted against the opening of a gold and copper mine at two locations on Mount Kozuf. Excavation concessions were awarded to Canadian firm Nevsun Resources LTD.

The Salvation for Gevgelija initiative quickly gained the support of almost the entire municipality. According to activists, the success of the referendum in Gevgelija means that this company will not be able to turn its exploration license into a concession for the exploitation of ores. The first one is about to expire, but, they were still able to submit a request for its conversion into an exploitation concession. However, this request should be automatically rejected because of the result of the referendum, which obliges the municipal authorities to give a negative opinion to all the mines in Gevgelija.

A successful referendum in Gevgelija (turnout was 70%, 99% of which was against) prompted similar local initiatives, so two more successful referendums were held, in Bogdanci on June 11, 2017, with voter turnout of 61% and 98% of votes against. The third successful referendum was held in Dojran (51% turnout, of which 91% voted against). The referendums that followed in Bosilov, Valandov and Novo Selo failed because of low turnout. However, given that mining companies have already invested enormous resources in the pre-excavation work, it is possible that this is just an instant obstruction.

Namely, part of these funds may be diverted to initiatives to continue mining operations. The Ministry of the Environment and Spatial Planning emphasized that “the referendum does not have the binding legal power to stop projects that have already been licensed.” However, in the context of widespread corruption, the public has every right to question, even in a judicial way, the entire concession procedure, because the environmental and social consequences are too great to withdraw from a referendum based only on statements from the Ministry and the company.

However, as Minister of Economy Driton Kuchey explains, if the referendum is successful and lawsuits are filed to withdraw already granted concessions, both the legislative framework and case law will benefit the concessionaire. Despite favoring dealers, mining companies still appear to be threatened by widespread social mobilization. Two weeks after the Gevdelija referendum, Anglo-Ukrainian company Sardich MC issued a statement threatening to sue Angel Nakov – one of the most prominent activists of the Spas for Gevdelija initiative – accusing him of pointing out “false risks” over the Kazandol mine project. The real motive behind this retaliation is to halt further mobilizations, which could prevent similar projects under exploration license.

### **Kazandol and Ilovica-Stuka mining projects**

In the case of Kazandol, a concession fee of only € 45,000 a year has already been awarded in 2015 to Sardich MC, and construction work has begun to open the mine. It should be mentioned here that one of the directors of Sardich MC, Aco Spasenoski, was the Minister of Agriculture in the Gruevski government, which illustrates the close ties of domestic politicians to international capital.

Once an exploitation concession was once issued (as in the cases of Ilovica and Kazandol), little can be done to revoke it, as in that case, arbitration lawsuits could be brought against Macedonia and huge financial penalties could be imposed on it.

However, to the locals, the price of these penalties is less important than their own health and access to food and water, so this threat is not an obstacle to reinforcing resistance to

mine opening.

According to a local initiative, SOS Valdanovo said they were “extremely aware of the difficulty of fighting the opening of new mines” but that they had “no intention of giving up their demands”. Their fight came to fruition in 2018, when the government withdrew a concession to exploit gold, copper and silver to Sardich MC for the Kazandol mine.

Another major mining project is Ilovica-Stuka, for which an exploitation concession was issued to Canadian-British company EuroMax Resources. They own two concessions for an area of 20 square kilometers, for which they only pay € 55,000 a year. As in other cases, the local community is organizing itself against this project, despite the fact that an exploitation permit has already been issued.

However, in the case of Ilovica, the authorities and concessionaires emphasize the safety of the project, and argue that the project involves the European Bank for Reconstruction and Development (EBRD), which sets high environmental and social standards. The EBRD’s role in this project is twofold: they are both creditors and shareholders, as the EBRD owns 19.9% of Euromax, which would mean that one of the bank’s goals is a high return on investment rather than the social interests of North Macedonian citizens.

While there was no response from the Government, local grassroots initiatives were growing. Citizens of the Southeast Region organized two initiatives: “Zdrava Kotlina” and “Youth Against the Death Mine Stuk-Ilovica”. Protests were staged in April and May 2019, despite threats from Euromax sent to activists, including warnings to file lawsuits for posting on social media.

In 2019, the situation with the Ilovica-Stuka mine remains unresolved. According to activist Mitko Ristomanov, the government can use non-compliance with contractual terms as an argument for revocation of a mining concession: “Due to insufficient and incomplete project documentation, Euromax missed the last deadline for obtaining the necessary permits. The deadline expired on July 24, 2016, which means that their activities over the last three years are illegal. Also, the deadline for the completion of the mine, July 24, 2019, has passed. The situation is further complicated by the fact that since May 2019, after the purchase through a private offer, the concession for the Ilovica-Stuka mine has changed its ownership structure. It is no longer owned by Euromax, but by Galena Resource Equities Limited, which is a subsidiary of Trafigura, embroiled in several controversies, including the illegal export of toxic waste from Amsterdam and the attempt to cover up an African environmental disaster. How this case develops will depend on the steps taken by the new owner, but also on the willingness and ability of the Government to act in response to the local population’s opposition to the mine, bearing in mind the negative impact it would have on agriculture in

the region, as well as the wider environmental impact middle.

### **Environmental risks and possible different economic models**

Residents have been called for a referendum by pointing out too high environmental risks, such as three kilometers wide and 700 meters deep craters, or the risks of pollution of drinking water sources that power the nearby towns of Kavadarci and Negotino.

Given the 10 tons of dust that the mines dump into the atmosphere on a daily basis, the danger also included air pollution by toxins, such as arsenic and thallium (required to extract ores from the rocks), then the production of 15 million square feet of sludge containing cyanide, arsenic and sulfuric acid. All this would not be easy and easy to repair without even greater environmental impact.

Among the most risky is the process of cyanization, that is, rinsing gold with sodium cyanide, which is the most widespread method for processing gold. Entry of this compound into the ground or groundwater causes irreparable damage as the soil and water become completely poisonous and unusable to humans and animals.

An example of cyanide soil poisoning was seen in 2000 in the case of the Baia Mare mine in Romania, when 10,000 cubic meters of cyanide-rich industrial wastewater was pumped into the soil. Chemicals have seeped into groundwater and poisoned agricultural land and drinking water for 2.5 million people in Serbia and Hungary, killing hundreds of tons of fish in the Somes, Tisa and Danube rivers.

Even the often pointed arguments of job creation should be taken with a dose of restraint. Of the 13,500 workers announced, 2,175 workers are currently employed in mining operations in North Macedonia.

Nevsun Resources LTD, a Canadian company hoping to build a mine near Gevdelija, has faced allegations made by the Guardian over “forced labor, dire working conditions and an atmosphere of fear and intimidation” at the Bisha mine in Eritrea, which is majority-owned the owner.

Another argument against mining projects is an alternative economic model that could ensure sustainable development in these regions.

For example, the city of Dorjan is located near a lake whose summer tourism potential is often highlighted as a possible economic model for the development of the area. Winter tourism could be developed in the area of Kozhuf Mountain. Valdanovo, Bogdanci and Gevgelija are agricultural areas with a Mediterranean climate and awareness of the importance of organic farming. With the aim of developing organic agriculture, more than a billion denars of subsidies have already been invested in the area, which would completely

fail if the mine were opened due to environmental pollution.

In any case, employment can be taken as an advantage only if one considers the working conditions and the immediate and long-term health consequences of workers exposed to a substance such as cyanide.

### **Anti-mining struggles during the tenure of Zoran Zaev's government and the SDSM**

Of the 200 exploration and exploitation concessions issued by the previous government, in June 2019, only 14 licenses were started by mining operators. The 14 concessions are owned by Euromax Resources, a Bulmak company - licensed for lead and zinc in Zletov and Toranica, then Legura, which has a concession for manganese in Stogovo, for nickel in Veles, Lojani for antimony and iron in Tamjiste. In 2018, twelve dealers exploited minerals worth 180.8 million euros. Of that amount, only € 4.95 million, or 2.74%, was paid into the public budget for concession fees.

At the same time, mining companies made a profit of 38% or EUR 68.9 million. The share of the mining sector in the North Macedonian economy is 15% of industrial production and 1.5% of GDP.

Combating the exploitation of ores, as well as their outcomes, will serve as a mirror of the interactions between global capitalism and democracy in the country, but also as a test for the new SDSM government, which will have to balance in order to remain a social democratic party and devise a new model for attracting investment. which would be different from foreign direct investment in the mining sector.

Also, the role and perseverance of citizens in initiatives against such mining projects will continue to be crucial. They will combat the absolute priority of ore-driven economic growth (estimated GDP growth is 2%), to the detriment of environmental and social consequences, which are currently set as less significant.

Finally, this struggle should include arguments that will not give immunity to the government and local authorities if they fail to find alternative economic models that would develop society in a balanced way - that is, which would have positive environmental, social and political impacts.

Source: Climate and energy transition of the Balkans