



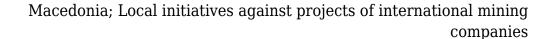
Teached by neighboring examples of environmental damage and the society left behind by international mining companies in the Balkans, the local communities in Macedonia opposed the opening of new gold and copper mines. The crown and cap of the assigned concession in the mandate of VMRO-DPMNE were one of the cornerstones of attracting foreign direct investment. That's the model what municipalities do not accept, however.

Small provincial towns throughout Macedonia have recently become the grassroots neighborhoods of local residents against international mining projects in the country. They share the same fears that concessions for geological exploration and exploitation will result in catastrophic ecological and social consequences with marginal benefits for the local community as well as the country as a whole. These two types of concessions, former Prime Minister Nikola Gruevski, have shared with fists and caps over the past few years, within the strategy of attracting foreign direct investment.

Information on the total number of concessions (including inactive) granted by Gruevski during his mandate is not available to the public. But it is well known that at least 80 concessions were approved in the period after 2012 when the government adopted a new law to increase business activity and investment in the mining sector. The number of active concessions currently amounts is 378. The share of the mining sector in the total Macedonian economy is 15 percent of industrial production and 1.5 percent of GDP. The new regulation simplified the procedures for obtaining mining permits and concessions, but, more importantly, almost automatic conversion of mining resources permits to exploitation permits was made, which allowed the excavation work to begin automatically. "Salvation for Gevgelija"

With the beginnings of excavations all over the country, they started to gather and controversial local communities. Over the last two months, the country has been invaded by a wave of invitations to local referendums aimed at coping with politicians with this issue, while preventing or delaying the execution of works. The first successful referendum was held on 23 April this year in Gevgelia in Southeastern Macedonia. On this occasion, population voted against opening of a gold and copper mine at two locations on Kožuf Mountain. Concessions for these excavations were obtained by the Canadian company Nevsun Resources LTD. The ""Salvation for Gevgelija " Initiative has quickly received support from almost the entire municipality.

Anti-mining action residents invoked referendum by pointing out too much environmental risks, such as 3-kilometer-wide and 700-meter deep craters, or the risks of drinking water sources contaminated by neighboring cities of Kavadarci and Negotino. With regard to 10 tonnes of dust deposited on a daily basis by mines, the danger has implicated air pollution





by toxins such as arsenic and thallium (needed to extract ore from the rocks), followed by the production of 15 million square meters sludge containing cyanide, arsenic and sulfuric acid . All this would not be easy and simple to repair without any major environmental consequences. Among the most risky is the process of cyanization, or gold-washing with sodium cyanide, which is the most widely used gold processing method. By entering this compound into ground or groundwater, irreparable damage is caused because soil and water become completely poisoned and useless to humans and animals.

An example of poisoning of cyanide was seen in 2000 in the case of the Baia Mare mine in Romania, when 10,000 cubic meters of rich industrial cyanide wastewater fell into the ground. Chemicals dropped into the groundwater and poisoned the local community's agriculture groundwater, but also potable water for 2.5 million people in the surrounding Serbia and Hungary and landed on the hundreds of tons of fish inhabited by the Nes-Tis-Danube river basin.

Even the often-widespread arguments for creating new jobs, often expressed by advocates of such projects, should be taken with a dose of retention. The Canadian company Nevsun Resources LTD, which has been granted a concession for excavations at Gevgelija, is increasingly faced with charges of forced labor, so much so that the British Guardian has also reported on the treatment of their Beirut mine in the northwest of Eritrea, "the climate of fear and intimidation "and generally horrible working conditions. In any case, employment can only be taken into account when considering the conditions of work and the immediate and long-term consequences for the health of workers exposed to substances such as cyanide.

The success of the referendum and economic models

According to activists, the success of the referendum in Gevgelija means that this company will not succeed in converting its exploration license into a mining concession. The first will expire soon, but they can still file a report for conversion to be excavated. However, the referendum commits the present and all future local authorities to automatically refuse any concessions for all mines in the vicinity of Gevgelija. However, given that mining companies have already invested enormous capital resources in the pre-requisites needed for excavation, we remain skeptical that the current obstruction may be only temporary, and not really a permanent condition. It is possible that some of these resources will be redirected to initiatives to continue the mining business.

The success of the Gevgelija referendum inspired similar local initiatives, which were subsequently dared to oppose various mining projects across the country like that in Kazanda for the excavation of copper, gold and silver, or those in Bogdanci, Valandovo,



Dorjan and Strumica (Ilovic mine). All these places are being prepared for referendums, which first will be held in June. Alternative and sustainable economic models could be developed in all the cities where initiatives were created, if there were any development plans in these municipalities. For example, the town of Dorjan is located near the lake whose summer tourism potential often stands out as a possible economic model of the development of this area. In the area of Kožuf Mountain, winter tourism could be developed. Valdanovo, Bogdanci and Gevgelija are agricultural areas with Mediterranean climate and the inhabitants' awareness of the importance of organic agriculture development. Indeed, with the aim of developing organic agriculture, more than one billion denars of subsidies have been invested in the same area, which would be completely missed in case of mine mining due to environmental pollution.

While the Gevgelija and Kožuf projects are only in the phase of exploration, in the case of Kazandola, a concession for exploitation at the price of the miserable 45,000 euros a year has already been awarded to the English-Ukrainian company Sardich MC in 2015, and construction works on mining openings have already begun . It is interesting to note here that one of the executive directors of Sardich MC Aco Spasenoski, who in the period from 2006 to 2009, was Agriculture Minister of Nikola Gruevski. Although this information does not have to be surprising, it is indicative of the illustration of close and personal relationships between domestic politicians and international capitalists.

After an exploitation concession has been issued (as in Strumica Ilovice and Kazandola cases), it can be done little to recall it because in that case Macedonia would be subject to international lawsuits and probably punished by high financial penalties. But the local population's price of these penalties is less important than their own health and access to food and drink, so this threat is no obstacle to increased resistance to the opening of mines. Thus, in the local initiative of SOS Valdanovo, they said "they are extremely aware of the severity of the fight against the opening of new mines", but that they have "no intention of giving up their demands". They also collect signatures to initiate a referendum against even two concessions to the aforementioned company, Sardich MC.

Favoring concessionaires and lawsuits against activists

The Ministry of Environment and Spatial Planning stressed that "the referendum has no binding legal power to stop projects that have already received an exploitation license". However, in the context of widespread clientelism and corruption, the population have a full right to question, and even judicial channels, the whole concession award process, because the ecological and social consequences are too big to end the referendum only on the basis of statements from the Ministry and the company. However, as Minister of Economy Driton

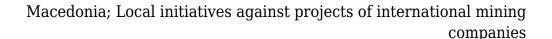


Kuchi said, in the case of referendum success and launching a lawsuit for the recall of concessions already granted, the legislative framework and court practice are in favor of the concessionaire.

Despite favoring concessionaires, mining companies seem to be endangered by so many social mobilizations. Two weeks after the referendum in Gevgelija, Sardich MC issued a statement threatening Angela Nakova, one of the most prominent activists of the Gevgelija, accused of highlighting "false risks" in the Kazandola context when interviewing a national television house. The real reason behind this retaliation is to prevent further mobilization that will probably prove useless in the context of Kazandola, but in spite of this, it may prevent similar projects that are still under exploration (but not exploitation). The same company, Sardich MC, currently owns a concession for research in the Kumanovo area, whose mining potential is ten times bigger than that of Gevgelija, and its value is estimated at EUR 300 million. Given that the exploitation concession has not yet been issued, active resistance could have an impact on its further development and may ultimately be completely discontinued.

Transparent flows of global capital

Another comprehensive mining project is that of Ilovica-Štuka, 20 km away from Strumica, for which the exploitation concession was issued by the Canadian-British company EuroMaxx Resources. They have two concessions for a total area of 20 square kilometers, for which they pay only EUR 55,000 a year. As in other cases, the local community is being organized against this project, despite the fact that the exploitation license has already been issued. However, in the case of Ilovice, authorities and concessionaires often emphasize the security of the project, and argue that the project is part of the European Bank for Reconstruction and Development which sets high ecological and social standards and provides support for the transparency of the process. The EBRD's role in this project is double: they are both creditors and shareholders because the EBRD is in 19.9% of Euromaxx (the EBRD owns 19.99% of the listed equity based on unrealized earnings per share - "undefined basis"), which would mean that it is one of its goals and a high return on investment, rather than taking into account the social interests of the Macedonian public. In the latest investor report since January this year, Euromaxx writes that elections were held in December in Macedonia due to the slowdown in the process of obtaining needed permits but their endorsement was never questioned because both major parties expressed their support to the project. However, for the continuity and acceleration of the project, it would be more useful for the VMRO-DPMNE who has approved it to retain power. This points to two worrying trends: one is the support of the big capital of VMRO-DPMNE, and





the other supports SDSM's project. Although, it must be emphasized that members of the SDSM in the local authorities (from the opposition) voted against the project. Combating the exploitation of the ore as well as their outcomes will serve as a mirror to the interaction of global capitalism and democracy in the country, but also as a test ground for the new SDSM government that will have to balance much to remain the Social Democratic Party and at the same time design a new model for attracting investment, which would be different from foreign direct investment in mining jobs that Gruevski made as an important part of his legacy.

Also, the role and perseverance of citizens in initiatives against such mining projects will still be of crucial importance. It will have to fight the ideological plan against the absolute prioritization of economic growth based on ore digging, which is expected GDP growth of 2 percent, and at the expense of the environmental and social consequences that are currently in this context publicly set as (significantly) less important. And ultimately, this struggle should include arguments that would not allow the government and local authorities to give immunity if they fail to find alternative economic models that would develop society balanced – that would have positive ecological, social and political effects.