

We plan to prepare the final negotiating position for chapter 27 within a year and open the chapter by the end of 2019. We do not want to gloss over the reality, as we are seeking to negotiate realistic deadlines to do all that needs to be done, Ivan Karić, state secretary at the Ministry of Environmental Protection and chairman of the Chapter 27 negotiating group, said in an interview with Balkan Green Energy News. He also discussed the start of work on the Directive Specific Implementation Plan for the EU's Directive on Industrial Emissions, the toughest decisions Serbia will have to make in negotiations, and what the Ministry of Environmental Protection expects from Serbia's new finance minister.

What will be the toughest decisions as part of preparing the negotiating position?

They will concern industrial directives, especially industrial emissions and companies' adjustment to new requirements prescribed by the EU legislation. We are talking about the energy, metals, food, and manufacturing sectors, large farms, etc. Two months ago, we started working on the Directive Specific Implementation Plan for the EU's Directive on Industrial Emissions in cooperation with the Cleaner Production Center of the Faculty of Technology and Metallurgy. The purpose of this document is to define transitional periods for each individual operator, as well as to define the necessary financial investment to meet the obligations. As such, it will serve as the basis for negotiating transitional periods for industrial producers.

Alignment refers to the application of the best available technology and achieving emission limit values. The negotiating team for chapter 27 will be tasked with negotiating on behalf of industrial producers on dates by which certain operators will have to adopt the best available technology and achieve appropriate standards following accession. In order to get transitional periods, there have to be clear and unambiguous supporting arguments. We are in talks with each company that has to have an integrated pollution prevention and control permit on the deadlines they can meet to enable harmonization with EU directives, as well as on investments that will be required.

We must not get into the situation of having to pay penalties or having to shut down certain facilities because we failed to meet standards by the negotiated deadlines.

This is where you probably want to avoid mistakes that are often mentioned. Which are these mistakes?

Major promises and short deadlines. Companies are the most sensitive issue, as they affect large numbers of people. We are in talks with large companies, such as oil and gas company NIS, public power utility Elektroprivreda Srbije, and copper miner Rudarsko-Topioničarski Basen in Bor, as well as smaller firms...

And what do they say?

Part of them already have or are preparing plans, as this is in their interest - to start adjusting certain facilities as soon as possible, so that they can sell their goods on the market and be competitive once Serbia joins the EU. We are together trying to determine what the realistic deadlines would be, so that we do not follow in the footsteps of Bulgaria and Romania, which are paying penalties, or Slovenia, which had to shut down its oil refinery because it failed to make a good assessment and negotiate good transitional periods. The first rule we set when we took over this portfolio was to not gloss over the reality, as this is the only way we can get realistic deadlines. There are those that wanted to paint a prettier picture than their reality was, but in the end, they did not have enough money or time to do everything that was needed.

What is the financing structure related to industrial directives?

There are no subsidies for market-based industries, as investments help the companies in question cut costs and be competitive on the global market. By implementing EU rules, we are becoming part of an economic community in which resources cannot be depleted and that natural capital has a value, which is not often discussed here and neo-liberal economists tend to forget. Of course, health has no price, but everything can be calculated financially, including days spent on sick leave, health care expenses, and reduced life expectancy, all resulting from environmental factors.

Increasing environmental investments would help reduce healthcare spending, for example. Wastewater treatment could lead to new economic opportunities, such as sludge reclamation, the use of power plant ash, and the use of waste. At the same time, this means not using natural resources, which is an added benefit. This is all part of the circular economy, which promotes reusing materials.

All these calculations should help us produce the best possible negotiating position. Serbia sent a draft negotiating position to the European Commission for informal consultation on June 5. What are the key elements of the draft?

The draft focuses on the transposition of legislation and the toughest two areas - waste management and wastewater management. These two areas are also the most expensive ones - the estimate is that they will cost us about EUR 6.4 billion. We have not yet wrapped up implementation plans, but they are coming along.

In the past period, we discussed the negotiating position too much, and the new environmental administration believes that the process must be prepared more carefully. Once we have all specific plans in place, once we know how much EU funding we will have at our disposal, how much money there is in the green fund or the water fund, we will be able to more precisely plan timeframes for meeting EU obligations and we will be ready to

submit our negotiating position.

The reason for the slower pace is to avoid mistakes?

Yes. We are currently working on eight directive specific implementation plans, which are the most complicated and the costliest, out of a total of 24. The preparation of these plans serves as a preparation for using funds that will be at our disposal. We are covering a wide area, which is not only in the purview of the Ministry of Environmental Protection, but also other ministries. We are talking about a scenario until 2040.

Is a political decision on these major issues necessary now?

The ministry is preparing directive specific implementation plans that will back the negotiating position. They will include details of measures that need to be taken, financial estimates, and, we hope we will be able, with the help of the Ministry of Finance, to predict all financing sources for needed funds over the next 25 years. Of course, the negotiating position will eventually have to be adopted by the government and the parliament.

When could the final negotiating position be defined and when could the chapter be opened?

We plan to complete directive specific implementation plans for water and waste in the next few months and for the industrial directive by the end of the year. The plan is for the negotiating position to be prepared within a year, and it will include what needs to be done, how much money is needed, and in which periods. It will then depend on the EU when chapter 27 will be opened, but I think this could happen by the end of 2019.

What do you expect the European Commission's comments to the draft to be?

We discussed the draft at a meeting of the Subcommittee on Transport, Energy, Environment, Climate Change, and Regional Development on June 12 and 13 in Brussels. The impression is that the work has been well and carefully planned at the expert level, but omissions, unfortunately, do not depend only on us.

What are omissions?

It is what Minister Goran Trivan often discusses - the lack of a clear financial framework for environmental protection. The European Commission's three objections in talks in Brussels referred to independent financing, a normal functioning of the Green Fund, and a lack of experts in the Serbian government's environmental administration and at the local level.

How can these financial problems be resolved?

We expect certain developments in the wake of changes at the Ministry of Finance. The European Commission suggested holding meetings between representatives of the two ministries and the commission to define how to proceed with environmental protection financing and the functioning of the Green Fund. Domestic regulations have already

transposed certain EU standards, including the polluter pays principle, but it is expected for the funds to be spent for the right purpose.

The EU has suggested that money intended for environmental protection must be spent on environmental protection, which is not the case in Serbia. Out of some RSD 11 billion in environmental protection fees collected annually, only a half is allocated for environmental protection. The EU's question will be how we are spending our own money intended for environmental protection before it will discuss approving EU funds for this area.

How can the public be made aware that environmental protection is not only a cost, but also an opportunity for launching green investments?

We are talking about major projects spanning up to several years, up to 20 sometimes. The truth is that they are very costly, but they also create major opportunities by creating demand for infrastructural works, training, producing projects, consulting, and other environmental protection services, which can all contribute to job creation.

This is perhaps best explained on the example of waste. You have a resource that ends up in a landfill, with no option to use it in some way. Waste is now discussed as a raw material, which is the essence of the circular economy - when you get reuse paper, cardboard, PET packaging, aluminum... with just a little effort required for primary sorting.

How will the financial puzzle be completed for example for the EUR 6.4 billion you mentioned is needed for investment in waste and wastewater treatment?

Taking into account other countries' experiences, about 50% could be secured by the EU, around 30% by Serbia, and the rest could be provided through loans. We can count on EUR 1.3 billion in the first seven-year budget period when we join the EU. Our assumption is that we will be able to expect EUR 50 million annually from the Instrument for Pre-Accession Assistance funds from 2021 to 2024, but to use the funds, it will be necessary to prepare technical documentation and projects primarily for the waste and wastewater sectors.

What will be the bigger problem in the process of improving environmental protection in Serbia and reaching EU standards -raising the awareness of people and companies or raising money needed for investments?

Both are equally important. At the moment, it seems to us that financing is more important, but what Serbia started years ago through education programs will yield results in the long run. Children are now telling parents not to run water while they shave or brush their teeth and to put waste in the appropriate receptacles. When these children grow up and become decision-makers at companies, they will be unlikely to decide to bury a barrel with waste in a field. There can be no creation of new value, jobs, and major construction sites without money, but without education, there can be no people aware they are not doing this only for

financial purposes, but also for health, the environment, and the entire planet.

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