

North Macedonia's schools, hospitals, and government bodies burning dirty oil in their heating systems

Eli Pesheva, co-founder of an environmental group called O2 Initiative, said her organization began hearing from worried citizens.

"We were constantly seeing black smoke in 2017, 2018. We then received information from citizens in Skopje and other cities that there is a massive use of heavy fuel oil in state institutions," she said.

An investigation by OCCRP, Investigative Reporting Lab (IRL), and Investigace.cz can now reveal these clouds are the product of a highly polluting, chemical-laden oil that is being burnt in the heating systems of public institutions across North Macedonia.

Drawing on documents, interviews, and other sources, reporters pieced together how North Macedonian company Evrotim has made millions of euros from the dirty oil, much of which was produced by Czech refiner Unipetrol and resold by the powerful Bosnian oil company HIFA Oil.

Evrotim was helped by North Macedonian politician and businessman Koco Angjusev. Two companies associated with him have together bought thousands of tons of Evrotim's oil. Despite complaints from oil companies, public officials, and the body charged with monitoring North Macedonia's oil imports, the government has so far ignored the problem. Evrotim's case is far from unique. Customs officials, a sample testing lab, and oil experts say they have encountered increasing amounts of fuel oils coming from the European Union that arrive in the Western Balkans laden with heavy metals and other pollutants.

"The good stuff is left in Austria, or Germany, or the Czech Republic and other EU countries, and the leftovers, the waste full of heavy metals, ends up down here, in Serbia, in Macedonia," said Slaviša Petković, inspector at Serbia's Sector for Market Inspection. "This is how the Balkans have become Europe's waste dump."

ORLEN Unipetrol, which is the largest refiner in the Czech Republic and is owned by state-backed Polish oil company ORLEN Group, said it was not responsible for how its product was used after it was sold.

Kenan Ahmetlić, the director of HIFA Oil and the son of its founder, said the product they were selling met the legal requirements to be traded and burned as fuel in the Balkans. Iljia Srezoski, the ultimate owner of Evrotim, agreed, saying Unipetrol's fuel oil "99.99 percent met the standards prescribed by the laws in Macedonia."

Angjusev was initially not available to comment for this article. After OCCRP's partner IRL broadcast a documentary about Evrotim's oil, he issued a statement through his company Brako denying that he had anything to do with "the import of any toxic oils or fuel oil." North Macedonia's government pledged to make thorough and detailed checks of published and unpublished case information "in order to clear up all issues, dilemmas and doubts"

raised by the documentary.

Dirty Oil Deals

Late one evening in April 2018, when Angjusev was serving as North Macedonia's deputy prime minister for economic affairs, two men walked into his office for a meeting.

One was Srezoski, who had set up Evrotim three years earlier through his son-in-law after being banned from oil trading by North Macedonian authorities for failing to meet safety standards for storing oil. The other was Izudin Ahmetlić, the owner of HIFA Oil and one of the wealthiest and most powerful people in Bosnia and Herzegovina.

It's unclear exactly what the three men discussed that night. But at some point in early 2018, Evrotim won two contracts to supply the residual it was buying from HIFA Oil to companies with ties to Angjusev: Brako, a machinery manufacturer he owns, and Euronickel Industries, which had been a major client of his electricity company.

Angjusev confirmed he met with Srezoski and Ahmetlić, but said they had not discussed anything to do with fuel oil. His company, Brako, admitted that about 15 percent of its fuel oil is supplied by Evrotim, but blamed regulators for not ensuring the quality of the imports. "Once the fuel oil in question is allowed and put on the market by competent authorities, 'Brako' does not have its own laboratory to check the quality," the company said in a statement.

Evrotim also started winning public contracts from the Ministry of Defense and Skopje's public transport authority. Business boomed as the company imported thousands of tons of Unipetrol's residual every month, driving up its turnover from 484,000 euros in 2017 to 13 million euros in 2019.

It was not until December 2018 that Evrotim's imports first came to the attention of North Macedonia's State Market Inspectorate, which is tasked with inspecting oil and oil derivatives before they enter the market.

Stojko Paunovski, who was the agency's director until April, said his work was hampered by weak regulations and limited funding. This time, however, he had been tipped off that a trainload of Unipetrol's oil destined for North Macedonia had been stopped in Serbia, where it didn't meet quality standards. But because North Macedonia has looser regulations, this oil was able to cross the border. "Unipetrol oil in the European Union is considered garbage. ... It is allowed in our country and it is sold. The Serbs did not accept that oil," Paunovski said.

A Unipetrol spokesperson said the quality of their oil was assured by a quality certificate and safety sheet, in line with European laws and Czech technical standards, adding: "It is up

to the buyer what he does with the purchased certified product. However, they must follow the instructions given in the safety data sheet."

Then, in December 2019, Paunovski was tipped off by Serbian authorities about other shipments of oil bought by Evrotim from HIFA and bound for North Macedonia, including some oil that was declared produced in Bosnia, but whose true origin was unclear.

Paunovski sent four samples off to be tested. They were found to contain high concentrations of ash, water, and sediment. Then in February, the private lab that carried out the tests wrote to both the Inspectorate and the Ministry of Economy warning it was seeing increasing amounts of such low-quality oils.

"This type of fuel oil ... normally contains a high concentration of heavy metals, usually cadmium and lead, which are harmful and dangerous to human health and the environment," the letter said. "Such samples of fuel oil reach our laboratory more and more often, and in a quality very similar to the sample above."

Paunovski decided he had to act. He wrote to the minister of economy and other senior government officials, warning that the legal requirements for testing and controlling oil imports were not sufficient and urging them to change legislation. But nothing happened. A senior official in Skopje's public transport authority, which bought Evrotim's oil, said he also contacted the government to complain it was making the boiler in one of their buildings break down. "The smell was irritating. The employees complained," said the official, who declined to be named for fear of imperiling their job.

At least two regional oil companies have also written to customs raising concerns. In a joint email in January 2019, they said that they had analyzed a certificate of quality accompanying a shipment of Evrotim's oil and found that it showed an "illegal deviation" from the specification for fuel oil in eight out of 10 parameters.

"We can put special emphasis on the harmful impact on the environment and the enormous pollution during the combustion of such an inadequate resource," the email said, arguing that the waste was being sold off cheaply as fuel, creating "unfair competition."

A senior customs official, who asked not to be named out of fear of losing his job, told IRL that "powerful people" facilitated the trade in dirty oil, though he declined to name names.

"We are talking about people who have been financing elections and political parties for decades, plotting, blackmailing. They are all linked to organized crime groups, corrupt government officials," he said. "These things are not proven, because there are simply no good laws to leave any traces of their work."

In late April, as OCCRP was finalizing this story, Paunovski was dismissed from his job. In a press conference the day before it was officially announced, Prime Minister Zaev said he

was fired for “defiance against the authorities” because he had refused to hire 35 civil servants. More than 100 inspectors reportedly signed a petition against the move, but Paunovski has not been reinstated. He declined to comment.

Srezoski, Evrotim's ultimate owner, at first denied in an interview with OCCRP that he knew Angjusev. But he then admitted that he had briefly met both him and HIFA Oil's owner, Ahmetlić, in Angjusev's government office. He also insisted the fuel oil met European standards. Any accusation to the contrary “is a lie, perhaps out of jealousy,” he said.

‘Like Dead Cats’

Drawing on documents and interviews, reporters pieced together the supply chain of the oil Evrotim brought into North Macedonia.

Evrotim's paperwork shows much of it was produced in the Czech Republic at Unipetrol's Kralupy refinery. A certificate of quality issued by Unipetrol describes the product as a low-sulfur “residual” fuel oil, which the EU's chemicals agency warns can cause cancer.

The oil was transported via HIFA Oil by train to North Macedonia, often through Serbia. Several different bodies have questioned its quality. Skopje's Public Transport Company even returned Unipetrol fuel oil it bought from Evrotim after analysis showed it contained high levels of water and sediment. (Evrotim's owner, Srezoski, conceded the oil had been returned for being poor quality, but blamed the boiler and its operators for the problems.) On other occasions, like in December 2019, shipments destined for North Macedonia also contained oils not from Unipetrol that appeared to be impure, according to Petković, the Serbian official.

“It means that this is poison, it might be real smuggled waste, it might be a mixture of waste motor oils. There was certainly no fuel oil,” he said.

IRL compared four lab analyses of separate samples of these other oils obtained from North Macedonia's State Market Inspectorate. They were all below one percent sulfur, but contained high levels of other pollutants such as ash, water, and sediment — in some cases more than 10 times what is allowed for fuel oil.

Julijana Dimoska Isajlovska, assistant head of the Natural Gas, Liquid Fuels and Heat Energy Department in North Macedonia's Energy Regulatory Commission, said the growth of renewable energy in the EU has led to more heavy oils being exported from the bloc, sometimes with chemicals added to reduce the sulfur content.

Dejan Mirakovski, a professor at the Goce Delchev University in Stip, said substandard fuels make their way into the Western Balkans due to unclear regulations and weak enforcement. “The gray zone and the unclear regulations, but also the weak institutions that have no

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capacity to defend themselves, leave constant doubts about the quality of fuel oil and fuels in general," he said.

"There are cleaner types of fuel oil that can be used as fuel for industrial plants or ocean-going ships. It is strictly regulated in the EU. But other, dirty types of heavy oils, the burnt hard oil residue of fuel oil, are considered toxic waste."

Evrotim's owner, Srezoski, disputed the lab analyses, saying the company's fuel oil meets North Macedonia's legal standards. "The Czech fuel oil met all parameters, even the content of ash, water, and sediment and viscosity," he told OCCRP.

HIFA Oil's director, Kenan Ahmetlić, also shrugged off questions about the fuel oil, known as "mazut" in the Balkans, arguing it can be used as fuel if it is low in sulfur. "Mazut that contains one percent sulfur... is acceptable in Macedonia and mostly everywhere in Europe," he said.

Once in North Macedonia, Evrotim's oil was distributed to public and private buyers around the country. A former driver who transported it many times, Stojance Angelevski, still remembers the smell of the fumes.

"It smelled disgusting sometimes, like dead cats."

Source: occrp.org