

The future of the planned 700 MW Ugljevik III coal power plant in Bosnia and Herzegovina is in doubt after one of the project companies, Sunningwell International Limited, confirmed (1) that Chinese bank loans will not be available for the project.

The news comes after China pledged to not build new coal-fired power plants abroad at both the UN General Assembly in September and the EU-China Climate Dialogue in October 2021 (2)(3). Sunningwell's statement was issued in response to an article in *The Diplomat* by Just Finance International (4), questioning how China's commitment would be put into practice in reality.

A concession to build and operate the plant was issued by the Republika Srpska authorities in 2013 to Comsar Energy, owned by Russian billionaire Rashid Sardarov. But the project has progressed slowly, with its environmental permits being cancelled twice, in 2017 and 2019, following legal complaints by the Center for Environment from Banja Luka being upheld.

Despite Comsar's failure to build the plant, in 2020 the Republika Srpska authorities allowed the project to move ahead with a capacity increase of 100 MW, and in January 2021 they increased the concession period to 44 years (5). This was followed by an announcement (6) in June 2021 that an engineering, procurement and construction contract (EPC) for the project had been signed by Sunningwell and the project's EPC contractor, China National Electric Engineering Company (CNEEC).

Majda Ibraković of Center for Environment in Republika Srpska, said, *"Obtaining permits for Ugljevik 3 is still ongoing, and there have been numerous negative comments on the environmental impact assessment for this project. We appeal to the Government of Republika Srpska to realistically consider all the negative consequences of the project and refuse to issue any permits, because this investment is absolutely unclear, uncertain and finally very harmful for Republika Srpska entity and the country itself."*

Wawa Wang, director of Just Finance International, said, *"The decision by Chinese banks to no longer provide financing for the Ugljevik III project demonstrates China's rethinking of alternatives to coal for the region: since 2014 China has singlehandedly provided debt financing for new coal projects in the Balkans that OECD financiers consistently walked away from. It remains to be seen whether China's 2021 pledge to end its overseas coal project is serious - especially as Chinese state-owned enterprise (SOE) CNEEC, an EPC contractor for the project, and other SOEs continue to pursue problematic coal projects in Southeast Europe and globally. Chinese SOEs must exit these planned coal projects for its 2021 pledge to have true climate saving impacts."*

Pippa Gallop of CEE Bankwatch Network, said, *"This project has been plagued with*

legal violations right from the outset and the Republika Srpska Concession Commission has confirmed that the concession-holder hasn't fulfilled its obligations. It's time to end this charade once and for all, admit the plant won't be built, and turn towards sustainable forms of renewable energy."

Source: bankwatch.org