

**Although exploitation permits have yet to be issued, and the government also mentions holding a referendum, the question is whether this is a pacification of the protest, given that Rio Tinto's investment is backed by powerful global interests lobbying to speed up the mine opening process.**

In May 2018, Sir Alan Duncan, then the British Minister for Europe and America, met in London with several Rio Tinto officials on the occasion of the Jadar project.

The redacted summary of the meeting, reached by BIRN, emphasized that "the discussion took place in a good atmosphere" and that Rio Tinto's representative with the British minister was interested in Serbia's chances of becoming an EU member, which Rio Tinto "considers important for the project". .

The meeting, which was first written about by the London Times in July this year, is just one of the examples that speak of the activities of this multinational company to gain political support for its project in Serbia. And they seem to be quite successful in that for now.

Although the exploitation permit has not yet been issued, as the environmental impact assessment study has not yet been completed, BIRN's analysis of the steps already taken, the money invested and the networking of powerful global players interested in the project suggests that the deal is too big to fail. , despite the opposition of the citizens of western Serbia and environmental associations.

A BIRN source familiar with the events at the British embassy claims that Great Britain is lobbying the Serbian government to speed up the process, which has been slowed down by public opposition.

The United States also supports the Jadar project. Several opposition leaders in Serbia have publicly said that Matthew Palmer, the US special envoy for the Western Balkans, suggested during a meeting in June that Rio Tinto is not a topic on which the government should be overthrown. BIRN asked Palmer questions about this meeting, but we did not receive an answer until the text was published.

BIRN mapped key events, agreements and meetings related to the project, interested companies, the role of international financial institutions, but also the governments of Great Britain, the USA, Australia, and more recently Germany, which are interested in lithium mining in Serbia.

"Are there any promises and agreements behind closed doors?" It's hard to say. But Serbia's experience shows that the government has regularly protected and supported foreign investors, "Zlatko Minic, a board member of Transparency Serbia, told BIRN.

## **Field preparation: From the field, through the government, to the embassy**

Following the increase in demand for batteries for electric vehicles, the Anglo-Australian mining giant Rio Tinto wants to start the construction of an underground mine for the exploitation of lithium from the mineral jadarite in 2022, at a deposit that is considered one of the largest in the world.

However, there are fears that mining will destroy the environment in the area: from endangering water sources, through the devastation of 516 football fields, which would endanger agriculture and the living world, which would lead to potential depopulation of the entire region.

Rio Tinto says that the exploitation of the Jadar lithium deposit, officially discovered in 2004, will position the company as the largest lithium supplier in Europe for at least the next 15 years, and predicts that the exploitation will ensure the production of lithium batteries for a million electric vehicles a year.

Serbia will benefit from the creation of 2,100 jobs during the construction works, while 1,000 people will be employed in the phase of mine operation and mineral processing, the company states. The multinational corporation plans to invest more than \$ 100 million in environmental protection and close to \$ 40 million in a water treatment plant.

In order for these predictions to come true, Rio Tinto has been preparing the ground for years. The company donated funds to local communities, hospitals, schools and cultural centers, and according to the Center for Investigative Reporting Serbia (CINS), it bought more than 40 percent of the land on which the mine will be located, because ownership is necessary to obtain it at all. obtained a permit for exploitation.

Rio Tinto also hired experts from the Faculty of Mining, Geology, Mechanical Engineering and Civil Engineering, the NGO Podrinje Anti-Corruption Team (PAKT) announced, however, the exact services in question are not known, because the faculties refused to provide data, despite the Commissioner's decision. information of public importance.

In addition to professional, the multinational corporation also received political support. Back in 2011, Rio Tinto signed a Memorandum of Understanding with the municipality of Loznica, headed at that time by Vidoje Petrovic, then a member of the United Regions of Serbia, and today the Serbian Progressive Party.

Rio Tinto signed a similar document with the Government of Serbia in 2017, after which a working group for the implementation of the "Jadar" project was formed, which includes representatives of the company, the Government, the Development Agency of Serbia, local

governments, numerous public companies and two associates. President Vučić - the head of his cabinet Ivica Kojić, and special advisor Danilo Cicmil.

The working group also includes Mike Shiraev, second secretary at the Australian embassy, and Stephen Ndegwa, director of the World Bank in Serbia.

The government representatives themselves have repeatedly pointed out that the Rio Tinto project is of "strategic importance" for the Republic of Serbia.

The multinational corporation also has political support in the countries from which its shareholders come. The meeting that the representatives of Rio Tinto had in May 2018 with the then British Minister Sir Alan Duncan, is just one in a series of activities.

In April this year, the United Kingdom and Serbia signed a Partnership, Trade and Cooperation Agreement. The announcement of the British government on the occasion of signing the agreement also states that the business of numerous British companies is "flourishing" in Serbia, and Rio Tinto is especially emphasized, who is said to have invested "significant amounts in large initiatives that will encourage further production of electric vehicles and help reducing global carbon dioxide emissions".

### **Interests of American companies**

In November 2020, when the Minister of Mining and Energy, Zorana Mihajlović, met with the then General Manager of Rio Tinto, Marnie Finlayson, in addition to the Ambassadors of Australia and Great Britain, the US Ambassador, Anthony Godfrey, was also present.

Some American companies are already part of the Jadar project. Rio Tinto confirmed to BIRN that in 2018 they signed a project management agreement (PMC) with the construction company Bechtel for Jadar.

"With Bechtel, the cooperation lasts for over 50 years and together we have realized several important projects. "Bechtel, like every contractor in Rio Tinto, won the contract through a tender process," they told BIRN.

In September this year, Minister Zorana Mihajlović also met with the representative of the Bechtel company, Eli Mekadam. After the meeting, the Minister assessed the Jadar project as "strategically important not only for mining, but for the entire economy in Serbia" and emphasized her belief that "the highest standards of environmental protection" will be respected.

The Bechtel company has already cooperated with Mihajlović while leading the Ministry of Construction. The American company, together with the Turkish company Enko, is building the "Moravian Corridor" in Serbia, as the only bidder after the government passed a "special" law suspending the public procurement procedure, under the pretext that, as

Minister Mihajlovic pointed out, Serbia " there is no time to lose. "

The American International Development Corporation (DFC), which has repeatedly expressed interest in investing in the Serbian energy sector, is also monitoring the progress of the "Jadar" project. DFC was founded in 2018 during the time of Donald Trump, and was promoted as a new institutional tool for combating the growing Chinese global influence, and it opened its office in Serbia in September 2020, after the signing of the Washington Agreement.

Three months later, the first meeting of the working group for the "Jadar" project was attended by the then head of the DFC office in Belgrade, John Jovanović.

When asked about the possibility of including DFC in the Rio Tinto project, the Ministry of Mining and Energy briefly told BIRN: "...there is openness to consider all cooperation initiatives submitted by international partners regarding the implementation of projects in Serbia, which are it also refers to the mentioned institution ".

Rio Tinto confirmed that they had meetings with DFC representatives, but they point out that this financial institution is not the only one.

"Rio Tinto did have meetings with representatives of the DFC, as well as with numerous other developmental financial institutions. The aim of the meetings was to present the "Jadar" Project in order to identify additional investment opportunities in Serbia, which "the implementation of the" Jadar "Project would enable", they pointed out in a response to BIRN.

Responding to questions regarding the support of foreign embassies to the project, Rio Tint points out that "this type of support to companies in the host country's market is common for diplomatic missions."

"The co-operation and support of these and other embassies also reflects the importance of the project for Serbia and the great contribution it will make to the green transition and decarbonisation that all countries must undertake to face the serious challenge of climate change," they told BIRN.

### **EU strategic plan and Angela Merkel's farewell message**

"If the whole world is interested, then we are also interested, and that is clear," said former German Chancellor Angela Merkel after a meeting with President Vučić in September this year, during her farewell tour of the Balkans.

"Serbia really has something worthwhile... It's not just about German interests, it's an issue that EU member states will deal with, because preserving the environment in Europe is a really important issue," Merkel said on that occasion.

That statement should come as no surprise given the EU's strategic plan, which imports almost all of the lithium it uses and has an ambitious plan to reverse the process. The European Commission estimates that by 2030, the demand for lithium will increase 18 times, or even 60 times by 2050. EC Vice President Maroš Šefčovič stated in March that Europe's goal is to become the second largest region in the world for the production of lithium-ion batteries by 2025, right after China.

It is no coincidence that Rio Tinto is in contact with senior EU officials, especially Shefcovic, according to a document that BIRN had access to, following a meeting between Serbian Ambassador to the EU Ana Hrustanovic and Lawrence Deschambeno, the director general for foreign affairs. Rio Tinto, held on June 8 in Brussels.

As BIRN has already announced, the diplomatic dispatch states that Rio Tinto "is considering the possibility of faster realization of the current project" and its possible expansion, and after "very successful" talks with Vučić a week earlier. According to the document, the company expressed satisfaction that during those talks, "mutual readiness was expressed to make the necessary efforts for the smooth implementation of the existing project".

Germany's interest is not accidental, because the document that the Serbian mission to the EU forwarded to the Serbian Ministry of Foreign Affairs states that Rio Tinto has already established contacts with three German car companies - Daimler Mercedes, Volkswagen and BMW.

In Germany, there is one of the world's largest lithium deposits, in the southwestern valley of the Upper Rhine. Extracting lithium from thermal water sources in Germany may be less harmful than exploitation and processing in Serbia, but the federal authorities may still face opposition, says Michael Martens, a journalist at the Frankfurter Allgemeine Zeitung.

"It is possible that Berlin supports such a project, but strong local resistance could still make it unsustainable," Martens told BIRN.

"More importantly, the voice of the federal governments in whose territory lithium will be exploited is just as important. If the Greens were part of a new coalition, they could face internal conflict: on the one hand, the Greens are calling for a rapid expansion of electromobility, and on the other hand, there are likely to be environmental protests against any lithium mining project in Germany. If so, how would the Greens react?" Martens asks. He adds that Europe certainly cannot afford to wait.

"It cannot be in Europe's interest to stand by and watch. Of course, big European companies know that. "Conglomerates like Volkswagen, Mercedes or BMW are like small states with their 'foreign ministries' and raw material management planning departments,"

Mertens said.

"If Europe does not prepare, in a few years there will be an even greater dependence of European industry on China, and there could be big problems in supply chains," the German journalist added.

Rio Tinto did not directly answer BIRN's question with which they negotiated with all the companies, but they state that they are companies from the battery and electric car industry.

"Companies from those two sectors are potential future buyers of lithium carbonate, which should be produced in Jadro. Contacts were established in the previous period with all relevant companies on the topic of potential commercial cooperation, but they were also a good opportunity for Serbia to be promoted as a desirable investment destination for the construction of battery and electric car factories. "

### **Criminal charges and groundwater spills**

The Coalition against Environmental Corruption and the Podrinje Anti-Corruption Team (PAKT) filed criminal charges against Rio Sava Exploration doo this year for the criminal offense of environmental pollution, because, as alleged, in the period from 2015, by violating regulations on environmental protection have polluted water and land in the wider area of the Adriatic Valley.

A previous BIRN survey showed that five locals from the Loznica area received compensation from Rio Tinto after groundwater spilled on their crops during the investigation. The laboratory report, which BIRN had access to, shows that the leaked water contains elevated concentrations of boron, sodium and other chemical elements, which are extremely harmful to plants.

The company confirmed that there was a leak, but that it was a "small number" of devices, as well as that the company paid a sum of around 230,000 dinars or approximately 2,000 euros to compensate the owners of the land.

### **Referendum dilemmas and advertising on the national frequency**

In June this year, due to growing public opposition to the plan to open a \$ 2.4 billion lithium mine in western Serbia, President Aleksandar Vucic announced for the first time the possibility of calling a referendum on the issue, in order to see "what the people want."

"The voice of the people is the voice of God," Vucic said.

The reputation of Rio Tinto, who has been accused around the world of destroying the environment, but also corruption - and whose business has recently surfaced in Pandora's papers - does not have a calming effect on the domestic public.

Mining giant Rio Tinto itself recorded \$ 44.6 billion in consolidated sales revenue in 2020, which is only about \$ 9.5 billion less than the total value of the Serbian economy that year. Rio Tinto recently started advertising the "Jadar" project on almost all televisions in Serbia. As many as 30 civil society organizations reacted to that, asking REM to ban the broadcasting of advertisements on the public service, due to, as they claim, violations of the Law on Advertising.

"This violates equality in the sense that for a referendum solution, one side will have both advertisements and the availability of public space on the service, while the other side, which opposes lithium mining, has no chance of having their voice heard." Therefore, it means that the referendum has not previously had a kind of fair campaign. Another important thing is that if the experts point out the harmfulness of a certain project, the question is whether you are presenting incorrect information with these advertisements, "said Savo Manojlović from the Association for the Protection of Constitutionality and Legality.

Responding to these allegations, Rio Tinto stated that the company is facing a negative campaign which, as they point out, "illegally tarnishes its reputation and provides untrue information about its business", and therefore has "the right and need to address the citizens of Serbia with a message in which he will present himself and his project to the public. "

"Guided by the long-standing practice of legal and fair advertising, this time our company sent a fully permitted advertising message, in all respects with the regulations governing this area, and above all in accordance with the Law on Advertising," the company said in a statement.

Critics of the Jadar project in Serbia rarely get access to televisions with a national frequency, and if they do, it is generally not in a positive context. If a referendum takes place, which is not a formal legal obligation of the state, a comprehensive approach to accurate information will be one of the key things, points out Nemanja Nenadić, program director of Transparency Serbia.

"Whatever the motives, as in any referendum, the key thing is how the question will be formulated and whether the citizens will have all the information to decide correctly. "I don't think we have had the opportunity to hear complete information so far, either about the risks or benefits for Serbia, if this project is realized," Nenadic told BIRN.

When asked about the prospects of holding a referendum, Vesna Prodanovic, CEO of Rio Sava Exploration doo, a Serbian subsidiary of Rio Tinto, told a news conference in July that there was no legal framework to revoke licenses, but that the company would "adjust ".

"In case the referendum is negative, the company will have to take its position, we will see what the position of the state is, there is no legal framework that says that if the referendum is negative, then the permits are not valid. The legal framework for that has not been clarified, but of course we will adjust to what the state will set for us as a framework at that moment," said Prodanović.

### **Reputation tails: Rio Tinto has often been the target of criticism around the world**

The Melbourne-based legal center for human rights stated in its report for 2020 that the company is guilty of multiple human rights violations in Papua New Guinea, where Rio Tinto previously operated the Pangun mine on Bougainville Island. The report states that the mine polluted water, fields and left behind a destroyed river valley. Rio Tinto sold its shares in the mine in 2016, and in July this year, it promised to finance an independent assessment of the current damage to the environment and the impact on human rights of the former copper and gold mine.

Also last year, the British Financial Times wrote that Rio Tinto was negotiating with the British Office for the Prevention of Fraud on a possible agreement to avoid criminal prosecution for alleged bribery in 2011 in the purchase of a stake in the Simandou metal ore mine in the Republic of Guinea.

The Norwegian State Stabilization Fund sold its entire stake in Rio Tinto in 2008 for \$ 850 million, stating that the company is responsible for the environmental damage in Indonesia. The government complained that the Grasberg mine, which is 40 percent owned by Rio Tinto, dumped "very large amounts" of mining waste directly into the natural river system. The former director of the Rio Tinto office in Shanghai and three Chinese employees were convicted in 2010 of taking more than \$ 14 million in bribes from Chinese steelmakers during tense negotiations on iron ore mining in 2009. The company fired all four, highlighting their "shameful" behavior, but documents leaked as part of the global Pandora Papers survey show that Rio Tinto continued to do business with the same director convicted of bribery through his offshore companies, years after the outbreak. scandal. In 2013, Mongolian herders claimed that the expansion of the Rio Tinto copper and gold mine in the Gobi Desert, worth five billion dollars, endangered the unique environment of their area and the supply of fresh water.

In 2017, the American authorities accused Rio Tinto of fraud in the coal business in Mozambique, when the company allegedly concealed the true value of the business.

In May 2020, Rio Tinto destroyed a sacred Aboriginal site in the Yukan Gorge, in Western



Australia, a 46,000-year-old cave that is considered a significant exploratory archaeological site. After public pressure, the company apologized, and several company managers have since resigned.

This year, human rights and environmental activists accused the company of polluting water sources and around its mine in Madagascar. Rio Tinto acknowledged the pollution, but denied that it was related to them, announcing its own investigation.

Source: birn.rs