



So there are Chinese banks on one side, offering loans with a low interest rate and largely implementing energy projects within the region, whereas on the other side, there is the European Bank for Reconstruction and Development. Serbia, as well as several countries in the region, as potential EU members, certainly has a certain kind of responsibility and obligation towards the international organizations such as EBRD.

When it comes to new energy projects in the countries within the region, it cannot pass unnoticed that, currently, almost all major projects are financed by Chinese banks. The Balkans is one of the main points of the Chinese westward expansion and European market penetration. Of course, the European Bank for Reconstruction and Development is also on the scene, appearing as the financier of significant energy projects.

Europe is promoting renewable energy resources, but the situation is such that several Balkan countries, and Serbia also among them, are rich in non-renewable energy sources such as coal. This leads us to the conclusion that the investments in coal are still necessary so as to provide energy security for the Balkan states. However, the suggestions for the Southeast European countries to act in order to increase energy efficiency, to use the wind and the sun more efficiently but also to reduce the use of coal, are constantly coming from Europe.

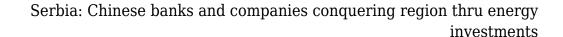
The European integration path of the Balkan states certainly hinders the path of Chinese investments to this region.

What is important to emphasize is that Chinese economy is currently the most influential economy in the world. While EBRD is considering various projects, the Chinese have already entered into serious business throughout the region.

We would like to remind that the EBRD is very engaged in the process of restructuring the Electric Power Industry of Serbia and, in fall, it will grant a loan of 200 million euros for this purpose.

EBRD is also considering granting a loan for the construction and commissioning of a 158 megawatt wind power plant with 57 wind generators in the municipality of Kovin in Vojvodina. The project should help Serbia fulfill the EU objectives when it comes to using energy from renewable resources.

Back in 2011, EBRD granted a loan to the Electric Power Industry of Serbia in the amount of 45 million euros for the reconstruction of the existing and the construction of new small hydro power plants. The funding has also been provided for the procurement of electricity meters in the EPS, as well as of the related infrastructure so as to improve energy efficiency. This project is jointly funded by EBRD and the European Investment Bank with 40 million euros each. In addition, funding has been provided for the equipment used in





mining and in the coal quality management system – "Project of Environmental Protection and Enhancement in Mining Basin Kolubara", which will improve the environmental protection both in the mine, and in the existing facilities for electricity generation by burning coal, and it is financed together with KfW bank. The part funded by EBRD amounts to 80 million euros.

The European Bank has so far implemented 119 projects worth 1.7 billion euros in Bosnia and Herzegovina. In 2014, in the energy sector, the bank granted a loan of 35 million euros for the HPPs Una and Vranduk.

This year, in the neighboring Montenegro, EBRD will focus on the construction of wind power plants on Krnovo, with the capacity of 72 MW and on the projects of small hydro power plants. The loan for the wind power plant will amount to 47.5 million euros. The continuation of the project of installing new electronic electricity meters in the EPCG distribution system was supported last year.

The project that has caused a lot of controversy is the TPP Šoštanj. In 2010, EBRD granted a loan of 200 million euros to the Slovenian state-owned Thermal Power Plant Šoštanj for the modernization of plants and the construction of the new block 6. Environmental organizations claim that the TPP Šoštanj is a mistake that must not be repeated. The first major project of thermal power plant construction in this region, which will be finished soon, is the new plant in Stanari. The Chinese Development Bank is funding the construction of the TPP Stanari with a loan of 350 million euros.

The media has recently announced that the Chinese Export Bank was ready to finance the construction of the second block of the Thermal Power Plant Gacko in BiH, with the installed capacity of up to 350 MW, whereat the works would be carried out by the Chinese company Dongfang Electric Corporation Limited.

According to the recently adopted decision, the project of construction of the block 7 of the TPP Tuzla (450MW) in BiH will be implemented through a project company, which is 100% owned by the Electric Power Industry of BiH, and it will be financed from the loan funds of the Chinese Eksim bank up to 85% and from the proper funds of the Electric Power Industry of BiH.

The Chinese have signed up as possible strategic partners for another project in BiH, and this is the construction of block 8 in the thermal power plant "Kakanj". The total value of this investment amounts to 600 million euros.

After a multi-decade delay in the construction of electric power facilities in Serbia, the construction of the third block in the TPP Kostolac B is very significant both for the EPS and for the Serbian energy sector. The Chinese Eksim bank has provided a long-term loan of



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608.26 million dollars for the implementation of the second phase of the project Kostolac B. The Chinese loan will cover the funding of 85 percent of value of the project of construction of the block B3 in the TPP Kostolac B and the expansion of capacity of the mine Drmno, and the project is worth 715.6 million dollars.

The difference between the two banks certainly is in their business policies. EBRD is particularly devoted to encouraging energy efficiency and the efficiency of use of resources, the reduction in waste generation, redevelopment of abandoned industrial locations, renewable resources and re-use of resources, recycling and implementation of cleaner production.