

Contrary to the optimistic announcements about the successes of the Serbian economy, there is a gloomy picture of the devastated and polluted environment in those cities and regions that have hosted some of the largest foreign investments. Sulfur dioxide emissions in Bor, the city where the Chinese company Zijin Mining operates in 2019, exceeded the limit values dangerous to human health 13 times, which was repeated several times in 2020 and 2021. Automatic measuring station for measuring air quality in the village of Radinac in Smederevo, near the ironworks owned by the Chinese company HBIS GROUP Serbia Iron and Steel d.o.o. Belgrade, worked for only 15 days in December 2019 and regularly recorded very high exceedances of PM particle emissions. After 15 days, the measuring station stopped working and no longer displays data in the automatic monitoring system of the Environmental Protection Agency. The realization of one of the largest foreign investments in Serbia, the tire factory of the Chinese company Linglong, started without a proper assessment of the impact on the environment, and recently the construction inspection determined that the investor built facilities within the complex without a building permit. The mining giant Rio Tinto in Jadro and Radjevina was greeted by a kind of revolt of the local population, which fears possible detrimental effects on the environment of the Jadarite exploitation project. The professional public and the citizens of Belgrade reacted energetically to the idea of cutting down about 25 hectares of forest on Kosutnjak for the realization of the project of the multi-functional complex Avala Film, of the Czech company Avala Studios d.o.o. These are just some of the examples of the conflict of economic interests of the state and foreign investors on the one hand, and the interests of protection and preservation of the environment on the other hand.

The conflict of interest between attracting investment and protecting the environment is immanent to countries in the process of economic transition and democratic consolidation. In fact, opposing interests of economic development and environmental protection are breaking the backbone of the global development paradigm - especially in developing countries. Weak and trapped institutions in a society steeped in corruption cannot ensure the smooth functioning of a market of equal opportunities and equal conditions for all economic actors. In such circumstances, the state, instead of guaranteeing compliance with regulations in the field of environmental protection, ensures that individual investors unhinderedly violate regulations and operate in a zone outside the law. This is the cause of conflicts between investors and disenfranchised local communities, but also the inability of state institutions to consistently apply regulations to ensure a satisfactory level of environmental protection and prevent the occurrence of large-scale pollution.

The one that strikes a balance between the demands for the development of the national

economy, international obligations and environmental protection, and brings an advantage to the side of the public interest, is simply called the rule of law.

The Chinese company Zijin Mining is the majority owner of the copper smelter and the mining complex for the exploitation of copper ore in Bor. This investment was realized through a strategic partnership between the Chinese company and the Government of the Republic of Serbia. Under the Strategic Partnership Agreement, the parties undertook to form a joint working group and appoint an independent expert to prepare an environmental study to determine the extent of pollution and develop an action plan that would improve the current environmental situation. According to the authors, the working group was not formed and the study was not made. In the meantime, during 2019, sulfur dioxide emissions exceeded the limit values dangerous to human health and the environment 13 times in 2019, while the concentration of arsenic in the air at one of the measuring stations exceeded 100 times higher than allowed. In such circumstances, the responsible institutions of the Republic of Serbia (Environmental Protection Inspectorate and Prosecutor's Office) applied very mild measures and punished the company for an economic crime, even though there was a basis for initiating criminal proceedings. An economic offense involves the payment of a mandatory fine (between 12 and 25 thousand euros) after which the operator can continue with activities. The competent inspection determined that the emissions of pollutants (sulfur dioxide) were exceeded in 2020 (in the period from June to September). Sulfur dioxide pollution, dangerous to human health in Bor, also occurred in May 2021.

Based on an independent expert report from March 30, 2021, which was ordered by the Association of the Regulatory Institute for Renewable Energy and the Environment (RERI), multiple exceedances of the limit values for iron and manganese emissions in the surface waters of the Peck River were determined. Based on the obtained results, RERI filed a criminal complaint against the company Zijin Mining.

Continuous air and surface water pollution, which was repeated in 2019, 2020 and 2021, was not accompanied by an appropriate reaction from the public authorities, which is why there were repeated cases of emissions of pollutants dangerous to human health.

HBIS GROUP Serbia Iron and Steel d.o.o. Belgrade is a Chinese company that owns the ironworks in Smederevo and the port on the Danube. According to the data from the Air Quality Plan for the city of Smederevo, the ironworks is the biggest polluter in this city. Automatic measuring station for measuring air quality in the village of Radinac in Smederevo, near the ironworks owned by the Chinese company HBIS GROUP Serbia Iron and Steel d.o.o. Belgrade, worked for only 15 days in December 2019 and regularly recorded very high exceedances of PM particle emissions. The Protector of Citizens

concluded that the public authorities did not take adequate measures to ensure the application of regulations in the field of air protection in Smederevo.

The Government of the Republic of Serbia declared the construction of a tire factory in Zrenjanin an investment of national importance. To the investor, the Chinese company Shandong Linglong Tire Co. Ltd. state aid in the amount of 75 million euros was approved, and 96 hectares of agricultural land were transferred to the company, without compensation. The State Aid Control Commission approved the state aid to Linglong, although the aid was not granted in accordance with the law, because the Commission mistakenly treated two separate state aid measures as single state aid, because Linglong was transferred ownership of 96 hectares of land free of charge. (before the Commission assessed compliance with the rules on granting state aid), because neither the aid provider nor the recipient reported all aid received from the state, and in the end the total state aid exceeds the allowed threshold of aid for large investment projects. The state aid granted to Linglong is not in line with the Stabilization and Association Agreement because the aid provider had to ensure compliance with environmental regulations by the project promoter, and in particular to ensure that an environmental impact assessment is carried out and all relevant permits are obtained when it is prescribed by law.

The Provincial Construction Inspection confirmed the allegations of RERI that the investor Linglong is building facilities without a construction permit, which according to the valid regulations of the Republic of Serbia is a criminal offense. The inspection ordered the removal of illegally constructed buildings, but only a few days later, the investor received a building permit for those buildings. Illegally constructed buildings were not removed. These examples undoubtedly show that foreign investors violate regulations in the field of environmental protection and competition protection. This is certainly the dark side of the success mentioned in the text mentioned at the beginning of the text. However, the violation of regulations by inaction, mild penalties and allowing the violation of signed agreements is enabled by the state. Therefore, the problem of endangering the environment in the realization of foreign direct investments lies precisely in the weakness of institutions and corruption, which is manifested by the abuse of public authority and failure to take environmental protection measures by public authorities. This certainly does not amnesty investors, but it reveals where the backbone of sustainable development has broken in the Republic of Serbia. That crack, through which public goods and public interest are irreversibly disappearing, is in the institutions of the system. A state in which the rule of law is an unquestionable principle of the functioning of society would either not be a fertile ground for the realization of dirty investments that lead to environmental pollution or would

force such investors to respect the regulations.

At this moment, however, we are witnessing a change in the rules of the game, that is, a change in the role of actors in the field of foreign investment. The state has changed from the role of an impartial referee, who forces players to follow the rules of the game, and punishes those who do not follow the rules with a yellow card or exclusion, into a referee who changes the rules of the game in favor of unscrupulous investors. In such circumstances, citizens and civil society, as well as those investors who play by the rules, must not leave the field, because there will be nothing left of the field. They are obliged to protect the public good by playing by the rules and attracting the sympathy of the audience to their side. This includes taking on the role of protector of public interest by those actors who have the capacity to defend the rule of law as the foundation of the functioning of society, and these are primarily experts, lawyers and associations dealing with environmental protection and the rule of law.

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