

For cattle in the Serbian village of Slatina, drinking from the Borska Reka river is likely to prove deadly.

A stream of yellow and brown sludge comprised largely of toxic waste, the Borska Reka has for a century been a run-off from a nearby copper mine and is one of Serbia's most polluted places.

It also symbolises the multi-billion-euro environmental problem that heavily indebted Serbia must tackle in its next phase of talks on joining the European Union.

The Borska Reka is so polluted with copper and other waste from the RTB Bor mining and smelting complex that 60 percent of the Bor municipality's arable soil is irreparably contaminated, said Nebojsa Buzej, a local environmental activist.

"Cattle drop dead, chickens drop dead, nothing grows along riverbanks, people in the area are dying from horrific cancers and sudden heart attacks ... we cannot possibly enter the European Union with such a river," he told Reuters.

Later this year, Belgrade and the EU plan to open talks on Chapter 27, the area of membership negotiations which covers the environment and climate change.

The cost of successful completion of these talks, according to Serbian government data, is around 10 billion euros.

Serbia's government will have to find up to 8 billion euros, or 8 percent of its gross domestic product, to comply with the provisions of the chapter. Another 2.5 billion euros will be made available from EU funds if it joins in 2020 as planned.

Some say Serbia cannot meet that deadline and the environmental problems could delay membership. More likely, government and EU officials say, Serbia will join and complete the clean-up later. Either way, the cost will add substantially to a debt burden that Serbia's 7 million people are already struggling to carry.

Neighbouring Croatia, which joined the EU in 2013, has asked the bloc to extend its deadline for environmental recovery to 2025.

In February, Serbia adopted laws paving the way for Chapter 27 talks, including setting up a Green Fund that will be operational in 2017 to help it meet the cost of the clean-up from the state budget, said Stana Bozovic, state secretary at the Ministry of Agriculture. The Fund would be financed partly by environmental fees and taxes.

"In addition to that, the industrial sector, companies, will have to invest another 1.3 billion euros," Bozovic told Reuters.

Serbia could borrow from official lenders such as international development banks or seek to increase budget revenues through the Green Fund, said Sasa Djogovic of the Belgrade-based Institute for Market Research.

It can also try to attract private investors as partners in setting up recycling and waste treatment facilities. "If authorities recognise the potential there, the country could actually make good money," Djogovic said.

Bozovic said the government was negotiating deadlines with companies for them to clean up waste and meet EU regulations.

"We could not set a fixed date for all because in that case nearly 80 percent of them would have to be shut down and that is something we want to avoid, hence time frames and deadlines," she said.

In Bor, Blagoje Spaskovski, chief executive of the RTB Bor copper complex, said a new smelter had greatly reduced air pollution, but cleaning up the topsoil would remain an expensive problem.

"The soil has been absorbing heavy metals during 110 years of mining and smelting," he said.

Richard Masa, a senior member of the EU mission, said Serbia would not comply in time for its planned accession and would instead get a transition period likely to last until 2041 to meet environmental requirements.

"This is expected by this Chapter ... Nobody is given an easy ride," Masa said.

But some in Belgrade say the size of the problem, coupled with other accession issues, could delay Serbia's EU membership.

"The 2020 goal is ambitiously set and I cannot see EU accession happening within the mandate of this government," Djogovic said. "Maybe the next government could do it, provided there's enough EU appetite for enlargement."

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