

The Bosnian authorities are promising the European Union to switch to cleaner energy sources

The Bosnian authorities are promising the European Union to switch to cleaner energy sources to reduce carbon emissions, but at the same time, foreign investors from countries like China, Turkey and Russia are being allowed to invest in plants that pollute the environment.

Dario Jerinic lives in the small municipality of Stanari, between Doboj and Prnjavor in northern Bosnia and Herzegovina, and his plot of land has so far remained an untouched green area right in the middle of a surface coal-mining complex that is run by the Energy Financing Team, EFT, a European energy trading and investment company.

But Jerinic and his mother, wife and two children are now waiting to be given a deadline to move out of the family home due to the expansion of the Raskovci mine, which supplies a nearby thermal power plant that is also run by EFT.

Construction work at the site has already significantly affected the life of his family. "In the last couple of months, due to vibrations caused by hydraulic excavators operating 60 to 70 metres away from our family house, the side walls on the house have cracked," Jerinic told BIRN.

"Our problems with EFT began in 2016," he continued. "My mother and I were invited to the cadastral office in Doboj, where we were told that our property would be taken from us for the needs of the EFT company for coal mining."

He said that two years ago, several families were left without a source of household drinking water because the water source was flooded with EFT's wastewater. Over the last few months, around 17,000 square metres of woodlands have been cut down in the area. The trees had been helping to shelter Jerinic's house and land from the dust from the construction work and mining activities at the EFT site, he said.

He called the police several times and contacted the prosecutor's office about these problems, but was rebuffed. He was also unable to get what he considered a fair settlement in court for his land, which must be handed over to the coal mine.

"The municipality is acting in this matter like it is not interested, given that the municipality and its entire infrastructure lives off the taxes that the EFT company pays into its budget," Jerinic said.

EFT declined to comment.

Residents of several towns all over Bosnia and Herzegovina where there are foreign investments in energy or polluting industry have had similar experiences to the Jerinic family, and said that they also felt that the authorities were too lenient towards polluters. As one of the biggest UN conferences on climate change to date was held in Glasgow in Scotland, BIRN analysed how the leniency of the Bosnian authorities and poor inspection

practices enable foreign investors, such as those from China, Russia and Turkey, to pollute the environment in Bosnia and Herzegovina even as climate change necessitates the need to push for carbon neutrality.

Foreign money, domestic pollution

The EFT's Stanari thermal power plant is the only such plant that has been built in Bosnia and Herzegovina since the war and the only private thermal power plant in the country. It's also one of the first large-scale investments with capital funds from China.

Renata Radic-Dragic, a journalist with the Centre for Investigative Reporting of Bosnia and Herzegovina who investigated the investment, said that the joint-stock company which was originally the owner of the lignite mine, whose major shareholder was the government of the Republika Srpska entity, sold its assets for around 10 million Bosnian marks (around 5.1 million euros), although the book value of the assets, according to her investigation, was at least 28 million Bosnian marks (over 14.3 million euros).

Radic-Dragic said that the Republika Srpska government "changed the Law on Concessions" to allow EFT to obtain a loan and build the plant.

Almir Muhamedbegovic, a columnist for the Nomad.ba website, has reported on the conditions of the 350-million-euro loan that EFT took from China. According to Muhamedbegovic, the conditions say that if EFT fails to pay it back, the Chinese Development Bank will take ownership of the concession to mine coal and operate the thermal power plant. "In that way, the state of China would exercise direct control over that investment," Muhamedbegovic said.

Environmental activist Anes Podic of the organisation Eko Akcija said that the "worst detail" about the project is that everything that is produced is exported, while all the pollution remains in Bosnia and Herzegovina.

"The coal mining and the disposal of slag are extremely dirty. Our [state] inspectors aren't doing their job and anyhow, Bosnia and Herzegovina doesn't have an environment protection framework," Podic said.

The Stanari thermal power plant uses better and more modern equipment than publicly-owned thermal power plants in Bosnia. But Pippa Gallop, energy adviser for Bankwatch South East Europe, a network of environmental NGOs, said there are questions about the efficiency of the plant and its compliance with the latest European Union standards, which are also recommended to non-member countries.

Gallop said that the EU standards that the plant claims to comply with are actually 15 years old. "Despite being a relatively new plant, it is not very efficient and has not been built in line with the latest EU standards, only these 2006 standards. It was already obsolete before

it was even put into operation," she said.

The Banja Luka Centre for the Environment, a local NGO, monitored the concession process from the very beginning, as well as the subsequent operations of the Raskovci mine in Stanari and nearby thermal power plant.

Maida Ibrakovic of the Banja Luka Centre for the Environment said that it found that the tiniest particles of dust emitted by the mine can cause health problems for local residents who live nearby in Stanari.

"As for the Raskovci surface mine, we measure the values in inhabited places, so we don't have concrete data to verify their monitoring of emissions, the results of which they include in their reports," Ibrakovic said.

Samir Lemes, a professor at the Polytechnic Faculty of Zenica University, said that dust of the type that is emitted from the Raskovci mine can be dangerous to humans.

"If the dust carries various chemical elements, and it surely does, those heavy metals build up and you get various types of diseases, from cancerous to cardiovascular ones," Lemes said.

BIRN did not receive a concrete response from EFT to an inquiry about the compliance of the mine and the Stanari thermal power plant's operations with Bosnia and Herzegovina's environmental permits and the European Union's directives, or to questions about the export of electricity and the transparency of EFT's data about pollution.

"No matter how hard the company tries to be transparent and maintain an image of a company that is socially responsible to various sectors, particularly the local community of Stanari, we haven't observed that they are so transparent when it comes to publishing their own results and reports on their website," Ibrakovic said.

In Lukavac in eastern Bosnia, the lack of transparency of a company with capital funds from Turkey is also a problem. The company runs the Sisecam soda factory, which uses coal as its generator fuel. Bejazit Okic of the Lukavac Environmental Protection Forum said that after the privatisation of the soda factory in 2006, its production capacity increased from 120,000 tons in 2012 to 600,000 tons in 2021.

"They updated the production plant and built new ones for the heavy soda, because it has proved to be a good product which is in demand and has a good market prize," Okic said. Sisecam Soda Lukavac deposits the industrial waste generated during the production of soda on a nearby piece of land which has become so polluted that it is known locally as the 'white sea'. It is next to a field that is used for growing food.

"Whoever issued the environmental permit for the disposal of any sort of waste, especially such a large quantity, along the river bed on agricultural land, including the Spreca field

which is entirely used for food production, should be asked some serious questions,” said Denis Zisko of the Centre for Ecology and Energy.

The ‘white sea’ is barely visible from the road near Lukavac, but BIRN’s journalists saw from drone-camera images how close the waste site is to places where people live.

Sisecam Soda Lukavac did not respond to BIRN’s queries about their compliance with Bosnian environmental regulations and EU directives. Despite the fact that the company claims to have installed electrical filters, the pollution hasn’t disappeared.

Mesud Mehic of the Lukavac Environmental Protection Forum said that at some point the monitoring station set up next to the kindergarten in Lukavac measured 1,490 microgrammes of sulphur dioxide per cubic metre – an extremely dangerous amount.

“This [monitoring] happened during the summer, in June, when there were no individual household stoves [burning wood or coal]... and Sisecam Soda Lukavac was the closest thing to that site,” said Mehic. “Around that time, [Sisecam Soda Lukavac] were using [coal from] the Mezgraj coal mine from Ugljevik [to produce energy] and we had a lot of problems with that,” he added.

In Brod in northern Bosnia, few people want to speak publicly about the pollution generated by a nearby crude oil refinery.

The Brod refinery, which had Russian investment, has not been operating since an explosion in 2018, but experts still consider it to be example of how the authorities take a lenient attitude towards investors from Russia when it comes to environmental standards.

“Jobs are the reason. People are blackmailed by jobs, the entire community is blackmailed by jobs,” Podic said.

Muhamedbegovic said that the Brod oil refinery, as well as the Modrica oil refinery about 50 kilometres away by road, were sold off to Russian buyers in 2007 after the Republika Srpska authorities changed the entity’s law on privatisation to enable this to happen.

“That way, through funds invested in an oil company that is [now] actually owned by the state of Russia, they [Russians] moved into Bosnia and Herzegovina,” Muhamedbegovic said.

No check-ups amid the pandemic

The Brod oil refinery’s management did not respond to BIRN’s request for an interview. The Federal Ministry of Environment and Tourism didn’t answer BIRN’s questions about Sisecam Soda Lukavac either.

The Federal Administration for Inspection Issues said in a written response to BIRN that Sisecam Soda Lukavac was operating in accordance with the relevant permits.

“The implementation of the administrative measure that was imposed regarding a lasting

solution to reduce dust at the exit from the Bijelo More landfill site onto the main Gracanica-Lukavac road is currently in progress,” said the Federal Administration for Inspection Issues.

The Ministry of Spatial Planning, Construction and Ecology of Republika Srpska referred BIRN to the entity inspectorate, which said that the mine and the Stanari thermal power plant had been working according to the regulations up until the outbreak of the coronavirus pandemic.

The ministry also said that in the past two years, due to work on implementing epidemiological measures, it hasn't done any checks on the mine or the thermal power plant. However, it said that it hadn't received any reports or complaints about the mine and power plant either.

Experts argued that Bosnia and Herzegovina will soon have to seek cleaner investments. “I often say it's time we came out of our caves and realised we don't have to light a fire to get energy. Because it is killing us,” Zisko said.

Muhamedbegovic said that the European Green Deal, a set of European Commission policy initiatives aimed at making Europe climate-neutral in 2050, envisages that nine billion euros will be set aside to help Balkan countries.

“The Balkan countries, including Bosnia, must deliver good projects for renewable energy sources and energy efficiency, as therein lies the future. As far as I know, Bosnia hasn't applied for funding for any projects so far,” Muhamedbegovic said.

The issue of reducing pollution will also be a factor when a decision is made on the construction of a proposed new block-type thermal power plant in Tuzla, where it is planned to expand capacity for producing electricity from coal, financed by a loan from China.

“This situation is an excellent opportunity for Bosnia to pull out of the project, because the Chinese partner in the project isn't capable of providing technologies from [US energy equipment company] General Electric as promised,” Gallop said.

As well as affecting efforts to reach carbon-neutral status in order to limit climate change, the decision on whether or not to build the thermal power plant in Tuzla is also vital for the residents of Tuzla, who could be directly affected by any increase in pollution locally.

Dario Jerinic has already been directly affected by continued efforts to extract coal. So the nearby mine can be extended, he soon has to move out of his house, where he is surrounded by green fields and woodland. He said that with the money he got for his property, he perhaps will only be able to buy and furnish a two-room apartment.

“In the coming period we'll probably end up living at my wife's parents' until we find a place of our own,” he said.



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