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Responding to China’s breakthrough announcement at the United Nations General Assembly on September 21 that it will “not build new coal-fired power projects abroad,” Just Finance International and the Western Balkan ‘end coal’ campaign monitoring Belt and Road Initiative coal projects in Southeast Europe welcome Beijing’s move to exit its international coal projects.

“While we welcome China’s pledge, we are waiting to see how much weight this announcement will hold”, said Wawa Wang, program director of Just Finance International which monitors BRI coal projects in Europe and internationally.

“Whether Beijing will deliver on this exit from building coal-fired power plants depends on whether it introduces a time-bound exit which reigns in all forms of support – finance and construction combined – for all its overseas coal and associated projects, including those that are planned and under construction in the pipeline in the Western Balkans countries in Southeast Europe”.

“Another political moment critical to the global coal phase-out is at the OECD, where the United States, the European Union and a few other countries including Korea now support a proposal to end official export financing support for unabated coal power and associated facilities by 2021. Whether Beijing, not a member of the OECD, operationalizes its pledge to end export financing and development support for international coal projects, will be key to the realization of a genuine and much needed-global coal phase-out”, said Wang.

Chinese companies have facilitated an additional 10 new coal-fired power plant projects in Bosnia and Herzegovina, Indonesia, Turkey, Vietnam and the United Arab Emirates in 2021 alone. Whether these new coal projects with engineering, procurement and construction (EPC) contracts signed reached financial closure is unknown to the public, since China has not to date committed to any official public disclosure measure on the status of international coal projects for which it provides financing and insurances.

Denis Žiško from the Center for Ecology and Energy in Tuzla, Bosnia and Herzegovina, who has been monitoring the Chinese-facilitated Tuzla 7 coal powerproject says that “while we welcome China’s move in drawing a line in the sand with the announcement to end the building of new coal projects abroad, we demand that China immediately ceases its facilitation for the stalled new Tuzla 7 coal-fired plant project which is already fraught with non-compliances and unwanted by the community”.

“China must put its UNGA pledge to work by immediately declaring the suspending of all planned Western Balkan coal projects including the newly announced the Ugljevik 3 coal-fired power station project in Republic of Srpska. China no longer has the social licence to profit off the poor decisions of host countries, while continuing to expand its international

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coal construction contracts”, said Majda Ibraković from the Center for the Environment in Bosnia and Herzegovina, a non-governmental organization monitoring newly announced Chinese coal deals in the region.

Since 2020 an increasing number of developing economies along the Belt and Road have taken big steps away from previously ambitious coal power expansion plans. The Western Balkan countries in Southeast Europe, however, continue to be a hotspot for Chinese companies in expanding their coal projects.

Zvezdan Kalmar from Serbia’s Center for Ecology and Sustainable Development (CEKOR) adds: “EU must drop lip service and demand China to suspend Beijing’s state-owned enterprises (SOEs) and banks undertaking the financing, insuring and the ongoing construction of new coal-fired power plants in Europe. Not only are all the Chinese coal projects in the Western Balkans non-compliant with the latest EU pollution control standards, but most are also plagued with irregularities in the environmental permitting and assessment studies like the Kostolac B3 coal-fired power plant project in Serbia”.

The Western Balkan countries - all in the accession process into the EU - have scaled up the expansion of coal power with a total of 1350 MW of China-supported coal projects that reached financial closure and 1 GW of signed coal projects all facilitated by Chinese state-run companies and banks.

China has since 2013 with the initiation of the Belt and Road intensified its financing and facilitation of global coal-fired power station projects, while at the same time broadcasting a keen interest to “green” the BRI amid strong criticisms from both the UN and civil society organizations from BRI coal recipient countries.

Source: justfinanceinternational.org