

# Chinese investments in the region should shift from coal to renewable energy and energy efficiency

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China, along with 177 other countries of the world (1), has signed the Paris Agreement in April 2016, and with that pledged to a fast track development to a renewable future. However, China's funding of energy projects in the South East Europe (SEE) region contradicts that commitment, as it is currently the biggest investor in dirty lignite in SEE. This poses a significant threat to the EU climate and energy goals that SEE countries should be fulfilling on their path to accession.

So far two financing deals have been signed by Chinese banks for lignite power plants in the region: Stanari (China Development Bank - CDB, 560 million EUR) and Kostolac B3 (China ExIm Bank, 620 million EUR). An annex of the contract regarding the building of Block 7 of thermal power plant Tuzla, a project worth 730 million EUR, was signed yesterday on the Sarajevo Business Forum (2), thereby completing negotiations around the project considered to be the biggest post-war investment in the energy sector in Bosnia and Herzegovina.

Other potential projects where Chinese support has been announced include Banovići, Ugljevik 3 and Gacko 2 in BiH. The total of these investments exceeds 3,4 billion EUR. Projects proposed for funding also exist in Croatia, Kosovo and Montenegro, but are facing resistance. (3)

The cost to health caused by the existing coal plants in five Western Balkan countries (4) amounts up to 8.5 EUR billion annually, causing 7181 premature deaths per year in Europe. New plants would create additional health costs up to 203 EUR million per year in the Western Balkan, and up to 528 EUR million per year in Europe. (5). In addition to that, around 1/5 of all energy in the region is wasted, lost or stolen.

“China should do what other big financing institutions, banks and trust funds have been doing for the last two years – ban loans for coal, that the taxpayers will be returning, and instead focus on investments in energy efficiency, renewable energy and job opportunities. We call on the China Development Bank and ExIm bank to help us get on the European pathway, improve the health of our citizens and the quality of our environment, as well as to share their great experience in wind and solar energy”, says Igor Kalaba, coordinator of Energy and Climate Change program of Center for Environment from BiH.

“We want to warn our politicians and foreign investors that instead of development they are ready to boast about, they are actually about to lock this region into a destructive path by attracting investment in thermal power plants that emit large amounts of CO<sub>2</sub>. We are again urging the Chinese authorities to consider the need of our countries to phase out fossil fuels and concentrate on a transformation to an energy efficient economy, based on environmentally sustainable forms of renewable energy”, said Nataša Đereg, director of

CEKOR from Serbia.

Signed organizations:

SEE Change Net Foundation, Bosnia and Herzegovina

Center for Environment, Bosnia and Herzegovina

Center for Ecology and Energy, Bosnia and Herzegovina

Ekotim, Bosnia and Herzegovina

CPI Foundation, Bosnia and Herzegovina

CEKOR, Serbia