

Legal breaches of Chinese companies in Serbia and other SEE countries must be tackled

Categories : [SEE Energy News](#)

Date : September 16, 2020

The Bankwatch Network noted in a statement that Chinese state-owned companies have been “particularly active” in Southeast Europe in recent years, citing signed contracts to build four new coal plants, rehabilitate two coal plants, invest in heavy industries, and construct other infrastructure. The CEE Bankwatch Network made the plea on September 14 as German Chancellor Angela Merkel, EU Council President Charles Michel, and Commission President Ursula von der Leyen meet online with China's President Xi Jinping to discuss a planned investment agreement, among other things. Civil society groups working in South eastern Europe are calling on the European Union to step up its actions on legal violations of EU law by Chinese state-owned enterprises in Europe.

In Serbia, Chinese firms have also bought a steel plant and a copper mine and are planning to build a tire factory, it said.

But “most of the projects breach national and EU environmental, procurement, and state-aid law,” according to the CEE Bankwatch Network.

It added that none of the projects is in line with the latest EU pollution control standards of 2017, most have “very weak” environmental assessment studies, and the Drmno lignite mine expansion project in Serbia had “none at all.”

“Quite often we hear that these are win-win projects. Unfortunately, this is true only for the Chinese side that is producing and exporting all of the equipment and using Chinese workers to install it,” said Denis Zisko from the Center for Ecology and Energy in Tuzla, Bosnia-Herzegovina.

For the Bosnian side, “this is more of a lose-lose case, since we will end up with a huge debt and a stranded asset,” he added.

The CEE Bankwatch Network pointed out that a federal loan guarantee for Bosnia’s Tuzla 7 coal-power project is subject to an infringement procedure by the secretariat of the Energy Community Treaty due to state aid violations. The Energy Community Treaty creates an internal market in electricity and natural gas bringing together the EU member states and six Balkan countries. Under a 2013 agreement between Belgrade and Beijing, Chinese projects in Serbia do not undergo tender procedures, in clear violation of EU procurement rules, it also said.

The coalition of civil society groups want the EU to “clearly tell China to stop building new coal plants in EU and accession countries” and “set this and compliance with EU law as binding conditions” in the Comprehensive Agreement on Investment currently being

negotiated between Brussels and China. They said law enforcement in accession countries should also be improved, including by “strengthening the Energy Community Treaty to enable penalties to be issued,” while a carbon border tax for electricity must be introduced to “help reinforce the message that coal is no longer economic.”

“The need to limit climate change clearly means that no more fossil fuel infrastructure can be built anywhere. Southeast European governments bear the primary responsibility for poor decision-making and enforcement on Chinese-built projects, but they will ultimately create problems for the whole EU as the accession countries struggle to comply with EU law,” warned Zvezdan Kalmar from the Center for Ecology and Sustainable Development in Serbia.

Source: rferl.org