

Serbia: Copper company Bor investment cycle with foreign contractors Lavalin and Outotek, the state prepares the company for privatization

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Ministry canceled the solution of Republic Inspector for Construction who determined that part of work in construction of new foundry is being performed without a license and his order for ruining. Sulfur acid factory in Mining and Smelting Basin Bor will be over in January and reconstruction of the foundry will be in spring 2014- Blagoje Spaskovski, Director of MSB Bor, announced.

100 million EUR from this sum is intended for reconstruction of the foundry, 165 million EUR to ecology component of the project- construction of the new sulfur acid factory and facilities for water purification and new energy plants.

However, works on this project have been recently brought to the center of attention because Republic Construction Inspectorate of Ministry for Construction and Urbanism has determined that investment in MSB Bor i.e. certain parts of it are being done without a license two and a half year before the beginning of the works. That brought to the solution which closes the construction yard with two months' deadline to do everything which is ordered to be done. The works that were not interrupted completely i.e. they worked on positions where licenses existed when it comes to country, connecting the old with new facility.

-The other works on these projects were stopped. Administrative body of Serbian Government has stopped solutions very quickly because it would be completely senseless to ruin it and build again- Spasovski says and adds that two months' stoppage in works on certain parts of project will not reflect the increase of the whole investment's expenses.

He explained that problem occurred because the decision to do reconstruction in phases so the old foundry can works was not followed by project documentation which is necessary for licenses, even though Copper mine company Bor had warned companies that got the job on it: Canadian SNC Lavalin, Finish Outotek and Belgrade's Energoprojekt.

All licenses are provided now, works are being done without any problems and there will be three shifts during summer. The finalization of this project shall strengthen position of Bor copper company which started to achieve good results after several years of business loss. So it finished last year with profit of almost 56 million dollars which is 15 million more with reference to 2011.

However, we should mention that this company is in reconstruction cycle but it pays all obligations to the state ordinarily. Spaskovski states that average salary in MSB is 70.000 dinars so 5.020 employees receive it. He also says that MSB pays all taxes and contributions

to the state ordinarily and it provides 2,4 million EUR for this obligation so it has paid little less than 3,2 billion EUR to the state last year.

Copper company MSB is 800 million dollars worth

MSB Bor has been 243 million dollars worth on the last tender and its current value is around 800 millions. Spaskovski says that there are no pressures on MSB's privatization but he adds that he will not be the one who will sign the document which puts this company on sale.

New research

Workers in Bor have bought the newest equipment for research drilling what enabled the work at new and deeper parts of the site. "The biggest geological researches in the last 30 years are in progress. They began during 2009 in Bor's pit and they continued are still lasting in research field Kriveljski Kamen near Bor. MSB has certified 1,3 billion tons of minerals, 5 million tons of copper and 200 tons of gold. Potential reserves that need to be proved are 2 billion tons of mineral, 7 million tons of copper and 300 tons of gold", Trajca Tonicic, Director of Geology Sector in Copper Mine Bor.

Source; RTB Bor/Serbia Energy Mining desk