

The Serbian parliament will on Monday vote on the ratification of a USD 608 million loan agreement from the China ExIm Bank for the construction of the 350 MW Kostolac B3 lignite power plant by Chinese company CMEC.

Serbia's latest addition to its huge debt burden is being presented as a great success, but a new lignite plant is more likely to end up as a weight around our necks as we move towards the EU and apply EU climate policies.

The choice of contractor - China's CMEC - without any tender is most likely in conflict with EU legislation and raises questions about whether the value for money of the project. Even more concerning is that the contract stipulates that any conflicts are to be resolved under Chinese law and in a Chinese arbitration court. How can this be a good deal for Serbia?

Serbia should develop an energy strategy before making such major commitments, and the fact that the extraordinary session to ratify the contract was announced less than twenty-four hours in advance is an outrageous attempt to bypass public debate at cosmic speed.

Last year's European Parliament resolution on the EC's progress report criticised Serbia's lack of progress with renewable energy, while this year's draft resolution, due to be discussed in the Foreign Affairs Committee on 19th January also expresses concern that most laws in Serbia are adopted under the fast-track procedure, not always allowing for sufficient stakeholder consultation.

Bankwatch's Serbian member group CEKOR is calling on Parliamentarians to delay the vote on the contract until a new Serbian energy strategy is adopted and there has been a proper opportunity for public debate.

Source; Bankwatch press release