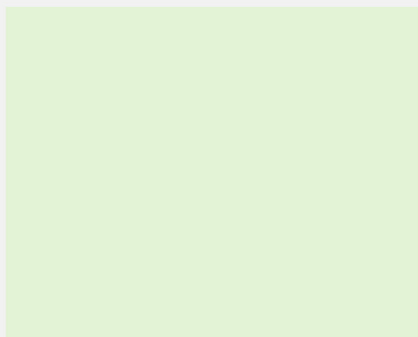
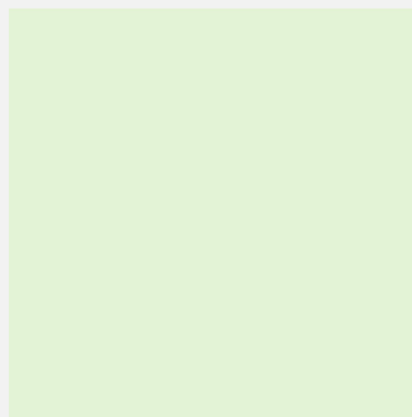


2 “Green Mine” Repeatedly Fined for Pollution, Activists Beaten

Civic Initiatives



Introduction

Since 2009, Serbia has been a site for increasing investment from the Chinese private sector. According to the Balkan Investigative Research Network, between 2012 and 2021, Chinese companies have invested more than EUR 2 billion (approximately USD 2.36 billion) across 16 projects in Serbia, and the Chinese Export-Import Bank has granted loans for projects worth at least EUR 5.7 billion (or USD 6.74 billion).¹ In 2023, the Zijin Mining Group became the biggest exporter in Serbia, with exports amounting to EUR 1.2 billion (or USD 1.32 billion).²

The Zijin Mining Group is a large multinational corporation with its headquarters in Longyan, China. In 2018, it began operations in Serbia taking over the sole copper mine in the country, the previously state-owned Bor Mining and Metallurgical complex (RTB Bor). The construction of the main plants, as well as the accompanying mining facilities, lasted two years, and production began in 2021. As stated on the Zijin website, the company “strives to become a ‘green, high-tech, leading global mining company,” which would “contribute to global economic growth and sustainable development by producing and supplying high-quality minerals.” With this, it is leading the construction of the Čukaru Peki Copper-Gold Mine, which will feature a ‘green mine,’ which claims to mitigate the environmental impacts of mining through the use of new technologies and processes.

Country Context

Alongside these investments are adverse impacts on the environment, livelihoods and rights of the people, as the corporations have failed to undertake environmental and social impact assessments, and lack transparent and accountable processes in their business activities. The socio-political environment in Serbia has also been unfavourable for the operations and development of civil society, as civic space has shrunk considerably in the past years.³ In September 2022, Serbia was added to CIVICUS watchlist again, following its first addition in 2019, due to the sharp decline in civic freedoms observed more recently.⁴ In addition to the state’s attempt to ban the LGBTQI+ EuroPride peaceful march, the key reason for Serbia’s addition to this list was repeated attacks on environmental activists. A striking example of the attacks on environmental defenders is when the police and company security beat activists and destroyed their camp during a protest against the Zijin Mining Group near the city of Majdanpek.⁵

¹Jeremić, I. & Stojkovski, B. (2021, December 21). China in the Balkans: Controversy and cost. Balkan Insight. <https://balkaninsight.com/2021/12/15/china-in-the-balkans-controversy-and-cost/>.

²eKapija. (2023, March 26). Biggest exporters from Serbia two companies of Chinese Zijin. <https://www.ekapija.com/en/news/4107091/biggest-exporters-from-serbia-two-companies-of-chinese-zijin>

³Civic Initiatives. (2019). Associations of Citizens: Shrinking Civic Space Report – Serbia 2019. <https://www.gradjanske.org/en/associations-of-citizens-shrinking-civic-space-report-serbia-2019/>.

⁴CIVICUS. (2022, September 22). Serbia added to human rights watchlist as government flip flops on decision to permit EuroPride gathering in Belgrade. <https://monitor.civicus.org/SerbiaWatchlist2022/>.

⁵N1. (2022, August 20). Activist: The security hired by Zijin broke up our camp at Starica <https://n1info.rs/vesti/aktivistkinja-obebedjenje-koje-je-unajmio-zidjin-nam-rasturilo-kamp-na-starici/>.

Bor Copper Mines and the Čukaru Peki Copper-Gold Mine

Overview

Aligned with the strategic partnership agreement between the government of Serbia and the Zijin Mining Group, Zijin has undertaken two large mining projects in the Bor District. In December 2018, the agreement paved the way for the founding of Serbia Zijin Copper DOO, the subsidiary company of the Zijin Mining Group in the country. Due to the ecological impact of the project being focused in the same geographic area, and the tendency of the company to perform so-called “salami slicing”,⁶ or artificially dividing projects into smaller components to evade regulations on conducting an overall ecological impact assessment, all operations undertaken by Zijin related to the expansion of the Bor copper mines and opening the Čukaru Peki copper-gold mine will be assessed as a single project for this overview.

About the project

Under the Bor Copper Mines, Serbia Zijin Copper DOO is accelerating the technical upgrading and expansion of four mines and a smelter. Once these are finished, the company expects to generate 120,000 tonnes of mined copper and produce 180,000 tonnes of copper cathodes.

Upon the completion of the Čukaru Peki Copper-Gold Mine, it is projected to produce 91,400 tonnes of copper and 2.5 tonnes of gold annually, with an annual peak output of 135,000 tonnes of copper and 6.1 tonnes of gold.⁷ The ecological component of the project also consists of the construction of “garden-like factories and green mines” that aim to “balance mining development with ecological preservation, strive to achieve zero wastewater discharge and carry out all-around ecological remediation.”⁸

Modality	Financing and capacity development
Instrument	Shares in collective investment vehicles. The Zijin Mining Group holds 63% of Serbia Zijin Copper Mine through its subsidiary, Serbia Zijin Mining, while the government of Serbia holds 37% equity interest.
Program Type	Public-private partnership
Duration	Start date: September 17, 2018; no end date
Budget	While the total budget is unknown, Zijin Mining Group has pledged to invest USD 1.26 billion in the project over a six-year period.
Sector	Extractive industry, mining of copper and gold

⁶Renewables and Environmental Regulatory Institute. (2021, March). SALAMI SLICING CAN'T PASS after all- Ministry of Environmental Protection rejects Zijin's request to decide on the need for environmental impact assessment. <https://www.reri.org.rs/en/salami-slicing-cant-pass-after-all-ministry-of-environmental-protection-rejects-zijins-request-to-decide-on-the-need-for-environmental-impact-assessment/>

⁷Project overviews available on the Zijin Mining Group Website: <https://www.zijinmining.com/global/program-detail-71735.htm>; <https://www.zijinmining.com/global/program-detail-71737.htm>.

⁸Radovic, D. (2022, June 16). Serbia Zijin Mining: For the future. <https://www.diplomacyandcommerce.rs/serbia-zijin-mining-for-the-future/>.

Development Partner(s)	The parties to the strategic partnership agreement are the government of Serbia and the Bor Mining and Metallurgical complex (RTB Bor)
Type of private sectors engaged	Multinational corporation
Private sector partners	ZiJin Mining Group Co., Limited and its subsidiary, Serbia ZiJin Copper DOO
Other dev't partners	None
Role of partners	Within the strategic partnership of the ZiJin Mining Group and the government of Serbia, the corporation has committed to providing financial support, technical expertise, and capacity building, within the joint project of the ZiJin Copper Mine. To satisfy the needs of its personnel and also to ensure the economic development of the city of Bor and Serbia more broadly, the company is claiming that it is “constantly investing in all areas of local community development” and maintaining “good cooperation with education and all other institutions.”⁹ It is further noted that the company commits to “transparent and open dialogue with all stakeholders” to provide better living conditions for the population through the implementation of sustainable programs.¹⁰ In return, the Serbian government has committed to ensure that the ZiJin Mining Group and the ZiJin Copper Mine receive all available subsidies for investments and employment, according to national regulations.
Monitoring	The ZiJin Mining Group must provide the Republic of Serbia with annual reports on the implementation of the Investment Plan. Meanwhile, the Republic of Serbia has the right to hire a “reputable independent auditor” to oversee the execution of the contractual and financial obligations of the ZiJin Mining Group, as defined by their strategic partnership agreement. The environmental impact of the project will be monitored by the Ministry for Environmental Protection.
Results framework	No information available
Results	In 2021, the Bor Copper Mines produced 66,000 tonnes of mined copper and 1.66 tonnes of mined gold, at a net profit of USD 269 million. In March 2023, the exports of ZiJin Mining amounted to USD 229.02 million (or EUR 208.2 million), and that of ZiJin Bor Copper to USD 166 million (or EUR 150.9 million).
Evaluation	No evaluation of the project’s development impact has been conducted

⁹Radovic, D. (2022, June 16). Serbia Zijin Mining: For the future. <https://www.diplomacyandcommerce.rs/serbia-zijin-mining-for-the-future/>.

¹⁰Radovic, D. (2022, June 16). Serbia Zijin Mining: For the future. <https://www.diplomacyandcommerce.rs/serbia-zijin-mining-for-the-future/>.

Adherence to the Kampala Principles

Kampala Principle 1: Inclusive Country Ownership

The National Strategy for Sustainable Development of the Republic of Serbia was adopted in 2008 and has expired in 2017.¹¹ As part of the global process of developing the 2030 Agenda for Sustainable Development, the Serbian government conducted the campaign “Serbia the way I want it”, which encompassed two rounds of consultations and engaged over 28,000 citizens, either through online surveys, direct consultations, or social media channels like Facebook and Twitter. While the national strategic framework has clearly defined its priorities related to finance and cooperation, some key strategies are missing action plans and proper monitoring of outcomes is absent.¹²

While it can be said that the Serbian government has taken steps to engage its citizens on the 2030 Agenda, individual policy documents are still seldom developed through an inclusive and participative process.¹³ Furthermore, there is little transparency when it comes to government partnerships with the private sector, making it difficult to assess whether their involvement in development adequately responds to people’s needs and priorities. The government of Serbia has been known to extend privileges and benefits to the Zijin Mining Group, allowing them to skirt procedures and falsify the participation of civil society in consultations.

In June 2021, as the company planned to double the copper processing capacity of its mine in Majdanpek, the government did not require Zijin to produce an environmental impact assessment (EIA). With this, the corporation remains unchecked for its potential additional risks to people and the environment.¹⁴ In March 2022, communities in Ostrelj who are affected by the Bor mines drafted an open letter that states how mining activities have threatened their health, property and livelihood. They also highlighted how both the government and corporation failed to produce a master spatial plan that would detail the environmental impact of these facilities. Zijin’s business activities were allowed to continue even without the relevant permits, impact assessments and consultation with the affected communities.¹⁵

Kampala Principle 2: Results and Targeted Impact

With its ‘green mine’, Zijin has purported itself to aid its subsidiary, Serbia Zijin Cooper DOO, to become the “leading European mining company in terms of low carbon emissions, green ecology, social responsibility, health, security and sustainable development.” Through the “green mine” operations, Zijin also claims to contribute to Serbia’s Green Agenda, a roadmap for the country’s climate response and the green transition. However, ever since Zijin entered Serbia in 2018, the company has faced with strong opposition from the people due to its poor environmental record, history of corruption and allegations of untransparent business deals.¹⁶ Serbian authorities had also repeatedly fined the company for causing pollution from its operations.

¹¹ Republic of Serbia. (2008). National Strategy for Sustainable Development. <https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/vlada/strategija/2008/57/1/reg>

¹² As noted in the Public Policy Secretariat’s analysis Serbia and the 2030 Agenda, available at: <https://rsjp.gov.rs/wp-content/uploads/Srbija-i-Agenda-2030-novembar-2017-lat.pdf>.

¹³ This has been noted in numerous civil society analyses, such as the Monitoring Matrix on Enabling Environment for Civil Society Development – Country Brief for Serbia 2021 (Civic Initiatives, 2022), available at: <https://www.gradjanske.org/en/monitoring-matrix-on-enabling-environment-for-civil-society-development-country-brief-for-serbia-2021/>

¹⁴ Todorovic, I. (2020, November 9). Zijin expanding Serbian mine without comprehensive environmental study. Balkan Green Energy News. <https://balkangreenenergynews.com/zijin-expanding-serbian-mine-without-comprehensive-environmental-study/>

¹⁵ Just Finance International. (2023, February 9). Local residents at risk after China’s Zijin triples production at Serbian Copper Complex. <https://justfinanceinternational.org/2022/05/09/local-residents-at-risk-after-chinese-zijin-triples-production-at-serbian-copper-complex/>

¹⁶ Gocanin, S. (2022, October 23). Amid environmental concerns, a Chinese mining company in Serbia looks to repair its image through sport. RadioFreeEurope/RadioLiberty. <https://www.rferl.org/a/serbia-chinese-mining-zijin-sports-reputation/32096079.html>

The nature of Zijin's business activities is detrimental to the environment, with its aim to profit from extracting and exploiting mineral resources. Extractivist industries, such as mining corporations, are dependent on obtaining the finite natural resources of countries to gain profit, resulting to massive social and environmental impacts. In addition to the depletion of natural resources, mining activities have also caused pollution, loss of biodiversity, and an increase in greenhouse gas emissions. In Bor, the Zijin takeover of the copper mines has led to an unprecedented increase in air pollution, with sulphur dioxide levels going beyond the legal threshold. Increased sulphur dioxide levels caused bronchitis and asthma, especially in children.¹⁷ The dumping of waste has also polluted bodies of water and contaminated farmland in the country.¹⁸

Furthermore, mining operations have historically violated the rights of Indigenous Peoples, workers, and affected communities by forcibly grabbing their lands, leading to massive displacement, loss of livelihoods, precarious working conditions, and violation of the Free, Prior and Informed Consent (FPIC) of IPs. Mining companies have also cooperated with state and private armed forces to facilitate attacks against affected communities and marginalised groups to ensure their continuous operation. The adverse effects of Serbia's reliance on investments from entities in the Chinese private sector and on human rights in the country have been well-documented and elevated to relevant government and multilateral institutions. In December 2021, the European Parliament adopted a resolution noting that Serbia is "increasing the number of contracts it has with major Chinese industrialists and granting China more and more legal privileges, even when these are contrary to EU law," which includes agreements that allow for China's labour laws to be applied in the country.¹⁹



Photo from Just Finance International

¹⁷Shehadi, S. (2021, September 13). "My laundry turns yellow outside": How Chinese investment is polluting a Serbian town. Investment Monitor. <https://www.investmentmonitor.ai/features/chinese-mine-bor-serbia-pollution-investment/>

¹⁸FIAN International. (2023, February 9). China must respect human rights in overseas Chinese operations. <https://www.fian.org/en/press-release/article/china-must-respect-human-rights-in-overseas-business-operations-3101>

¹⁹The text of the resolution is available at: https://www.europarl.europa.eu/doceo/document/RC-9-2021-0600_EN.html

The resolution specifically highlights press reports from March 2021, alleging that Zijin Mining employees were deprived of their passports and housed in precarious conditions. Additionally, available data states that the government does not receive adequate profits from joint ventures with Chinese multinational corporations. For example, in the case of the Zijin copper mining project, Serbia only receives 5 per cent of royalties from company revenues, one of the lowest mineral royalty rates in Europe.²⁰

Kampala Principle 3: Inclusive Partnership

In contrast to the company's promise of transparent and open dialogues, Zijin's record of violent repression against environmental activists has been a cause for concern. Ever since Zijin privatised the mine in Bor in 2018, activists started protesting against this private company to assert the preservation of clean air in their city. At the beginning of October 2019, a large protest was held on the issue of air pollution. Hundreds of citizens temporarily blocked the gate of the smelter in Bor. A dozen citizens remained in the company's headquarters in the Bor administrative district, where they remained all night while waiting for the arrival of the city environmental inspector, who never showed up. Zijin justifies that the high level of pollution is an inherited problem due to outdated technology, and that they are working on finding a solution.²¹

Citizens were debunking a claim from the Environmental Protection Agency that, at that time, the air in this city was of the first category. Even the mayor of Bor admitted this but claimed that the protest was still political.²² Both the government and the company remained silent after the protest. Although the company announced in November that it would deal with the pollution from its mining activities, activists pursued filing criminal charges against the company director. The criminal complaint charged the company director of committing the crime of environmental pollution. A criminal complaint was also filed against the mayor of Bor and the Minister of Environmental Protection who were charged with the criminal offence of failure to take measures to protect the environment.²³

In 2022, citizens camped for days in Majdanpek as they held protests against the mining of the Starica mountain.²⁴ The company then, with the goal of dialogue, opened an information centre where citizens will be able to directly contact the company Zijin. The centre was opened for the affected population to improve communication and to effectively solve their grievances. However, in August 2022, security guards hired by the Zijin company broke up the activists' camp on this mountain and prevented further work at this location.²⁵ In September, new clashes with activists ensued when the police filed criminal charges and arrested three people from Majdanpek, on suspicion that they attacked a worker of the Zijin and set fire to the machine he was driving. Once again, the authorities supported the activities of the Chinese company and asked environmental activists and other citizens to stop their activities and allow Zijin's business activities to continue.

²⁰Just Finance International. (2022, December 11). Local residents at risk after China's Zijin triples production at Serbian Copper Complex. <https://justfinanceinternational.org/2022/05/09/local-residents-at-risk-after-chinese-zijin-triples-production-at-serbian-copper-complex/>

²¹N1. (2019, September 18). Zidin responds to criticism about excessive pollution: Consequence of outdated equipment. <https://n1info.rs/vesti/a526952-zidjin-odgovara-na-kritike-o-prekomernom-zagadjenju-posledica-zastarele-opreme/>

²²N1. (2019, October 3). Protest in Bor: This is not pollution, but a crime against citizens. <https://n1info.rs/vesti/a531406-protest-u-boru-ovo-nije-zagadjenje-nego-zlocin-nad-gradjanima/>

²³N1. (2019, December 2). Activists filed a criminal complaint against director Zidin for pollution in Bor. <https://n1info.rs/vesti/a548944-aktivisti-podneli-krivicnu-prijavu-protiv-direktora-zidina-zbog-zagadjenja-u-boru/>

²⁴N1. (2022, June 15). Camping on the Starica mountain, because they do not allow Zidin "to mine on state land". <https://n1info.rs/vesti/kampuju-na-planini-starici-jer-ne-daju-zidinu-da-minira-na-drzavnoj-zemlji/>

²⁵Activist: The security hired by Zidin broke up our camp at Starica. (2022, August 20). N1. <https://n1info.rs/vesti/aktivistkinja-obezbedjenje-koje-je-unajmio-zidjin-nam-rasturilo-kamp-na-starici/>



Kampala Principle 4: Transparency and Accountability

Civil society organisations filed criminal charges against Zijin for environmental pollution, but punitive actions handed down by Serbian courts were minimal. The Regulatory Institute for Renewable Energy and the Environment (RERI) details that the company “was convicted four times in less than a year for violating the Law on Mining and Geological Research, for which it was each time ordered to pay a fine below the legal minimum.” This proved beneficial for Zijin with lesser costs in the payment of fines, compared to the adjustment of its operations to comply with Serbian laws. While Zijin was found guilty of continuing to operate without an environmental impact assessment study, they were only fined RSD 250,000 or Serbian dinars (approximately USD 2,280), although the legal range of sanctions is between RSD 150,000 and 3 million (or USD 1,400 to 27,300).²⁶

In a charge against Zijin from December 2022, the competent court based its verdict on mitigating circumstances, citing the slow procedure in obtaining necessary permits and the presumed benefits of the company’s “works of strategic importance” in the country. Local and national authorities have supported the company’s activities on several occasions. The local government of the municipality of Majdanpek, where the company carries out ore exploitation activities, issued a statement in September 2022, in which it emphasised its support for Zijin, while ordering environmental activists and other citizens

²⁶RERI. (2022, December). In less than a year, the company Zijin was convicted four times for the same economic offense, each time fined below the legal minimum. <https://www.reri.org.rs/zidin-nastavlja-nezakonito-poslovanje-privredni-sud-u-zajecaru-ga-nagraduje-kaznama-ispod-zakonskog-minimuma/>

to stop all activities at the production site. On that occasion, the municipal leadership praised Zijin stating that the company is dedicated to “benefiting the community” and creating a “green mine”. The Minister of Mining and Energy, Zorana Mihajlović, presented a series of accusations against the activists, stating that Zijin operates well within the bounds of Serbian laws.²⁷

Kampala Principle 5: Recognising, sharing and mitigating risks for all partners

Despite public promises to improve its environmental operations, Zijin has been involved in a series of environmental accidents and had a record of threatening the population in its territories of operation. The Center for Investigative Journalism of Serbia reported on environmental pollution in Bor with high levels of pollutants endangering the city population. In March 2021, Zijin was fined RSD 1 million (or USD 9,100) for heavy metal pollution of the Mali Pek River. Months later, the government of Serbia annulled the decision of the Ministry of Environmental Protection that required Zijin to prepare an environmental impact assessment for the Majdanpek copper mine. Zijin skirts accountability for its massive social and environmental impacts by artificially dividing the project into smaller units under different subsidiaries.²⁸



Photo from Just Finance International

²⁷N1. (2022, September 14). The authorities in Majdanpek sided with Zijin, asking that the activists not obstruct the works. <https://n1info.rs/vesti/vlast-u-majdanpeku-stala-uz-zidjin-trazi-da-aktivisti-ne-ometaju-radove/>

²⁸RERI. (2022). Annual Report 2021. <https://www.reri.org.rs/wp-content/uploads/2022/08/RERI-Annual-Report-2021.pdf>

Conclusion and Recommendations

Operations of the Zijin Mining Group in Serbia have proven to contribute massive environmental and social impact as it continues to exploit the resources of the country for profit. While the people have highlighted the dangers of Zijin's business operations on the communities and their environment, the government has only served to accommodate Zijin's destructive activities by diluting its national policies, laws and safeguards, and facilitating attacks on civil society.

- **Governments must stop partnering with extractive industries that continue to exploit the natural and human resources of countries.** Government must abandon initiatives with extractive industries, as these depend on exploiting natural and human resources to gain profit, at the expense of the marginalised and the environment. Furthermore, extractive industries have historically violated people's rights, causing displacement, loss of livelihoods, precarious working conditions, harassment and attacks. Especially with the worsening climate crisis and their historic contribution to its exacerbation, these industries must not be allowed unrestricted access to a country's natural resources. In these partnerships, governments also shoulder additional burdens and risks while getting a smaller share of the profit.
- **Governments should not dilute policies, laws, safeguards and standards to provide an enabling environment for the private sector.** It can be seen that Zijin, along with other corporations, continues to be accommodated by the Serbian government by diluting its policies, annulling court decisions and lowering fines. With this, Zijin has been allowed to continue its operations without the necessary impact assessments and regulations that were supposed to prevent and mitigate any adverse risks. Governments must have robust regulatory policies and mechanisms to ensure that business operations are aligned with national policies, human rights, labour and environmental standards.
- **In financing and implementing development projects, governments and private sector entities must be transparent and accountable for its operations, partnerships and agreements.** In partnering with the private sector, the government must be transparent in its deals and agreements. Governments must be able to hold corporations accountable for any harm they inflicted. Involving local communities in monitoring and evaluating project outcomes can provide valuable feedback on the impact of the project on the ground. Community-led monitoring should be participatory and inclusive, providing opportunities for marginalised groups to engage and voice out their concerns.
- **Development actors must ensure the reversal of shrinking of civic space and ensure that meaningful and inclusive consultations are conducted to promote democratic ownership.** Governments and their private sector partners must end the threats and attacks waged on civil society and communities. Demands from mobilisations and protests must be heard and adequately addressed. Consultations with local communities must be held in all stages of the project – from the design, implementation

and monitoring. These consultations must be inclusive, participatory, and transparent. Establishing feedback and grievance redress mechanisms, such as suggestion boxes or complaint hotlines, can provide a way for community members to provide ongoing feedback on the project. It is important to ensure that feedback mechanisms are accessible and provide a clear process for addressing and resolving concerns.

- **Ensuring that local community needs are addressed through a comprehensive needs assessment at various stages of the project.** Focus groups with community members can provide detailed feedback on specific project aspects such as design, impact, and sustainability. It is essential to ensure that focus groups are diverse and inclusive, with particular attention to the inclusion of marginalised groups. Additionally, surveys can be an effective way to gather quantitative data on community perceptions and experiences with the project. Surveys should be designed to be accessible and understandable to all community members, including marginalized groups.