



Brussels, 12 July 2012

Dear Commissioner Rehn,
Dear Commissioner Hedegaard,
Dear Commissioner Potocnik,

The European Bank for Reconstruction and Development (EBRD), where the EU and EU member states own around 60 per cent of the shares¹, has in the last 10 years facilitated investments of around EUR 2 billion Euro² in the mining sector. Some Bank practices have raised our concern with regard to economic, environmental, social consequences and to bring prosperity for people in the resource rich countries. The new mining sector strategy planned to be adopted in next two months falls short in providing a strategic vision of building responsible mining operations and endorsing EU policy objectives and standards in relation to the EU Resource efficiency Roadmap.

We, the undersigned MEPs, call on you to take a closer look at the EBRD draft mining strategy's compliance with the EU policy objectives³. We would welcome active efforts of the EU representative at the Bank to ensure that the new strategy endorses EU principles and standards for resource efficiency, biodiversity protection, poverty eradication, inclusive growth, transparency and public participation in the mining projects supported.

The EBRD operations cover nine of the new EU member states and all accession and neighbouring countries that are also main commercial partners of the Union. If EU policies and objectives are not integrated in the Bank operations, which is not the case with the proposed draft mining strategy, its operations could contradict the EU policy in and outside the Union as following cases clearly show.

The mining sector is responsible for significant emissions from all mining activities. The most significant issue concerns coal mining. The Bank has actually been increasing its massive investments in fossil fuels⁴. In its Mining Strategy the Bank has indicated its willingness to engage even more in financing coal mining without taking responsibility for carbon-related issues like coal combustion's contribution to climate change, triggered by the exploitation.

NGOs monitoring report several problematic cases of EBRD's support for the mining sector: In July 2011 the EBRD approved a loan worth EUR 80 million for the expansion of Kolubara mine, the largest lignite mine in Serbia. The Bank claims improvements in efficiency of coal extraction and combustion equal 200 000 tonnes of CO₂ saved yearly⁵. However the Bank does not take into account that projects will result in an increase of the extraction of coal

¹ Apart from the EU member states also the European Union and the European Investment Bank have shares in the EBRD and are represented in the highest decision-making bodies of the EBRD.

² Between 1999 and 2011 EBRD financed 26 investments in the mining sector totalling EUR 685 million for total project value of more than EUR 2 billion. (source draft mining strategy p.5)

³ EP and Council Decision 1219/2011/EC on EBRD capital increase call for EBRD contribution to the achievement of the Union's objectives (recitals 11-13 in relation to article 2)

⁴ Tug of War: Fossil fuels versus green energy at the EBRD: <http://bankwatch.org/sites/default/files/EBRD-energy-tug-of-war.pdf>

⁵ EBRD reply to CEKOR's letter on resettlement and Impacts on communities, April 17, 2012:

<http://bankwatch.org/documents/response-EBRD-Kolubara-17Apr2012.pdf>



that will result in approximately 80 million tonnes of CO2 emitted, thus cancelling the efficiency gains many times over and locking Serbia into coal dependency for decades to come.

In 2012 EBRD got equity of EUR 5.8 million of financing to Lydian Int⁶., registered in Jersey, one of the well-known tax-heavens linked to the UK. The Company plans to develop the Amulsar greenfield goldmining project in Armenia, while denying to admit impact on the nearby mineral waters spa and resort town of Jermuk⁷ and without consulting the affected population. Other projects of the EBRD include the Kumtor gold mine in Kyrgyzstan and the Oyu Tolgoi copper mine in Mongolia, both of which are examples of non-adequate assessments taken of biodiversity-sensitive areas and impact on aquifer zones that could result in major environmental disasters.

The EBRD is a signatory to the EU Principles for the Environment. Mining can cause significant adverse environmental and social impacts, including permanent ones. It is therefore imperative that the Bank promotes EU standards and policies in areas of environmental protection, applies the precautionary principle⁸ and resource efficiency in its new Mining Strategy, as well as ensures a high degree of genuine community consent and principles of the Aarhus Convention for its mining activities.

The recent way of developing the strategy and approving it should give stakeholders the opportunity to see all the comments provided to the Bank and the replies to them from the Bank's staff before the strategy is approved in order to allow constructive policy dialogue and public participation. This is what the European Investments Bank did during the revision of its Transparency Policy, where it published its revised draft of the policy on the EIB website for 15 working days prior to Board consideration, together with a Public Consultation Report.

We propose to you as Commission to do the following:

- 1) organise a proper interservice consultation on the mining policy
- 2) consider a public opinion and input to the EBRD consultation
- 3) demand publishing of the draft policy and results form the consultation, including EBRD response to consultation input

Best regards

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⁶ (<http://www.lydianinternational.co.uk/>)

⁷ Jermuk is a protected hydrological reserve territory in Armenia. Jermuk provides two types of bottled mineral waters, currently exported to 18 countries worldwide, and its aquifers are very sensitive to any tectonic shifts. Jermuk is also a balneological spa centre that will be inevitably affected by the mine exploration territory that is close as 2 kilometres from the reserve territory.

⁸ Communication from the Commission on the precautionary principle, 2000, http://ec.europa.eu/dgs/health_consumer/library/pub/pub07_en.pdf



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