

CEE Bankwatch Network
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Bulgaria:

Centre for Environmental
Information and Education
(CEIE)
For the Earth!

Czech Republic:

Centrum pro dopravu a
energetiku
Hnutí Duha

Estonia:

Estonian Green Movement–FoE

Georgia:

Green Alternative

Hungary:

Nature Protection Club of
Eotvos Lorand University (ETK)
National Society of
Conservationists–FoE (NSC)

Lithuania:

Atgaja

Macedonia:

Eko–svest

Poland:

Polish Green Network (PGN)
Institute of Environmental
Economics (IEE)

Russia:

Sakhalin Environment Watch

Slovakia:

Friends of the Earth – Center
for Environmental Public
Advocacy (FoE–CEPA)

Ukraine:

National Ecological Centre of
Ukraine (NECU)

CEE Bankwatch Network's
mission is to prevent
environmentally and socially
harmful impacts of
international development
finance, and to promote
alternative solutions and public
participation.

TO:
Mr Anastasios Nychas
EUROPEAN COMMISSION
DG ENVIRONMENT
Ave. de Beaulieu 5
B-1160 Bruxelles

Re: The Oyu Tolgoi project, Mongolia

25 September, 2012

Dear Mr Nychas,

We are writing with regards to the Oyu Tolgoi project¹ that is currently under financial consideration by the European Bank of Reconstruction and Development.

The Oyu Tolgoi mine is located in Mongolia's South Gobi desert, and total project costs are estimated at USD 13,2 billion², a significant portion of which is to be financed by the World Bank and EBRD.

Oyu Tolgoi's environmental and social impact assessment (ESIA)³ has been delayed for several years. First realized in August of this year for public review, the commenting period lasts only for 60 days until 12 October 2012, even though project construction of the mine is advancing toward its end and commercial production is to begin in the first half of 2013.⁴

The focus of the ESIA is activities related to the mining licence i.e. the right to explore, develop mining infrastructure and facilities and conduct mining operations on the project.⁵ However, it covers the construction phase and does not include the operations phase⁶.

1 <http://www.ebrd.com/english/pages/project/psd/2012/41158.shtml>

2 Oyu Tolgoi Project IDOP Technical Report, p 450

(http://www.ivanhoemines.com/i/pdf/IDOP_2012Mar29_Tech_Rpt.pdf)

3 <http://www.ot.mn/en/node/2679>

4 http://www.ivanhoemines.com/s/Oyu_Tolgoi.asp?ReportID=379189 (accessed 16 Sept.2012)

5 ESIA Introduction A1, p.9

6 "This ESIA is based on the initial construction of an open pit copper–gold mining operation at the Southern Oyu deposit, with a 100,000 tonnes per day (tpd) capacity ore concentrator and required infrastructure to support an ore processing capacity of 160,000 tpd of ore (average capacities to allow for maintenance downtime and other stoppages). This is expected to be supplemented within four years by production from the Hugo North underground development based on block caving mining operations. Oyu Tolgoi is exploring an expansion to the plant to process up to 160 000 tpd of ore within the 27–year life of the Project. This expansion is subject to any necessary regulatory approvals and the identification and permitting of additional water resource requirements to provide the increased processing capacity – Water use requirements for this level of expansion (e.g., for increased water abstraction from the Gunii Hooloi aquifer) have been discussed with the Government of Mongolia."

ESIA Introduction A1, p.5

Water resource management remains the primary concern for communities in the fragile and arid Gobi desert. Oyu Tolgoi LLC maintains that the water contained in the Gunii Hooloi deep aquifer will be sufficient for current mining operations. However, the company does not have permission for the provisioned expansion of capacities up to 160 000 tpd during the lifetime of the project. Moreover the interrelation of the deep (fossil water) and shallow aquifers that are used by herders has not been thoroughly assessed and is based only on modeling and assumptions⁷ with no monitoring data publicly available.

We would like to enquire if the European Commission is aware that **if the EBRD is to approve financing for the Oyu Tolgoi project, then it will breach the European Principles of Environment** to which it is a signatory.

We would as well ask you to investigate:

- the impacts of the mine on the biodiversity in the South Gobi desert, including the Small Gobi Special Protected Areas and the Galba Gobi Important Bird Area;
- thoroughness of the assessment of water impacts within the project ESIA, including use of deep aquifers' water, ephemeral watercourses diversion and elimination (the river Undai, its tributaries and Bor Ovoo spring) within the mine site and its proximity;
- impacts to the environment from the planned construction and operation of 450 MW coal power plant within the mine site;
- the cumulative and aggregate impacts on the environment, including biodiversity, water, air quality and land, of the other mines within the South Gobi region e.g. the Tavan Tolgoi – Ukhaa Khudag,⁸ Tsagaan Suvarga⁹ and other mines;
- the thoroughness of the waste rock impact assessments, wastewater treatment and tailings storage facilities plans; and
- the monitoring plan for the environmental impacts during operations and the mine closure provisions.

Best regards,



Vladlena Martsynkevych
Central Asia Officer
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⁷ ESIA Water C5, p.5

⁸ <http://www.ebrd.com/english/pages/project/psd/2010/39957.shtml>

⁹ <http://www.ebrd.com/english/pages/project/psd/2011/41547.shtml>