

Antiatom Szene – Das Zukunftsnetzwerk gegen Atomenergie * GLOBAL 2000 * Wiener Plattform
"Atomkraftfreie Zukunft" * Greenpeace * CEE Bankwatch Network * FERN * Centar za ekologiju i energiju *
National Coalition "NO to Belene NPP!" * Green Policy Institute * Centre for Environmental Information and
Education * National Movement of Ecoglasnost (FOE – Bulgaria) * National Movement of Ecoglasnost
(Montana) * Novi Han – European Settlement Association * Foundation for Agriculture and Environment *
EKO-CLUB 2000 * Earth Forever, Svishtov * EA Demetra * Centre for Environmental Law * InfoEcoClub for
Environment, Vratza * Committee for Environmental and Economic Defence of Svishtov Region * GeoEcoClub
Academica, Veliko Tarnovo * EA Za Zemiata (For the Earth!) * Regional Union of Farmers, Valchedrum * EA
Tetida, Blagoevgrad * EcoSouthWest, Blagoevgrad * Union of Parks and Landscape Experts * Citizens
Alternative Association, Elin Pelin * National Movement Friends of the Earth * Inter Ethnic Initiative for
Human Rights Foundation * Agrolink * EA Elm Tree * Calla * Friends of the Earth Finland * Les Amis de la
Terre * Action des Citoyens pour le Désarmement Nucléaire (ACDN) * Réseau sortir du nucléaire * urgewald *
World Economy Ecology and Development * Perger András, Energia Klub * Az Év Civil Szervezete, Clean Air
Action Group * Campagna per la Riforma della Banca Mondiale * Amici della Terra * Both Ends * TERRA
Mileniul III * Friends of the Earth-CEPA * Za Matku Zem * Focus Association for Sustainable Development *
Bretton Woods Project

Philippe Maystadt, President
European Investment Bank
100 boulevard Konrad Adenauer
L-2950 Luxembourg

November, 16th 2007

Subject: possible EIB loan for the Belene nuclear power plant

Dear President Maystadt,

Bulgarian press recently reported that the Bulgarian cabinet agreed to guarantee a loan of 300 Million Euro from the European Investment Bank for the building of the nuclear power plant Belene in the Northeast of the country. The Banks civil society unit has kindly informed us on the 13th of November that so far no request from Bulgaria to provide financing for Belene has been put forward. However, given that the Bulgarian government or the Bulgarian national electricity company NEK seems ready to approach you in the near future, we would like to express our deep concern about a possible involvement of the EIB in this highly controversial project. We urge you to turn down any request for the reasons we lay out in the following.

Belene: history

When the catastrophe of Chernobyl took place in 1986, the plans for building two reactors of soviet design in Belene were already in place and construction work on the project began in 1987. However, after the fall of the communist regime, Belene was suspended due to public protests and economic, environmental and safety-related concerns put forward, among others, by the Bulgarian Academy of Sciences in a 421 page detailed critique¹. In 1997, the Bulgarian

¹ Plamen Tsvetanov (ed), *АЕЦ "БЕЛЕНЕ" - Изследвания и становище на Българската Академия на Науките (NPP "BELENE" – Analysis and conclusions from the Bulgarian Academy of Science)*, Sofia, (1990) Bulgarian Academy of Science, 421 pp.

Cabinet deemed Belene to be “technically unsound and economically unviable” and terminated the project.

However, in 2004, the Bulgarian Government revived plans for building two reactors at the Belene site and in 2006, it chose the Russian company “Atomstroyexport”, which had put forward a bid in cooperation with the French/German Areva NP. To date, attempts to secure financing from Western banks for Belene have, however, failed. After massive public protests in Germany and Italy, the project was deemed so controversial that Commerzbank, Deutsche Bank, HypoVereinsbank and UniCredit declined to provide loans for Belene. All together, 11 out of 12 Western banks that have been asked for financing refused the Belene project, only BNP Paribas organised a smaller bridging loan for the construction of Belene so far.

Belene: problems

There are many reasons why non-governmental organizations from throughout Europe are opposed to the financing and completion of the Belene nuclear facility. First and perhaps foremost, is the fact that the power plant will be erected in a region prone to earthquakes. During the last earthquake, some 120 people died only 12 km from the Belene site in the town of Svishtov. Building a nuclear power plant in close proximity to seismic fault lines is a recipe for disaster. This is one of the key reasons why the Bulgarian Academy of Sciences warned against completing Belene in its 1990 study and Soviet scientists as early as 1984 demanded that the site be taken off the list of possible locations².

The NPP design proposed for the Belene site is a new reactor model and there are concerns, whether it will reach current Western safety standards. The planned Russian AES-92 is a reactor type that has not been licensed before in Europe or in the USA, there is no operational experience with this reactor and there is also no safety assessment available for it.

There is a severe lack of nuclear safety culture in Bulgaria: On March 1, 2006, there was a serious incident at the Kozloduy 5 Reactor in Bulgaria. Georgi Kastchiev, former head of the Bulgarian Nuclear Safety Agency, who now works at the University of Vienna, reports that the central safety system of the reactor failed. Authorities first remained silent about this incident and rated it a 0 on the INES scale. Almost two months later they were forced to upgrade it to INES 2 and to confirm Dr. Kastchiev's description of the situation. Dr. Kastchiev himself judged the incident as "driving high speed without brakes".³

In addition to the seismic risks, the site for Belene is close to the Danube, a river that shows an increasing incidence of heavy flooding. Flooding can have a severe impact upon nuclear power operation. In the case of Belene, flooding could for example destabilize the ground on which the power station rests. Recent flooding in 2005 and 2006 already affected the communication and transport networks around the plant site. Such effects would jeopardize the implementation of safety related measures by operators and isolate the plant site in a possible emergency, with consequent difficulties in communication and supply. Flooding can also contribute to the dispersion of radioactive material in the event of an accident.

² Letter 500-HO/06.11.1984 from N. Georgiev, Director of the Central Laboratory on High Geodesy, Bulgarian Academy of Science, to the St. Nozharova, Deputy Head of the utility “Energia”

³ Tagesspiegel, 23.4.2006

Moreover, the storage problems for Belene's radioactive waste have not been solved, no emergency plan exists and the environmental impact assessment (EIA) does not seriously consider the seismic and flooding risks, nor the risk of a major nuclear accident.

Wrong energy path

In the wider context of Bulgaria's energy policy, we fear that the construction of the Belene NPP would force Bulgaria's investment policy in the energy sector onto an unsustainable path. Belene is to be Bulgaria's largest single investment to date. The project would divert investment capital from the least-cost alternative: energy efficiency. According to Eurostat, Bulgaria is by far the least efficient EU member country and requires up to 10 times as much energy as the EU average to produce 1 Euro of gross domestic product. The about 7 billion Euro investment that is required for Belene is therefore in stark contrast to the 200 Million Euro energy efficiency project that Bulgaria is currently carrying out with financing from the EBRD. Investment for Belene would also divert capital from the development of renewable energy sources. In spite of the huge untapped potential for renewable energy sources in the SEE Region, Bulgaria only has an extremely modest program in this field. Recent interest because of Bulgaria's new renewable energy law show, however, that the sector has a huge growth capacity. Given the clear commitment of the EIB towards renewable energies, it would be hard to understand, why EIB money should now be used to support the nuclear option and its inherent risks for the entire SEE region.

Opposition

In closing, we would like to add that there is a great deal of public opposition to the Belene NPP both in the Belene region, but also across the border in Romania, where municipality leaders representing hundreds of thousands of citizens have declared their opposition to the project, in Macedonia, where citizens have charged Bulgaria with violating the Espoo Convention on cross-boundary impacts and in Greece, where a broad coalition of environmental organizations has spoken out against the project.

Our questions to EIB

In case the Bulgarian government approaches you for financing, what criteria would you use for assessing the Belene loan application? How would you conduct the due diligence, will you look into the EIA and also least cost options? Would you conduct investigation and take into account seismic activity in the area? Would the fact that 11 out of 12 banks refused a loan for Belene weigh into your assessment? How, if at all, are you going to investigate and take into account allegations of corruption during the tender process?

We thank you for your timely answer.

Best regards



Austria: Elvira Pöschko, Antiatom Szene – Das Zukunftsnetzwerk gegen Atomenergie
Silva Herrmann, Friends of the Earth Austria/GLOBAL 2000
Johanna Nekowitsch, Wiener Plattform "Atomkraftfreie Zukunft"

Belgium: Jan Haverkamp, Greenpeace, Brussels Unit

Magda Stoczkiewicz, CEE Bankwatch Network

Judith Neyer, FERN

Bosnia and Herzegovina: Dzemila Agic, Centar za ekologiju i energiju

Bulgaria: Petko Kovachev, National Coalition “NO to Belene NPP!”

Denitza Petrova, Green Policy Institute

Daniel Popov, Centre for Environmental Information and Education

Ivan Sungarski, National Movement of Ecoglasnost (FOE – Bulgaria)

Petar Penchev, National Movement of Ecoglasnost (Montana)

Ognyan Chipev, Novi Han – European Settlement Association

Albena Simeonova, Foundation for Agriculture and Environment

Dimitur Vassilev, EKO-CLUB 2000

Georgi Yordanov, Earth Forever, Svishtov

Todor Todorov, EA Demetra

Alexander Kodjabashev, Centre for Environmental Law

Maria Moleshka, InfoEcoClub for Environment, Vratza

Maria Andreeva, Committee for Environmental and Economic Defence of Svishtov Region

Kamlija Djanabetska, GeoEcoClub Academica, Veliko Tarnovo

Ivaylo Hlebarov, EA Za Zemiata (For the Earth!)

Viktor Savchin, Regional Union of Farmers, Valchedrum

Rossen Aleksov, EA Tetida, Blagoevgrad

Kalin Anastasov, EcoSouthWest, Blagoevgrad

Maria Samardjieva, Union of Parks and Landscape Experts

Ginka Mincheva, Sitizens Alternative Association, Elin Pelin

Vanya Angelova, National Movement Friends of the Earth

Mark Bossani, Inter Ethnic Initiative for Human Rights Foundation

Svetla Nikolova, Agrolink

Boryana Hrisimova, EA Elm Tree

Czech Republic: Hana Gabrielová, Calla

Finland: Mika-Petri Lauronen, Friends of the Earth Finland

France: Anne-Sophie Simpère, Les Amis de la Terre

Jean-Marie Matagne, Action des Citoyens pour le Désarmement Nucléaire (ACDN)

André Larivière, Réseau sortir du nucléaire

Germany: Regine Richter, urgewald

Klaus Schilder, World Economy Ecology and Development

Hungary: Perger András, Energia Klub

András Lukács, Levegő Munkacsoport - Az Év Civil Szervezete, Clean Air Action Group

Italy: Antonio Tricarico, Campagna per la Riforma della Banca Mondiale

Laura Radiconcini, Amici della Terra

Macedonia: Marija Jankovska

Netherlands: Huub Scheele, Both Ends

Romania: Ionut Apostol, TERRA Mileniul III

Slovakia: Ivan Lesay, Friends of the Earth-CEPA

Pavol Siroky, Za Matku Zem

Slovenia: Lidija Zivcic, Focus Association for Sustainable Development,

United Kingdom: Anders Lustgarten, Bretton Woods Project