

Introduction of cyanide leaching at the Chelopech gold and copper mine



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

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Background

The Chelopech Mining project is separated in two parts: Phase 1 focusing on environmental improvements; and Phase 2 proposing the expansion of metals production through the introduction of cyanide leaching technology. EBRD approved a USD 10 million loan for Phase 1 in 2004. Phase 2 has been under review since 2005, and there has been no progress due to the blocking of the project by the Bulgarian Ministry for the Environment and Waters at the Environmental Impact Assessment (EIA) stage in March 2006. The project has received a 'B' categorisation, although the activities proposed under Phase 2 carry risks for human health and the environment, thus calling for category 'A'.

The EIA process for Phase 2 of the project was blocked after the protest of environmentalists against the introduction of cyanide leaching, as well as the counter protests of miners. The "silent denial" of the Minister for the Environment and Waters did not give a justification based on environmental or legal causes for the blocking of the project. However, the low concession fee – 0.75 percent of the price of metals – was said to be the reason for the rejection of the plans to increase the production of precious metals in the mine. After two years of negotiations, in March 2008, the Bulgarian prime minister's office announced that the Bulgarian state has succeeded to regain a 25 percent stake in the mine, as well as a higher (fluctuating) concession fee. There has been no mention about the environmental concerns associated with the risks of the application of cyanide leaching, or about the result from the EIA process of 2005–06.

Findings

The EIA process in 2005–2006 had to be carried out under Bulgarian legislation. Since then, however, as of January 2007, Bulgaria has become a member of the European Union. Further, the Chelopech project summary document states that: "The Phase 2 operation however, will require a full EIA under Bulgarian, and EU legal requirements." Therefore the application of the following legislation is now required: the EIA Directive 85/335/EEC as amended by Directives 97/11/EC and 2003/35/EC; Directive 2006/21/EC on the management of waste from the extractive industries; the SEVEZO directive 96/82/EC with the obligations of Transboundary consultations, a better information campaign and a wider set of public hearings, and higher standards for mining facilities and waste.

The major legal drawbacks of the EIA process were:

- no information campaign and public consultations with communities living downstream from the mine: more than one million people live downstream on the Maritsa river, the biggest river on the territory of the country, which crosses into neighbouring Greece (known as the River Evros river); these people were denied the right to be informed and consulted;
- there has been no procedure of consultations according to the Espoo Convention for EIA in a trans-boundary context with communities from Greece, in spite of the declared interest by NGOs and local communities;

- *accident response plans for the operation and transportation of toxic materials were not presented for public scrutiny as part of the EIA consultations.*

All of the above are requirements according to the Directive 2006/21/EC on the management of waste from the extractive industries.

Furthermore, Bulgarian mining and environmental experts from the Bulgarian Academy of Sciences, Underground Resources Association and other members of the “Cyanide free Bulgaria” Coalition have raised the risks for the environment and human health, and have argued that the application of the cyanide technology is not appropriate given:

- *the climate conditions in the region, e.g. high precipitation and regular floods in the last 4 years;*
- *the high density of the population downstream of the mine;*
- *the high content of Arsenic (As) in the Chelopech ores.*

They have pointed to the examples of Baia Mare and Kumtor (where the EBRD was involved), in which the application of cyanide leaching has led to devastating effects on rivers and communities by different types of incidents. Anyway the cyanide leaching is a contradictory method subject of national and regional legislative bans, initiatives for EU level ban at the European parliament (written declaration 85/2007) and UNECE (initiative of the Visegrad environmental ministers and the Britain environmental minister).

Finally, the local communities are dependent on mining and are thus reluctant to “bite the hand that feeds them” and to oppose the project. Yet the implementation of Phase 2 of the project will result in two to three times faster depletion of the mine deposit, thus resulting in much more recent laying off of the people employed in it. It should also be understood that in this situation the negotiation terms for the local communities are awkward, thus compromises with their constitutional rights to clean environment and living conditions should not be accepted. With the Bulgarian state becoming a co-investor in the Chelopech mine, political pressure on these communities can only increase, in spite of the legal provisions that are there to protect them.

In the case of the village of Chavdar, the community is already surrounded by two tailing ponds for mining waste at the 3 km radius. Phase 2 of the Chelopech mining project proposes the construction of a third one, for cyanide waste, at an unacceptable proximity (1300 m.) to the village and within the sanitary zone of its drinking water source.

It is true that the wider area around the Chelopech mining complex has severe historical legacy, and that public money investment in improvements are welcome. However, there is little indication that the situation has been sufficiently improved for the local communities, thus rising questions about the effectiveness of the EBRD investments made so far. “As the project focuses on environmental improvements these will be easily quantifiable and monitored” (PSD, Chelopech Mining project, last updated on 8 April 2005). Yet, incidents like the Poibrene village case from November 2007, when the water source of the village was closed down due to excessively high traces of arsenic, illustrate the acute environmental problems of the area that are far from being resolved. The introduction of further risks for the environment and for the health of local communities and ones living miles away downstream can not be justified with the increase of economic efficiency.

Recommendations

In view of the above, the EBRD is requested to:

- *before the consideration of Phase 2, all components of Phase 1 should be completed, e.g. tailing dam wall rehabilitation and finalisation of the landscape re-cultivation*
- *present to the public the evaluation and results from the investment of USD 10 million into environmental improvement.*
- *re-categorise Phase 2 of the project as category A.*

- *not review Phase 2 of the project before the EIA process has fulfilled all legal requirements according to Bulgarian and EU legislation.*

For more information

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