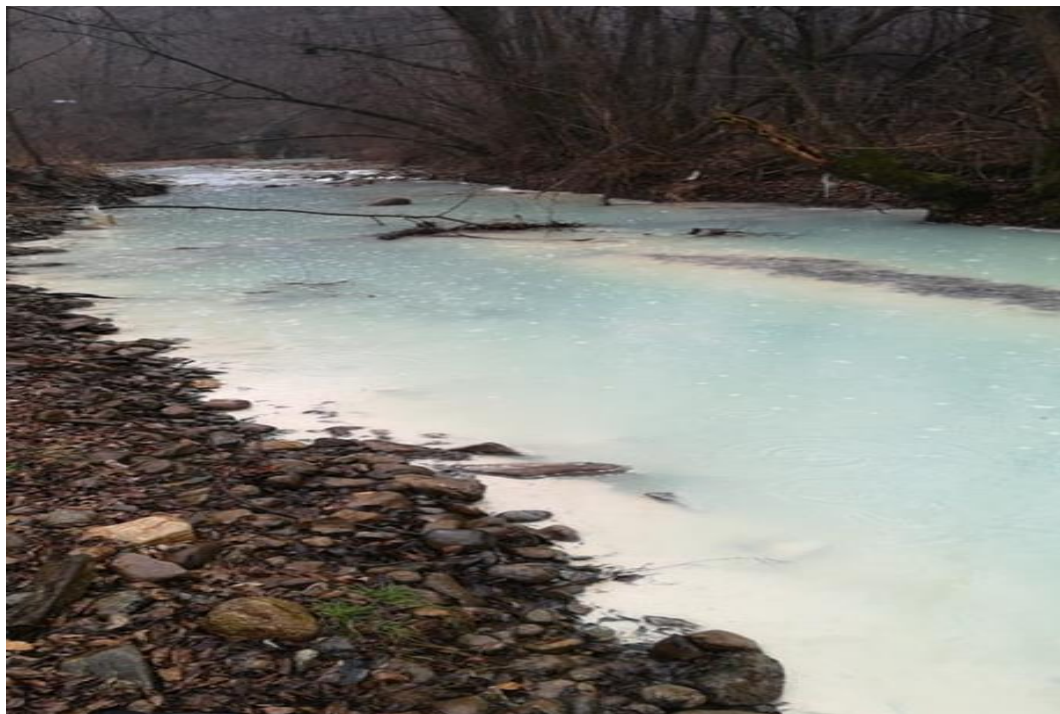


Position on the revision of the Bulgarian ‘National strategy for development of the mining industry’



Bulgaria’s National strategy for development of the mining industry (the ‘Mining Strategy’), adopted in 2015, describes the mining sector as a defining structural feature of the country’s economy. The Strategy also states that Bulgaria has considerable potential to be a regional leader in this sector.

However, the current Strategy should be reviewed and adapted to reflect several important global and national developments that occurred after 2015. In particular, the revised Mining Strategy for Bulgaria should reflect:

- **The goals and standards defined in the UN Sustainable Development Goals (2015), Paris Agreement (2016), EU Green Deal (2019), EU Industrial Strategy (2020), EU Circular Economy Action Plan (2020) and EBRD Mining Strategy (2017) and Environmental and Social Policy (2019), and**
- **A number of significant national and regional political and market factors, as well as environmental stressors and climate change adaptation needs.**

For more information

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Over the last five years, environmental issues have been integrated into global strategic goals regarding economic efficiency and citizens' rights. In order to transform the economy to meet the needs of the planet in 2030 and 2050, targets and plans to reach those targets have been clearly defined.

The mining industry is particularly vulnerable in this transformation due to its very nature:

- The mining industry is unsustainable, as its goal is the depletion of exhaustible non-renewable resources, and the projects (and therefore the workplaces) usually have a short time horizon of 10 to 20 years.
- The mining industry has a significant negative impact on human health and the environment. The use of large quantities of water and toxic chemicals during the production cycle, releasing toxic substances naturally present in deposits such as arsenic, mercury and uranium. Competition for water is likely to increase in areas experiencing droughts or desertification due to climate change.
- The production of the mining sector is highly vulnerable to variations in global metals prices and market instability, which frequently results in the bankruptcy of mining companies, dismissal of workers, reduced revenues for the state etc.
- National and EU requirements are constantly increasing the environmental standards, requirements on the use of toxic chemicals and limitations on the impacts on local communities, which makes mining projects more expensive and technologically difficult to implement.
- The sector is energy intense and is heavily dependent on energy for its operation.
- The sector is vulnerable to climate change impacts and an increasing risk of incidents such as floods, tailings, dam failures, etc. at both operational and old and poorly remediated sites. Such incidents pose challenges to occupational health and safety in mines and the health and safety of communities downstream, as well as increasing operational costs and damage to mine infrastructure.

The most important requirements that define the transformation have been set forth in the **2030 UN Sustainable Development Goals (SDGs)** and integrated in the aforementioned EU strategic documents. Most relevant for the mining industry, governments are called on to improve economic productivity through sustainable practices, such as diversification and environmentally-sound technological upgrades, while seeking to decouple economic growth from environmental degradation (SDGs 8.2, 8.4, 9.4); protect natural resources through improved management and use, including in companies (SDGs 6.3, 7.2, 12.2, 12.6); protect human health from pollutants and hazardous contaminants (SDG 3.9); and halt land and water habitat and biodiversity loss and species' extinction (SDGs 6.6, 15.5).

The Bulgarian authorities have an obligation to try to meet these goals through improvements to the Mining Strategy and its implementation.

Although transformation is a serious challenge, it is also an important opportunity to decouple the economy from growth, reduce resource consumption and double the increase of the circular use of materials during the next decade.

Closed cycle industrial models, in particular, have the potential to significantly increase the economic profitability of the European mining industry by reducing its resource dependence, but also by protecting prices fluctuations.

A number of the strategic goals in the current Bulgarian Mining Strategy seek to address these global and EU-level goals. However, **the Bulgarian Strategy's goals must be updated, made more precise and oriented towards concrete achievements by concrete deadlines** in order to contribute to the EU's large-scale transformational initiatives.

Specific issues to be analysed and addressed in a revised Strategy

Management of the underground resources – The number of metal deposits in Bulgaria was well studied in the period from 1950 to 1990. Based on this available information, the responsible state institutions should use an open tender for granting concessions on these deposits to reach better concession contracts and benefits.

The Chamber of Audits has identified the institutional control of the quantity and quality of the extracted resources as very weak, because it is primarily done on the basis of data provided by the companies as opposed to in-person site visits or independent audits. A better control system is needed to ensure the correct calculation of the concession fees.

Global dimension of the sector – Bulgarian smelters are increasingly using imported concentrates, and Bulgarian mines are exporting concentrates to be smelted elsewhere around the globe. Apart from the economic and transport implications, toxic substances contained in the concentrates are also transferred and disposed while the concentrates are traded.

Because Bulgaria has three large smelter facilities, this issue should be examined and reflected in the Strategy.

International reporting on value chains is a practice that will become increasingly necessary with the transition to a circular economy. Strengthening the transparency and fragility of supply chains will be a major focus in a recovery policies after the COVID-19 pandemic. The rules and requirements will become stricter and obligatory, and most industrial clients will prefer value chains and materials with traceable origins treated in a process that is responsible to the social and environmental impacts. This reporting should be done in a way that data from around the globe is aggregated in one place, and so that it is made available to national and global institutions and the general public.

Therefore, we recommend Bulgaria initiate an affiliation with the [Extractive Industry Transparency Initiative \(EITI\)](#), which is the best available instrument for international reporting. Becoming a part of this initiative will improve national mining industry standards for transparency, the environment, working conditions, information on the import and export of concentrates and their transport and information on the tax and jurisdiction framework of the international companies.

Recycling instead of mining extraction – In order to produce final products with a higher added value for the national economy, better paid and more technologically advanced workplaces and stronger environmental and social requirements, the recycling of metals is preferred over

primary extraction. This is the industrial approach that will be enhanced legislatively and stimulated financially for the next 10 to 20 years in the EU.

This is a very good opportunity for the Bulgarian mining sector to realise technological growth within the circular economy. The Strategy should assess the metal recycling potential of the existing facilities as part of global trends and should propose measures and stimulus packages for the development of the recycling subsector.

Energy supply of the mining industry through diversification and development of renewable energy source (RES) capacity – The biggest challenges for the competitiveness of Bulgaria’s mining sector are prices and dependency on energy supply. Mining and the primary treatment of mining materials consumes a lot of energy, and thus makes mining production more costly and dependent on fossil fuels and the national energy supply. Through the development of its own RES capacity, the industry will reduce energy expenses in its mid- and long-term plans, unburden the national grid and contribute to the fulfilment of national environmental and energy targets.

Environmental Impact Assessment of projects and plans – At the moment, Bulgaria is the subject of infringement procedures for the non-implementation of the EIA Directive and Habitats Directive. More than 200 Natura 2000 sites do not have management plans or defined protection measures, which does not allow correct assessment of project impacts on Natura 2000 sites, habitats and species. The action plan of the revised Strategy should require from the responsible environmental authorities the adoption of these plans and measures.

Mining waste facilities – In 2019, the European Commission launched infringement procedures against Bulgaria for its Mining Waste Directive. The procedures are investigating the non-implementation of certain measures and actions that should be taken in case of accidents and the provision of public information on mining waste facilities. The results of these procedures should be incorporated into the Strategy.

Strategic impact on Water Framework Directive (WFD) goals – The issues described above regarding the impacts of mining facilities on riverine ecosystems of Natura 2000 network, as well as separate, but persistent, cases of the release of hazardous substances from old and current mining facilities, constitute a serious prerequisite for the non-implementation of the overarching WFD obligation – achieving a good ecological status for all water bodies. A revised Strategy should assess the current impact on water bodies at the national level and put in place concrete measures to avoid any further pollution.

Local community’s opposition against mining projects – During the last 10 years, a series of local citizens’ initiatives rejected a number of mining and quarry projects. The local community, as the party most affected by the projects, should have a decisive voice in the final approval or rejection of investment proposals.