

CÍNOVEC/ZINNWALD LITHIUM MINING PROJECT: Strong environmental and social concerns demand reconsideration of the EBRD's investments

The transboundary lithium deposit in the Czech-German border region is subject to independent mining plans by Geomet s.r.o. on the Czech side and Zinnwald Lithium GmbH on the German side. The project has profound environmental, social and economic risks. It will for instance put the region's rich biodiversity and cultural heritage at risk by leading to environmental pollution, water scarcity and by destabilising the body of rock underneath villages and threatening UNESCO heritage sites. The project is also set to be one of the largest industrial CO2 emitters in the Czech Republic. The project therefore risks non-compliance with the EBRD's commitment to abate environmental pollution and its Environmental and Social Policy (EBRD, [2019](#); [2024](#)).

Civil society organisations, including CINVALD z.s. and numerous German initiatives (Interessengemeinschaft Zinnwald, Bürgerinitiative Bärenstein, Bürgerinitiative Liebenau) have continuously expressed their profound objections to these mining plans and urge the EBRD to put pressure on Geomet s.r.o to fully comply with the EBRD's performance requirements and reconsider its investment if these requirements are not met. Based on information provided to Czech and German authorities and analyses of the project plans, the following issues should be considered by the EBRD:

Key Areas of Concern:

1. Contested strategic status under EU CRMA

In March 2025, the European Commission decided to grant the Cínovec lithium project the status of a Strategic Project under the Critical Raw Materials Act (CRMA) which allows for shorter permitting procedures and expedited environmental impact assessments (EIA). This categorisation should be rejected as the project does not meet the criteria of CRMA Art 6 in connection with Annex III. For example, technical feasibility has not been demonstrated in the project plans so far (CRMA, Art. 6, (b)) or that environmental damage and negative social impacts will be minimised (CRMA, Art. 6, (c)). In addition, the CRMA requires that the project brings cross-border benefits (CRMA, Art. 6 (d)). However, it can be argued that the Cínovec project will rather lead to cross-border harms, such as water scarcity on the German side. For these reasons, the local CSO CINVALD z.s. will challenge the EU decision with a Request for Internal Review.

Notably, the Lithium mining plans by Zinnwald Lithium GmbH on the German side have not been granted strategic status under the CRMA. The EU did not publish any official explanation for its choice. However, it can be assumed that doubts on the German Lithium project's merits and its impact on people and planet also apply to the Czech project since both will exploit the same lithium deposit. Affected communities firmly hope that the strategic status of the Cínovec project will be revoked, allowing for a thorough analysis of the environmental and social impacts.

2. Doubtable Technical and Economic Viability

Geomet s.r.o. has yet to disclose a feasibility study that demonstrates Cínovec lithium project's technical feasibility. The main concern here is the low lithium concentration which is well below the content levels in other operating lithium mines. Further, the project's economic viability is highly uncertain due to high anticipated investment and operating costs, fluctuating lithium prices, and the fast development of alternative battery technologies. The Czech, partly state-owned company ČEZ, which holds 51% of Geomet s.r.o., has reportedly postponed its investment decision until mid-2025, indicating doubts about the lithium project's economic feasibility.

3. High Environmental Risks undermining EU and National Environmental Law

The Cínovec/Zinnwald projects will have detrimental environmental impacts and potentially breach EU and national environmental legislation, including the following risks:

Planned lithium mining at Cínovec/Zinnwald poses significant **pollution risks**, particularly water contamination with arsenic and cadmium. Pollution of mine waters from old mine workings already exceed safe levels. New mining operations are likely to further mobilise pollutants, threatening the environment and human health. Geomet s.r.o.'s EIA documentation lacks adequate assessment and mitigation measures, potentially breaching EU and national water protection laws.

The planned lithium mining projects at Cínovec/Zinnwald threaten to exacerbate drought-related **water shortages**. Both the Czech and German projects intend to draw from the same limited regional water resources. This will impact surface and groundwater systems and thermal water sources, particularly in Cínovec. However, since the region is an important watershed, water overuse by the mining projects can also threaten drinking water supply in larger cities of the region, like Teplice and Dresden. Geomet has not yet disclosed any reliable data on total water demand and wastewater generation of the mining project. Consequently, no adequate preventive measures are yet planned. The lithium mining plans potentially breach the EU's Water Framework Directive, Groundwater Directive, and the Extractive Waste Directive.

The planned Cínovec lithium project **threatens biodiversity** by directly impacting NATURA 2000 sites and nearby valuable biotopes, contradicting European conservation goals and the CRMA sustainability requirements. The planned mining and transport infrastructure will damage sensitive ecosystems, potentially violating the Habitats Directive (92/43/EEC), Birds Directive (2009/147/EC), EU Nature Restoration Plan, and Czech nature conservation laws (Act No. 114/1992 Coll.).

Environmental Impact Assessment (EIA) deficiencies: Civil society repeatedly warned that the project developers are using disingenuous tactics to conceal the project's full environmental impact, notably by ignoring cumulative effects with the German project. A cross-border EIA under the Espoo Convention is urgently required.

4. High climate impact

The Cínovec lithium mining project contradicts climate mitigation targets due to its high energy consumption and heavy reliance on fossil fuels. It is expected to use 540 GWh in electricity annually, mainly from the emission intensive Czech main energy grid (50.8% fossil-based power in 2023) and consume 17 million litres of diesel per year for transportation and mining vehicles. The project's high greenhouse gas emissions could make it one of the largest industrial polluters in the Czech Republic, undermining national and EU climate targets. This renders the claim that the project contributes to decarbonisation completely ridiculous.

5. Risk to Villages and UNESCO World Heritage

The massive scale of the planned extraction could threaten the stability of the mountain and could put settlements, like the historic villages Cínovec and Zinnwald at risk. Designated UNESCO World Heritage for its nearly 800-year mining tradition, the region's historical sites are similarly threatened by the lithium project. Extraction in the Cínovec/Zinnwald area has surged to 6.7 million tonnes per year - 3.2 million tonnes per annum in the Czech Republic and 3.5 million tonnes in Germany, an unprecedented scale for the region. The immense increase in planned extraction volume raises serious concerns regarding ground deformation, seismic activity, and damage to surface structures with little transparency about safety studies. The resettlement of local communities may become a real risk.

6. Low Public Acceptance and Lacking Engagement with effected Communities

Due to the concerns outlined above, the Cínovec/Zinnwald mining projects faces widespread rejection from both Czech and German municipalities and the local population. The project has been promoted at government and EU level without local and regional support. This opposition has been exacerbated by insufficient transparency and the lack of meaningful consultation. Citizen initiatives have reported that key project information, such as the final feasibility study, has been withheld from the wider public. The restricted access to crucial environmental information deepens concerns regarding possible arsenic and cadmium pollution, the potential overuse of water resources, and seismic risks. These actions violate transparency requirements under the CRMA, the Aarhus Convention, and EU Directive on public access to environmental information (2003/4/EC).

7. Questionable Contribution to the EU's Raw Material Independence

The ownership structures of Geomet s.r.o. and Zinnwald Lithium GmbH cast doubt on whether the extracted lithium will primarily benefit the EU. Geomet s.r.o. is 49% owned by European Metals Holding (EMH), a company listed in Australia and the UK. Zinnwald Lithium GmbH is fully owned by the UK-based Zinnwald Lithium Plc, with major shares held by China's Ganfeng International Trading. These ties to major lithium exporters and global players raise concerns that the lithium will not be reserved for EU markets, undermining the CRMA's goals.

8. Strong Reliance on Public Funding

Geomet s.r.o. has reportedly applied for funding from transformation funds. There is a significant risk that these funds, including EU funding and the EBRD's investments, will be used to subsidise a project with uncertain economic benefits and potentially severe negative environmental and social impacts, ultimately burdening taxpayers.

9. Recommendations:

In view of the project's substantive risks, we respectfully urge the EBRD to take these concerns into full account. The EBRD should refrain from any engagement that could conflict with its core mandate and could compromise the EBRD's credibility as a leading multilateral institution promoting sustainable development and responsible resource management.

We further recommend to:

1. **Launch an immediate and comprehensive independent due diligence assessment** of the Cínovec Lithium Project, with a particular focus on the project's serious environmental and social impacts. The assessment must critically evaluate the project's compliance with EU environmental legislation, the CRMA requirements, and the EBRD's own Environmental and Social Policy.
2. **Conduct a comprehensive cross-border ESIA process.** Particular attention should be given to the cumulative and transboundary environmental and social impacts of both the Cínovec and Zinnwald project, including all related activities such as processing, and transportation. This process should align with the Espoo Convention and best international practices.
3. **Seek explicit and legally binding guarantees regarding the implementation of best environmental practices,** closed-loop water management systems, and comprehensive mitigation measures to address all identified environmental and social risks, including greenhouse gas emissions. Independent monitoring mechanisms should be established and publicly reported on.

4. **Rigorously apply the precautionary principle.** Any support for the project should be withheld if significant environmental, social, and economic risks cannot be definitively and demonstrably avoided or adequately mitigated.
5. **Ensure early, inclusive and transparent public participation** and meaningful engagement with affected stakeholders, including local communities, civil society organisations, and local authorities, ensuring their concerns are heard, properly addressed, and integrated into all stages of project planning and decision-making.
6. **Demand full and transparent public disclosure** of all environmental and social impact assessments, feasibility studies, risk assessments (including for arsenic, cadmium, water, and seismic risks), mitigation plans, and related documentation in a timely manner, adhering to the principles of the Aarhus Convention.
7. **Conduct a thorough and independent examination of the project's technical and economic viability**, taking into account the uncertainties surrounding resource concentration, extraction costs, market fluctuations, and postponed investment decisions by the majority shareholder.

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