

ARCELORMITTAL ZENICA

1. Old tradition of steelmaking in Zenica

The history of steel production in Zenica started in 1892, when the Austro-Hungarian industrialists Leon Bondy, Moritz and Adolf von Schmit and Hans von Peng founded the company "**Eisen und Stahlgewerkschaft Zenica**". The steelworks experienced their biggest expansion after World War II, when the capacity for steel production increased from 100,000 tonnes (1940) to over 2 million tonnes (1988) of steel per year. Steelworks in Zenica were then employing more than 20,000 people. In the early nineties, the privatization of parts of the steelworks has begun. Thus, the traffic, engineering, business systems and production singled from the complex and in the end, the factory was halted in mid-1992 due to the war. After the war, Bosnian authorities did not have the capacity to start production at the factory, and the government of 1998 practically donated most of the steel mills to the Kuwaiti Investment Agency called KIA, so that they will in turn forgive the pre-war debt of the SFRY (Socialist Federal Republic of Yugoslavia) to the Kuwaiti oil. While Zenica gained nothing in this "privatization", except for investments in the electric arc furnace to melt scrap metal, the new company was established in the steelworks, under the name of "BH Steel Zenica d.o.o." In August 2004, in an agreement between KIA and the LNM company, KIA has sold its stake in the factory to a company LNM owned by Lakshmi Mittal, and Mittal has become the owner of 92% of the steelworks. By subsequent acquisitions, LNM became ArcelorMittal, which is a global leader in the production of steel today.

2. New owner, new methods

Recapitalization Agreement, which is still hidden from the public, planned the launch of the integrated production with capacity of 2 million tonnes of steel a year, investments in increasing production capacity, environmental protection and employment of at least 4,500 workers.

The recapitalization agreement coincided with adoption of the Environmental Protection Act, which introduced environmental permits as a legal mean to establish a balance between industrial production and environmental protection. The Act allowed existing installations to present a plan of activities for adjusting their production to new legislation. The plan of activities for ArcelorMittal was prepared by local experts from the University of Zenica, but most of its content, especially the plan of financial investments, was dictated by the corporation. The formal public debates about the plan of activities were organized, but almost none of the comments were included in the environmental permits.

Even before the permits were issued, the integrated production was actually launched in 2008, accompanied with enormous air pollution, which could not be penalized because the permits did not enter into force yet. The first permits were issued in December 2009, and the remaining came by the end of 2010. It turned out that the investments were much lower than planned. So, even today, we have an enormous pollution of air, water and soil in Zenica. Instead of the planned two million, production rate is less than one million tons per year, and the company now employs fewer than 2,500 workers. It is interesting that production rate coincides with the air pollution; as the production increased, the air pollution followed the same trend.

3. Eko Forum Zenica comes to the game

In 2008, the citizens could not bear the critical environmental situation much longer and decided to organize themselves to be stronger against the powerful opponent of multinational corporation ArcelorMittal, the major polluter in the whole region. This is how Eko Forum was formed, in the middle of collective disagreement of the people that lifted them from the chairs and made them take to streets. Eko Forum started as a volunteer, non-political and non-profit organisation that wanted to support the rights and concerns of the citizens. Since its foundation, tens of official letters to the authorities were sent, but less than 5 were answered. Eko Forum concentrates on improving the environmental situation and quality of life in Zenica and serves as a mediator of communication within sectors of the government and the people.

In 2012, Eko Forum organized massive protest marches in the city and more protests followed in 2013 and 2014 - and in 2015 with protests of the communities from areas surrounding the factory.

However, even though the organization gathered the people and raised a critical mass, the authorities ignored this and the situation showed no improvement.

4. Civil society uses the their right to justice

After years of using various methods of struggle for cleaner environment and sustainable development, Eko forum made another step and used their right to access the justice - in September 2015, Eko Forum Zenica filed two criminal charges:

- **Against ArcelorMittal and responsible employees for the criminal offense "Environmental Pollution."**
- **Against the former minister from Federal Ministry of Environment and Tourism and the director of Federal Administration for Inspection as a responsible state institutions for the disastrous environmental situation in Zenica, for the criminal offense "Lack of Commitment in service."**

Although the state of the environment is bad in some areas of the country, so far nobody was charged for pollution and associated crimes in BiH. Symbolically, both charges were submitted on the seventh anniversary of the ratification of the Aarhus convention, an international legal framework which guarantees the right to access justice.

The criminal charges are now being processed by the prosecutor's office and the police, additional evidences are being collected, but further progress will surely take longer time. The reaction from the corporation was, denial of all charges, blaming them on the crisis in operations, and threatening with possible layoffs and a decrease in production, as the civil society expected. On the other side, there was no reaction from the accused authorities, neither negative nor positive.

5. *Factory operates with all environmental permits expired*

From 24th November 2015, six plants of ArcelorMittal Zenica work without the environmental permit, and work on two departments were even previously suspended (EAF steel mills and forge).

Tab.: Detail of the environmental permits according to departments

- 1) **Coke Plant** - environmental permit issued (24.11.2010) - Expiry date (24.11.2015)
- 2) **Sintering plant** - environmental permit issued (24.11.2010) - Expiry date (24.11.2015)
- 3) **Power plant** - environmental permit issued (24.11.2010) - Expiry date (24.11.2015)
- 4) **Blast furnace** - environmental permit issued (02.12.2009) - Expiry date (02.12.2014)
- 5) **BOF steel mills** - environmental permit issued (02.12.2009) - Expiry date (02.12.2014)
- 6) **Rolling Mill** - environmental permit issued (02.12.2009) - Expiry date (02.12.2014)

6. *Fight for environmental democracy goes on despite obstacles*

Although the company has submitted an application for the renewal of environmental permits in December 2014 - the Federal Ministry of Environment and Tourism has so far drafted a renewed permit for two departments only: BOF / EAF steelworks (as of December 2015). Due to a number of comments sent by Eko Forum Zenica and the city administration on the draft of new permits, the final version of the permit was signed with a delay in November 2015. The competent service of the Ministry, which is managed by the Assistant Minister, never prepared the remaining permits, nor has organized the public debates. The first renewed permit was received with strong criticism of both Eko Forum and the city authorities, since it did not include any of the essential suggestions submitted after the initial draft was revealed. The major complaint is failure to include fugitive emissions in the air monitoring plan, thus giving the company another chance to conceal how much pollution it actually emits and possibly delay the remaining environmental projects.

The permits for the remaining departments will now be more difficult to prepare, because the Assistant Minister in the Sector for environmental permits is retired from 25.11.2015, and because of the Federal Government's moratorium on recruitment, the vacant position of the civil servant is not going to be filled soon. It turns out that the ministry has no capacity to prepare the new permits in the nearest future.

In the meantime, ArcelorMittal still avoids admitting that they are the major polluter, blaming household heating and traffic for excessive air pollution. In one of their public statements, they falsely blamed the 30.000 household heating for air pollution, although in total, there are only 26.000 households in Zenica, and among them 15.000 use the central heating. Having in mind that some of the remaining uses wood, electricity or pellets for heating, it turns out that not more than 5.000 domestic fireplaces burn coal, thus contributing to the air pollution.