

Serbia: Anti-mining protests will be a sustained source of political instability in the foreseeable future | Credendo

Event

Since August, a major lithium mining project in the Jadar river basin, in the west of the country, has sparked nationwide protests due to concerns about its environmental impact.

Impact

After having suspended the Rio Tinto project before this year's spring elections and following large environmental protests, President Vucic has re-launched it as he is attracted by rosy economic prospects from much-needed batteries and the EV market. Indeed, this could be a key project for the country, which hopes to become a hub for a new EV supply chain – potentially meeting more than 15% of future EU EV demand – and see its economic and job outlook improve significantly. Besides, Vucic hopes that by supplying the EU market with lithium, Serbia could benefit from eased EU pressures regarding its ambivalent stance between the EU and Russia. Indeed, Serbia remains the only European country not to apply sanctions against Russia.

The EU Commission and large EU member states such as Germany and France are also keenly supporting the project for national economic security purposes in critical minerals as they aim to reduce the EU's high reliance on China. Hence, this position is fuelling anti-EU sentiment during the protests too. In an ideal scenario, the mine could be operational by 2028 and become the largest lithium mine in Europe. However, political risks remain high with a majority of the population said to be against the project, according to a recent poll. The protests are also an opportunity for people to express their opposition to the president and the dominant ruling SNS party. The question is therefore whether President Vucic would risk losing his political grip on the country by backing the mining project until exploitation. At this stage and with the elections now behind him, Vucic seems determined to move the project forward and this time implement it. The option of a local referendum to help ease political pressures has been mentioned but that would have a very uncertain outcome. Meanwhile, Rio Tinto will have to offer more guarantees to the local population in mitigating the environmental impact. For sure, further protests will resume in the coming months and be a source of political instability. Looking ahead, the implementation of the mine project could be hindered by risks of sabotage and damage from environmental activists to project-related infrastructure and equipment.

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