

The Trepca mining complex: How Kosovo's spoils were distributed

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In northern Kosovo, near the town of Mitrovica, sits a huge dilapidated industrial site known as the Trepca mining complex. During the 1980s, it employed 20,000 workers and accounted for 70 percent of all Yugoslavia's mineral wealth. One economist described Trepca as a "colossal conglomerate composed of more than forty mines, foundries, and subsidiary plants—which [at its height] generated 25 percent of the entire regional industrial production and figured among the principal exporters of the ex-Yugoslavia." According to the same study, "In the subsoil of Kosovo, one of the richest of Europe, enormous deposits are hidden of lignite, lead, zinc, non-ferrous metals, gold, silver and petroleum," on top of 17 billion tons of coal.

The British built core production facilities in the 1920s. During the German occupation of Yugoslavia in World War II, Stari Trg, the centrepiece mine, supplied 40 percent of lead used in the Nazi war industry. The complex also made the batteries used to power the U-boat fleet. After the Yugoslav partisans drove the Nazis out, Trepca was maintained as a nationalised industry. During the break-up of Yugoslavia in the early 1980s, workers at Trepca fought to defend their jobs against mass sackings. Warring Albanian and Serb nationalist factions exploited the workers' fears.

Prior to the NATO bombing campaign in spring of 1999, the Yugoslav government had attempted to privatise Trepca. In 1998, despite international sanctions, the first phase of a restructuring of the site was undertaken in partnership with Mytileneos Holdings S.A., the Greek metals group. According to one study, Mytileneos signed several contracts with the Serbian agency of foreign trade "for a total of \$519 million." In return, Trepca would receive concentrates for production and modern mining equipment. However, "Any further development was hampered by the precipitation of events and by the collapse of the economic, judicial, and administrative system of Kosovo," the study found.

Global investor interest in the potential of the site was widespread before the NATO strikes. On June 22, 1998, the *New York Times* reported that the Yugoslav government was negotiating for the sale of shares in the Trepca complex. It was on Yugoslav President Slobodan Milosevic's list for eventual auction. The *Times* sent reporter Christopher Hedges to the Stari Trg mine in Kosovo during the Kosovo Liberation Army (KLA) insurgency against the Yugoslav government. He wrote an article on July 8, 1998, "Kosovo War's Glittering Prize Rests Underground", describing his visit to the Stari Trg lead and zinc mine. "As the iron box rattled and squealed on the ear popping journey, dropping at 18 feet a second, it left behind the potent symbols of nationalism and ethnic identity scattered in disarray on the ground above. Instead, in the shrill cacophony, it exposed the real worth of Kosovo.

"There is over 30 percent lead and zinc in the ore', said Novak Bjelic, the mine's beefy director.... We export to France, Switzerland, Greece, Sweden, the Czech Republic, Russia and Belgium.... In the last three years we have mined 2,538,124 tons of lead and zinc crude ore ... and produced 286,502 tons of concentrated lead and zinc and 139,789 tons of pure lead,

zinc, cadmium, silver and gold."

Hedges' visit was a scouting mission, alerting US investors that while geo-strategic interests were at stake in the Balkans, investors should not forget the substantial assets to be seized—he estimated its value around \$5 billion.

Shortly after cessation of the NATO bombing which virtually destroyed all significant infrastructure, attention refocused on Trepca. "Winning Kosovo's peace", a speech delivered on July 26, 1999, by Samuel R. Berger, assistant to the president for national security affairs in the US, claimed that Trepca's furnaces had been used to burn the bodies of 1,500 missing Kosovo Albanians. But after the withdrawal of Yugoslav troops, the Organisation for Security and Cooperation in Europe (OSCE) special investigators from France dismissed the charge of alleged atrocities. Even the Hague Tribunal admitted it found no evidence. The OSCE reported that the Zvecan lead smelter (part of the Trepca complex) had not been working since the commencement of the NATO air war. A US National Public Radio broadcast in January 2001 resurrected the atrocity claim. Once again, it was refuted, but this time Hague Tribunal officials questioned the investigative equipment they had used as "outdated".

Miraculously, during 37,000 sorties by NATO bombers Trepca remained untouched, whereas other branches of industry were destroyed with deadly precision. One example was the Yugoslav oil industry. One account explained that the "Italian oil company ENI had foreseen a pipeline from Pitesti (in Romania) to the Yugoslav refinery in Pan.... But US war planes destroyed the Yugoslav complex with remarkable tenacity." During this period, the Trepca complex ceased production. Serb and Albanian miners worked without pay to stop the mines from flooding. The majority of the complex remained under the control of the Yugoslav authorities. Production at the lead smelting plant restarted in July 1999.

In February 2000, 25,000 Kosovans marched on the mixed town of Mitrovica. The aim of the march was ostensibly to reunite the population with lost relatives, but the KLA had ulterior motives. They exploited the march and directed it toward driving out all non-ethnic Albanians—as part of their strategy of creating a Greater Albania. The KLA also wanted the Trepca complex. They had slowly encircled the Zvecan plant, cutting off workers' pathways. In advance of NATO troops, they had seized and placed armed guards at many of Kosovo's industrial sites. The KLA wanted to be the arbiters in the transfer of Kosovo's public assets to the free market. Indeed, in 2002, the KLA's political wing, the PDK, would secure the ministerial posts for public utilities and trade and industry in the Kosovo assembly, both closely involved in the sale of the province's assets.

Albanian miners who had worked under Serb management at Trepca were murdered or driven out as traitors. Stari Trg was now in a KLA controlled area, while the main smelting plant, Zvecan was under Yugoslav management.

In July 1999, Bernard Kouchner, head of the United Nations Mission in Kosovo, decreed, "UNMIK shall administer movable or immovable

property, including monetary accounts, and other property of, or registered in the name of the Federal Republic of Yugoslavia or the Republic of Serbia or any of its organs, which is in the territory of Kosovo.”

Kosovo was split up into sectors under the control of various NATO powers, with the Trepca complex being in the French sector. A conflict ensued between UNMIK and the Trepca management, who feared that UNMIK would take over the complex, as they had done with hundreds of other factories in Kosovo. The management and workers at the plant refused to leave and threatened to defend the plant “to the death”. Therefore, NATO had to temporarily back-down and look for a new justification for seizing the Trepca complex.

Trepca management’s fears were well founded. One example of what happens when UNMIK demands cooperation took place in July 1999. A visit to Kosovo by the British Trade International (BTI) mission headed by trade minister John Battle led to the appointment of an engineering team to prepare a report on re-establishing generation and transmissions for Kosovo power stations. At one stage, British tanks surrounded a power station, refusing access to its former engineers and allowing the British team a free rein. The following June, an agency of the European Union awarded the contract to refurbish the power station to the British *Npower* corporation, with a promise of further contracts.

In November 1999, the European Bank for Reconstruction and Development (EBRD) demanded UNMIK resolve the issue of ownership of industry in Kosovo, insisting, “Without clarity on this point investment will not be forthcoming.” Demanding immediate action, Carolyn McCool, head of the Mitrovica office of the OSCE, said of Trepca, “Something has to be done with the bloody thing.”

UNMIK orchestrated a press campaign to prepare public opinion for a military takeover of Trepca. They declared that Milosevic used Trepca for money laundering and financing paramilitary Serb units. In the build up to NATO’s seizure of Trepca, propaganda about the environmental impact of smoke from the Zvecan lead smelter was widespread. UNMIK began blood tests on the local population, pointing out that lead content far exceeded recognised world health standards.

After NATO had dropped tens of thousands of depleted uranium bombs, blowing up chemical and petrochemical plants, and affecting the whole region for decades to come, Kouchner declared, “The people of Mitrovica are at risk because of this smelter.... As a doctor, I can tell you that lead poisoning can have tragic consequences for families. It can mean irreversible damage to children and complications for pregnant women.” He insisted that the complex had to be closed down, describing it as “the only remaining Stalinist KOMBINAT [antiquated nationalised industry] in the world, a dinosaur with twenty-three activities all linked to each other.”

On August 14, 2000 nine hundred British, French, Italian and Pakistani KFOR troops launched a dawn raid from helicopters. First, they completely cordoned off the Trepca plant. Troops then entered the facility, captured workers and managers, tied them up and took them to the administration centre called “Three Hotel”. Workers who tried to defend themselves were brutally assaulted by troops using tear gas and plastic bullets. Zvecan came under UNMIK control.

Typical of media reports at the time was that in the *Boston Globe*:

“Hundreds of NATO-led peacekeeping troops wearing surgical masks against toxic smoke swept into a Serb-run smelting complex in Kosovo yesterday and shut it down, then used tear gas and rubber bullets to disperse protesters.... About 900 peacekeepers cordoned off a 200 square yard area around the huge facility before sweeping into the mining complex.... Soldiers ... gasped for air as clouds of black and white smoke belched from ageing chimneys.”

NATO has launched wars on several occasions under a humanitarian pretext, but this must be the first time that it has mounted a military

takeover in order to clamp down on alleged pollution! One commentator pointed out that surgical masks were a media gimmick useless against lead fumes he insisted that only a carbon-filter system would provide adequate protection. One month later NATO troops from Jordan guarding the Zvecan gates were still wearing surgical masks.

Senior French ministers supported the capture of Trepca and a press release from the US State Department praised the capture of Zvecan and the battle to “rehabilitate” the Trepca complex. Once a series of workers’ protests had subsided, Kouchner said, “Now we can get to work to bring Trepca back to life, and back to the people of Kosovo.” In a press release on the same day, UNMIK signed an agreement with the ITT (International Technical Team) Kosovo Consortium, made up of mining and smelting experts from French TEC-Ingenierie, US Morrison Knudsen International and the Swedish Boliden Contech. The three-phase plan would begin with a technical audit, an assessment of financial viability and asset preservation. In the meantime, the plant would be closed down.

The same press release admitted that concern for the environment had been a sham: “Gaining full access to the mines was vital for producing complete and fully documented ore body assessments. A new commercial mining law was also essential for investors so that whoever operated Trepca could be assured sufficient quiet enjoyment of the facility’ to ensure return on investment.”

On August 18, 2000, during an UNMIK press briefing chaired by Kouchner, reporters raised the question of the former owners. The majority of property in Kosovo was state owned and UNMIK seized it without opposition, but in a small number of cases, ownership was challenged. This was the case at the Sharr Cement Works in southern Kosovo, now owned by a Swedish corporation. Despite the claim for ownership, UNMIK prepared the Works for tender, advertised it on its web site and declared that if the court ruled that there was a legitimate claim then the former owners would be compensated. According to an article by Richard Merten in *Christian Science Monitor* September 15, 2000, “Over the next six months, the UN plan to explore similar options with 30 of Kosovo’s largest factories.”

In the same briefing, the criteria for environmental safety was downplayed and priority was given to “the competitive participation of Trepca in the world economy.” An ITT Kosovo study of Trepca would be done in conjunction with global trends in the metal markets. In case of business concerns over security, Kouchner guaranteed that NATO troops would be made available. When ITT Kosovo presented its 13 volume report on March 6, 2001, UNMIK stated that Trepca was “promising but not a golden goose”, with a “solid core of profitable assets”.

Ever since the military takeover of Trepca, ownership claims and counter-claims have followed each other. The Mytileneos Holdings S.A. group is demanding their contract be recognised. The British, who built the plant in 1927 and supposedly secured a 50-year concession, terminated in 1941, are demanding compensation. In private, French ministers are determined not to miss out on the resources in their own sector as they had done in Bosnia. Trepca has entered the third “production” phase of its rehabilitation, as UNMIK continues to digest ITT Kosovo’s report. It will not be long before the profitable parts of the Trepca complex goes the same way as the rest of Kosovo’s industry—put up for sale on UNMIK’s web site.



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