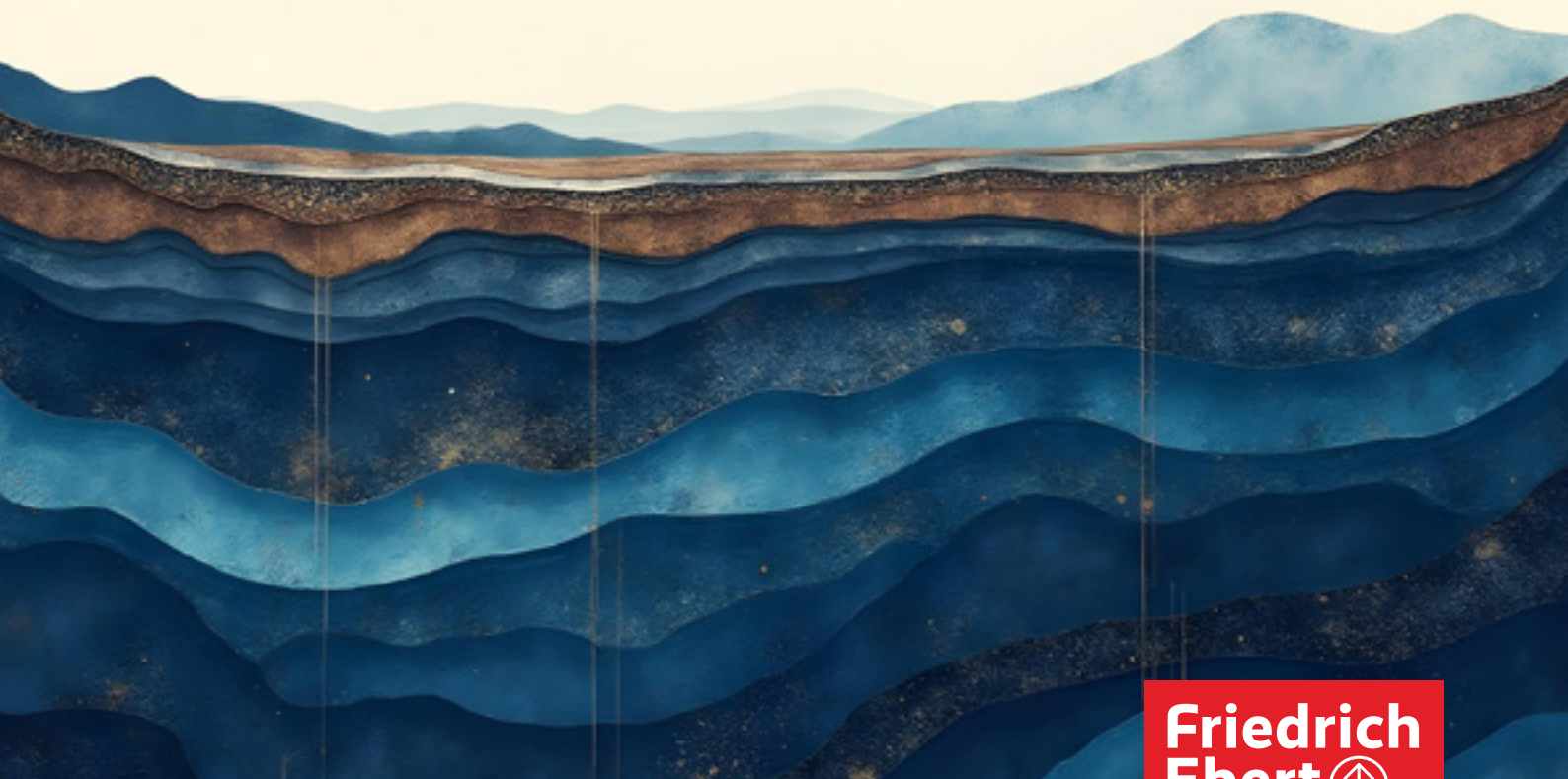


Nataša Kovačević
March 2026

Critical Raw Materials: Dispatch from Montenegro



Imprint

Publisher

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March 2026

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ISBN 978-9926-576-30-1

ID 69636358

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Sarajevo, 2026.

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Executive summary

Critical raw materials (CRMs) are essential for the EU's green and digital transition and industrial resilience. Through the 2023 Critical Raw Materials Act (CRMA), the EU aims to diversify supply chains, reduce external dependencies, and secure sustainable sources of strategic minerals both within and beyond its borders, including in candidate countries such as Montenegro.

Montenegro hosts several CRM resources, primarily bauxite, baryte, and certain base metals (copper, lead, zinc), with additional occurrences of rare earth elements and other strategic materials. However, most identified deposits remain at the level of geological indications rather than confirmed reserves. Despite this modest resource base, the Government's 2026 Annual Concession Plan signals renewed interest in mining expansion, particularly in copper and baryte exploration in Pljevlja, potentially integrating Montenegro into European supply chains.

At the same time, mining development in Montenegro is taking place in a context of weak governance, incomplete alignment with the EU acquis, and significant environmental and social constraints. Mineral-prospective areas frequently overlap with protected and high-value ecosystems, including UNESCO sites, Ramsar Convention protected wetlands, and Natura 2000/nominated candidate Emerald sites, while key regions such as Pljevlja and Mojkovac are already affected by severe legacy pollution. Environmental regulation is formally advanced but poorly implemented, with major gaps in environmental impact assessment (EIA) and strategic environmental assessment (SEA) procedures, water protection, mining waste management, and industrial emissions control. Circular economy performance remains low, with limited recycling capacity and over 90% of municipal waste landfilled.

Recent cases illustrate these structural weaknesses. The Brskovo polymetallic project near Mojkovac was cancelled in 2024 following sustained public opposition and procedural deficiencies, and is now subject to a EUR 300 million international arbitration claim. The Šuplja Stijena mine near Pljevlja continues to operate despite repeated pollution incidents, including a major 2025 tailings failure that contaminated the Čehotina river basin and exposed gaps in monitoring, enforcement, and legal accountability.¹ These cases demonstrate that mining expansion under

current conditions generates significant environmental, financial, and governance risks.

The analysis leads to the following main conclusions:

1. Mining expansion is constrained by systemic governance weaknesses

Montenegro's mining sector operates within a framework of limited institutional capacity, weak enforcement, and incomplete legal alignment with EU standards. The absence of CRM-specific regulation, financial guarantees, and effective oversight increases environmental and investment risks, as demonstrated by recent project failures and disputes.

2. Environmental risks are structurally high and cumulative

CRM-relevant deposits are frequently located in environmentally sensitive and already polluted areas, where mining activities amplify cumulative impacts on water, biodiversity, and public health. Incomplete baseline data and weak monitoring further limit the state's ability to prevent or mitigate these risks.

3. Social opposition reflects deeper governance deficits

Public resistance to mining projects, as seen in Brskovo, is driven by inadequate transparency, weak public participation, and low trust in institutions. Environmental conflicts increasingly act as broader challenges to governance and decision-making systems, rather than isolated sectoral disputes.

4. Economic benefits are uncertain and unevenly distributed

Mining projects in Montenegro follow a capital-intensive model with limited linkages to the domestic economy, while environmental and social costs are not fully internalised. At the same time, legal disputes and environmental damage create additional fiscal risks for the state.

5. Current policy orientation risks locking in unsustainable pathways

The continued prioritisation of primary resource extraction over circular economy measures, combined with weak regulatory enforcement, risks reinforcing

¹ Dan, [Privremena obustava dijela rudarskih radova u rudniku "Šuplja stijena" nakon inspekcijskog nadzora](#), 10 July 2025.

environmentally and economically inefficient development models incompatible with EU Green Deal objectives.

Under current conditions, Montenegro is not prepared for large-scale expansion of CRM extraction. Without substantial improvements in governance, environmental enforcement, and participatory decision-making, further mining development risks intensifying environmental degradation, increasing social conflict, and undermining EU accession commitments.

At the same time, the growing importance of CRMs in EU policy creates an opportunity to align resource governance reforms with the EU accession process, provided that environmental and democratic standards are treated as binding conditions rather than secondary considerations.

To address these challenges, four priority areas for action emerge:

1. **Strengthen governance, legal alignment, and enforcement**
2. **Ensure robust environmental protection and spatial safeguards**
3. **Institutionalise public participation and community rights**
4. **Prioritise circular economy and sustainable resource use**

If implemented, these measures could transform CRM governance in Montenegro from a high-risk extractive model into a framework aligned with EU environmental standards, democratic accountability, and sustainable development objectives.

1. Introduction

Montenegro hosts several minerals from the EU Critical Raw Materials (CRM) list, primarily including bauxite (aluminium), baryte, titanium, rare earth elements, vanadium, scandium, and gallium. While the country has identified 28 mineral raw materials, many of these have been identified only through geological indications or secondary technogenic resources rather than defined reserves.² Thus, Montenegro could play only a relatively limited role in the European CRM supply context.³ The country has a long mining tradition, historically centred on bauxite, lignite, lead, and zinc, however, its mineral sector has remained relatively inactive over the past two decades. As a candidate country for EU accession, and with Europe seeking to reduce dependence on external suppliers, Montenegro appears to be a modest potential new partner in the Western Balkans.⁴

The Government's 2026 Annual Concession Plan⁵ places Montenegro back on the regional mining map by prioritising new copper and baryte exploration concessions in the municipality of Pljevlja, potentially linking the country to the EU's supply chains for energy transition metals. Since mining expansion plans often expose gaps in environmental governance, public participation, and compliance with EU environmental standards, this initiative would test the limits of the environmental reforms required under Chapter 27 in Montenegro's EU accession negotiations. Several previous mining proposals in Montenegro, such as the Brskovo opencast zinc, lead, and copper mine in Mojkovac, have been highly problematic, showing numerous weaknesses related to transparency, public consultation, environmental protection, and local community impacts.⁶

² Slobodan Radusinović, Robert Šajn, Božica Jovanović, Duška Rokavec, Katarina Hribernik, Vasilije Abramović, Matej Draksler, Ivan Danilović, and Mia Jovanović, 'The primary and secondary mineral resources of Montenegro and their mapping into the European data model', Geologia Croatica, 2022.

³ Ibid.

⁴ Montenegro Business, [Raw materials, real power: Can Montenegro support Europe's critical minerals strategy?](#) December 2025.

⁵ Ministry of Energy and Mining, [Annual Concession Plan for 2026](#), Government of Montenegro, 30 December 2025.

⁶ [Montenegro Business, The Brskovo mine would endanger three generations](#), May 2023.

2. Overview of CRM potential, existing and planned mines and their operators

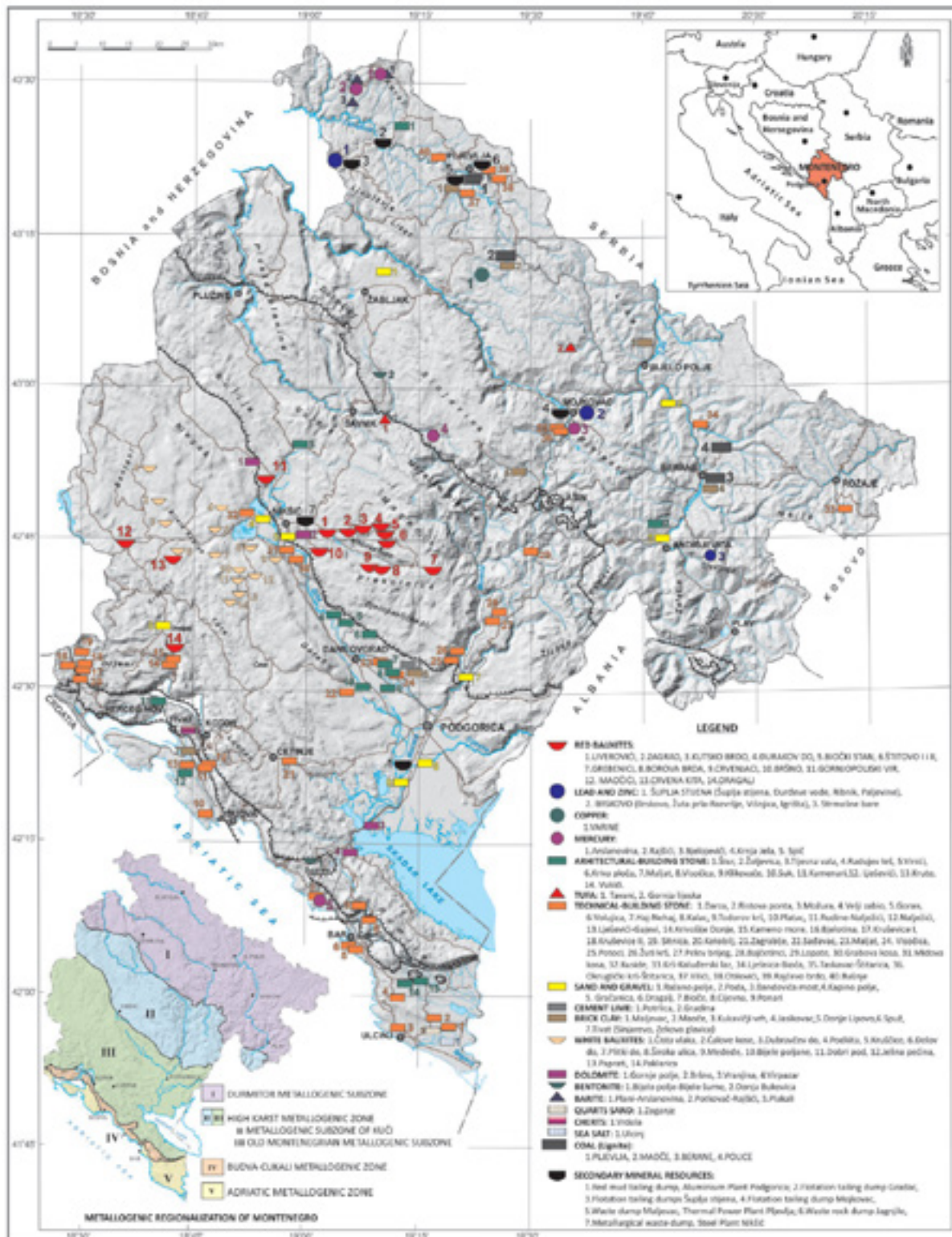


Figure 1.1. Map of the most important deposits and promising sites for metallic mineral raw materials (red bauxite, lead and zinc, copper and mercury) and coal in Montenegro. Pajović and Radusinović, 2010, cited in the State Plan for Exploitation of Mineral Raw Materials 2019-2028.⁷

⁷ Government of Montenegro, [State Plan for Exploitation of Mineral Raw Materials 2019-2028](#), February 2020.

Montenegro's current CRM and strategic metal prospects are concentrated primarily in the north, where copper, baryte, bauxite and lead–zinc deposits have been identified in the State Plan for the Exploitation of Mineral Raw Materials 2019–2028 and incorporated into the 2026 Annual Concession Plan. Priority is being given to new copper exploration at Varine and barite in the Kovač zone,

both near Pljevlja, alongside legacy deposits such as the Nikšić bauxite basin and the long-established lead–zinc districts of Brskovo and Šuplja stijena. These locations vary significantly in geological maturity, concession status and operational history. The table below summarises the key CRM relevant and strategic metal sites currently recognised in national planning documents.

Table 1: Montenegro CRM and strategic metal exploration sites

Location	Material	Quantities	Status	Operator
Varine (Pljevlja)	Copper , silver, gold	7.3 million tonnes copper ore at 0.77%; 24 million tonnes at 0.29%	Planned 2026 exploration concession	Government (TBD)
Kovač zone (Pljevlja)	Baryte	41–93% barium sulphite (BaSO ₄)	Planned 30-year concession	Government (TBD)
Šuplja stijena (Pljevlja)	Lead, zinc	Reserves up to 20 million tonnes of ore	Current concession active since 2010; Limited production since 2025	Gradir Montenegro / ZGH Boleslaw
Brskovo (Mojkovac)	Lead, zinc, copper, silver	9.2 million tonnes of ore	Concession terminated 2024	Tara Resources
Nikšić bauxite basin (Nikšić)	Bauxite	Large remaining deposits (State Plan)	Inactive / legacy	Rudnici Boksita Nikšić

The Šuplja Stijena mine in the municipality of Pljevlja is one of the main identified polymetallic deposits in northern Montenegro, confirmed at four deposits in the area: Šuplja Stijena, Đurđeve Vode, Ribnik and Paljevine. Verified geological reserves for Šuplja Stijena amount to approximately 16.9 million tonnes of ore, with an average combined grade of 2.51% lead and zinc (Pb+Zn).⁸ An opencast mine operated within the state company Trepča until it was shut down in 1987. It resumed operations around 1997, but closed again in 1999. The mine was restarted in 2010 by the private company Gradir and reached full exploitation in 2014–2015. In 2014, a state-led remediation project for the tailings site near the Čehotina River was initiated, and the World Bank considered it to have been completed by 2020,⁹ though little information is available within the country about the project results. Since 2025, mine operations have been limited due to the collapse in the tailing facility, which caused release of contaminated water in the Čehotina river. It remains operational for ore extraction and processing.

The Varine copper deposit in Pljevlja Municipality is currently of most interest to the state, and the Government's 2026 Annual Concession Plan¹⁰ announced a five-year concession for detailed geological exploration at the site. According to the Plan, Varine contains approximately 7.3 million tonnes of copper ore in categories C1 and C2, with an average copper grade of 0.77%, alongside silver (9 g/t of ore) and gold (0.3 g/t). Earlier exploration data indicate an additional 24 million tonnes of lower-confidence prospective resources with around 0.29% copper, implying that the total resource potential could be significantly larger once systematic exploration is carried out.¹¹ Due to decades of lignite extraction from the nearby coal mine and electricity generation at the Pljevlja coal power plant, the region is widely considered Montenegro's most environmentally burdened industrial area.¹² The proposed expansion into metallic mineral extraction therefore raises concerns about further degradation of the local environment and public health.

⁸ Ministry of Energy and Mining, [Annual Concession Plan for 2026](#). Government of Montenegro, 30 December 2025.

⁹ [Implementation completion and results report on a loan in the amount of EUR 44.7 million to Montenegro for an industrial waste management and cleanup project](#). June 27, 2024.

¹⁰ Ministry of Energy and Mining, [Annual Concession Plan for 2026](#). Government of Montenegro, 30 December 2025.

¹¹ *Ibid.*

¹² Doderović, M., Burić, M., Jovanović, D., & Milačić, S., [Analysis of river water and air pollution—Pljevlja as an environmental "hot spot" of Montenegro](#). Sustainability, 13(5), 2817, May 2021.

The Brskovo lead-zinc mine, located near Mojkovac, is one of country's most significant polymetallic deposits, with mining activity dating back to the 13th century and modern industrial production between 1966 and 1991, when operations ceased due to economic constraints. Historical extraction recorded around 1.5 million tonnes of ore, while remaining and newly explored resources are estimated at several million tonnes, with average grades of approximately 2.8% lead and 3.1% zinc. With a new concession granted in 2010 – a 25-year lease to the Swiss company Tara Resources – the planned output was around 45,000 tonnes of zinc and 13,000 tonnes of lead annually, alongside copper and silver by-products.¹³ The project faced critical public opposition, leading to its cancellation, before operations started.

Nikšić hosts Montenegro's largest known bauxite resources. Rudnici Boksita Nikšić, the former state operator, extracted bauxite for decades until its partial privatization, which was followed by bankruptcy in 2013. In 2015, the government signed a contract with Uniprom d.o.o, owner of the Podgorica aluminium plant, to extract bauxite until 2043.¹⁴ The aluminium plant has closed in the meantime and bauxite ore is now exported.

¹³ [Tara Resources, Developing the Brskovo mine in Montenegro](#), accessed 30 March 2026.

¹⁴ Government of Montenegro, [State Plan for Exploitation of Mineral Raw Materials 2019-2028](#), February 2020.

3. Legal, Regulatory and EU Accession Context

The EU Critical Raw Materials Act (2023)¹⁵ established obligations for EU states and candidate countries concerning CRM supply chain monitoring, project permitting, strategic stockpiling, circularity, and recycling. Montenegro's legislation does not yet reflect any of these requirements. There is no legal framework enabling the identification of strategic projects, no CRM-specific environmental standards, and no monitoring obligations for CRM value chains. Concession planning remains governed by annual plans that make no distinction between critical minerals and other mineral resources, and there is no integrated national CRM strategy. Annual concession plans continue to treat CRM and non-CRM deposits identically, and the absence of CRM prioritisation within concession policy, as per EU requirements, further contributes to regulatory misalignment with the EU acquis.

The Mining Law, as the key regulatory act for the sector, does not stipulate mandatory financial guarantees to cover environmental damage, accident risks or long-term mine closure and remediation costs, nor does it ensure that concessionaires internalise the full costs of prevention, pollution control and postclosure liabilities. Key issues such as tailings management, cumulative environmental impacts, protection of water resources and protected areas (Natura 2000/Emerald sites, UNESCO sites and other protected areas), treatment of legacy pollution, and binding community rights and public participation mechanisms are weak. In addition, poor legal enforcement and lack of effective supervision and control remains largely present, due to the unclear provisions and low capacities.

The most recent change in the sector is the Law amending the **Mining Law**, adopted by the Parliament on 7 April 2026.¹⁶ The amendment introduces nine new articles, focused exclusively on health and safety obligations for concessionaires, transposing Directive 92/91/EEC and Directive 92/104/EEC on minimum safety and health requirements for extractive industries. These provisions require mining operators to implement risk-assessment systems, adopt and regularly update safety and health plans, ensure monitoring of hazardous work, provide

evacuation and alarm systems, and guarantee annual medical screenings for employees.¹⁷

Although this reform represents a necessary step toward Chapter 27 alignment, its impact on the governance of CRMs is extremely limited. The amendment does not introduce any provisions on strategic minerals, nor does it modify concession procedures, environmental safeguards, mine-waste management requirements, or permitting processes. It therefore leaves the broader system of mineral governance unchanged. Importantly, Montenegro's system for allocating exploration and exploitation rights is further governed by the **Law on Concessions**,¹⁸ which regulates the procedures for tendering, awarding, supervising and terminating the use of natural resources. However, the Law on Concessions does not recognise critical raw materials as a separate strategic category.

Beyond the laws on mining and concessions, Montenegro's environmental and resource-management framework is framed by Chapter 27 (Environment and Climate Change) legislation, as a part of the EU accession process. This includes the Laws on Strategic Environmental Assessment (SEA), Environmental Impact Assessment (EIA), Waters, Integrated Pollution Prevention and Control, Nature Protection, Waste Management, and Liability for Environmental Damage, among others.

¹⁵ European Commission, [Critical Raw Materials Act](#), accessed 31 March 2026.

¹⁶ Parliament of Montenegro, [Law amending the Mining Law](#), Official Gazette 51/2026, 15 April 2026.

¹⁷ Ibid.

¹⁸ Parliament of Montenegro, [Law on concessions](#), Official Gazette 125/2023, December 2023.

4. Environmental and social safeguards

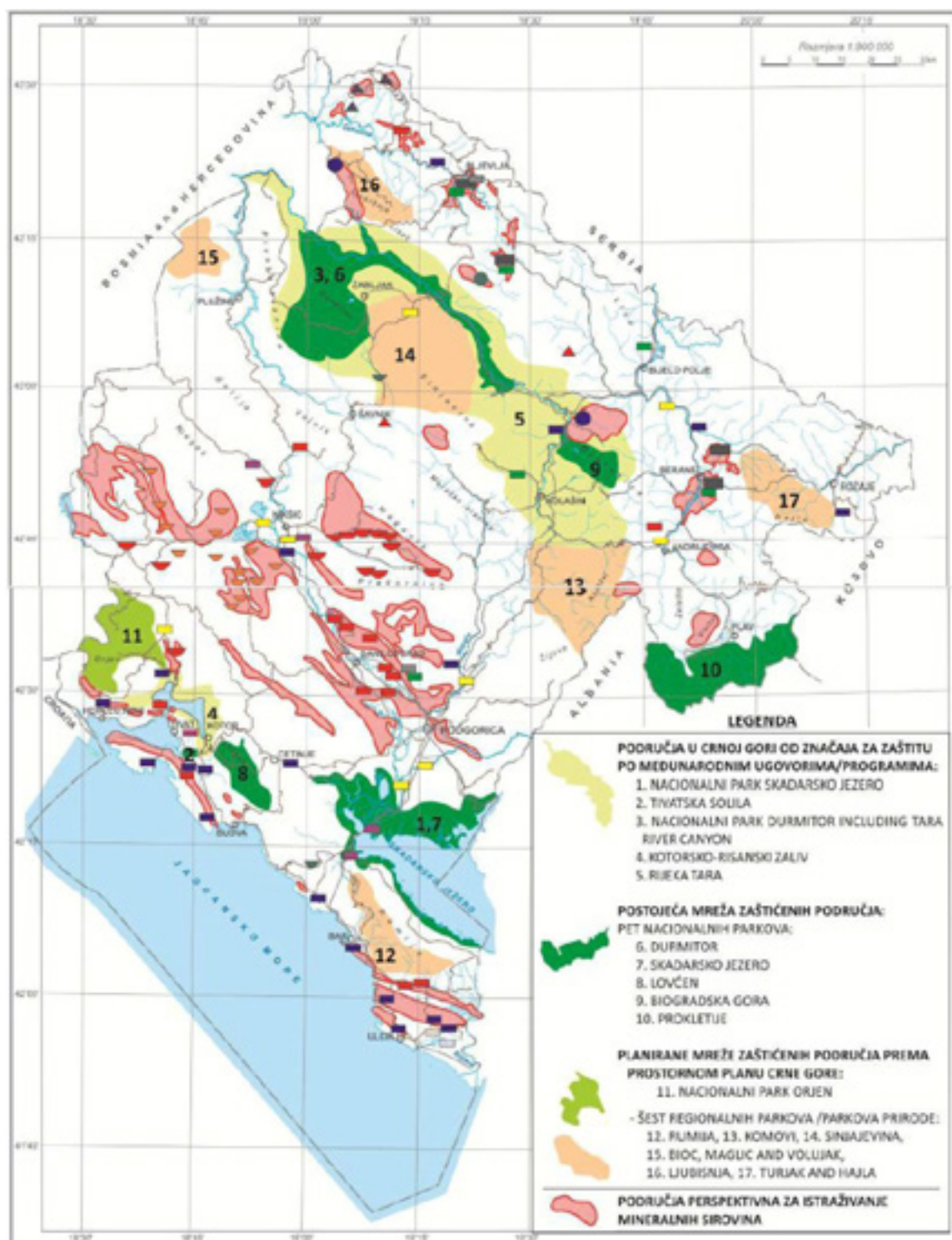


Figure 2. Protected areas and promising sites for exploration of mineral deposits. Radusinović S., 2016 - Project MINATURA 2020, cited in the State Plan for Exploitation of Mineral Raw Materials 2019-2028.¹⁹

¹⁹ Government of Montenegro, [State Plan for Exploitation of Mineral Raw Materials 2019-2028](#), February 2020.

Mining activities in Montenegro generate critical environmental and social risks, especially where resource rich zones overlap with protected natural areas and internationally designated conservation sites. The SEA report for the State Plan confirms that several mineral-prospective areas lie inside or directly adjacent to national parks, UNESCO sites, Ramsar wetlands, and Emerald/Natura 2000 candidate sites.²⁰ These overlaps, combined with weak monitoring, legacy pollution and cumulative pressures, create inherent risks of unnecessarily high environmental damage from mining projects.

The SEA also shows that plans to intensify the extraction of metallic ores relevant to CRM, particularly lead, zinc, barite, and copper, may directly jeopardise the country's most sensitive ecological areas. It points out that only 12.8% of Montenegro is already under national protection, while the internationally designated Durmitor National Park and Tara Canyon (UNESCO World Heritage), Tara River Basin (UNESCO Biosphere Reserve), Skadar Lake and Tivatska Solila (Ramsar sites), and a network of 13 Important Bird Areas and 22 Important Plant Areas, cover large parts of the same landscapes in which the State Plan identifies 1,110 km² of prospective mineral potential, including key CRM areas such as Brskovo, Ljubišnja–Šuplja Stijena, Visitor and Sjekirica.²¹

The SEA further confirms that dolomite deposits fall inside the wider Skadar Lake National Park protection system, a Ramsar wetland of continental significance.²² It also notes that CRM exploration is planned in or near Emerald/Natura 2000 candidate sites such as Prokletije, Rumija, Ulcinjaska Solana, the Bojana Delta, and the canyon ecosystems of Piva, Cijevna, Lim and Komarnica, all classified as biodiversity hotspots, however the plan does not foresee no-go zones, apart from the existing highly restricted zones (I and II) regulated by the Law on Nature Protection.²³

Moreover, deficiencies persist in hydrological and biodiversity baseline data, especially in zones overlapping with Natura 2000/Emerald habitats.²⁴ Environmental information is also often incomplete or disclosed too late to enable meaningful public participation. These problems were evident during the controversial Brskovo redevelopment,²⁵ promoted in part due to its CRM potential, where hydrological modelling, waste-management strategies and cumulative impact

assessments were insufficient or missing. Without reliable data and robust monitoring, authorities cannot ensure that CRM extraction near nationally and internationally protected areas would comply with Montenegro's environmental obligations.

While the country's environmental legislation is mostly – but not completely – aligned with the EU's environmental *acquis*, implementation remains limited. The European Commission's 2025 report notes that Montenegro continues to face serious deficits in administrative capacity, environmental inspections, and inter-institutional coordination, with inadequate resources to ensure effective monitoring and enforcement.²⁶ These systemic weaknesses directly affect oversight of mining, including of CRMs.

The Water Framework Directive is also only partly implemented, with no integrated regulation of mine-water discharge, contamination pathways, or acid drainage risks. Recent environmental incidents, such as the pollution case at Šuplja Stijena in 2025,²⁷ show that current legislation does not ensure adequate hydrological protection. In **water quality** management, Montenegro lacks systematic surveillance of groundwater and surface-water bodies, and the water monitoring network remains incomplete, resulting in insufficient data for assessing ecological status,²⁸ required by the Water Framework Directive, which directly affects oversight of mining-related impacts such as acid drainage and tailings contamination. Article 4(7) of the Directive is mistransposed, and no case-by-case assessments take place in order to decide on potential derogations.

The implementation of the **EIA and SEA legislation** is hindered by limited assessment of cumulative impacts and inadequate public participation procedures, which have contributed to disputes over mining projects, particularly where hydrological and biodiversity risks are poorly examined. **Nature protection** obligations are poorly enforced, and many protected areas have weak administrative capacity and insufficient inspection coverage, including those exposed to pressures from mining exploration and access roads. The Emerald network is still not legally protected, and no appropriate assessments are carried out under Habitats Directive, although formally required by the Law on Nature protection.²⁹

²⁰ Ministry of Economy, [Strateška procjena uticaja na životnu sredinu Državnog plana eksploatacije mineralnih sirovina za period 2019-2028](#), June 2019.

²¹ Ibid.

²² Ibid.

²³ Parliament of Montenegro, [Law on Nature Protection, Official Gazette No. 54/16, 18/19 and 84/24](#).

²⁴ United Nations Economic Commission for Europe, [Environmental Performance Reviews: Montenegro – Fourth Review](#), 2025.

²⁵ Business and Human Rights Centre, [Montenegro: Local communities criticise plans to exploit ore, complain about lack of public participation & insufficient ESIA](#), 12 May 2023.

²⁶ Directorate-General for Enlargement and Neighbourhood Policy, [Montenegro Report 2025](#), European Commission, 4 November 2025.

²⁷ Vijesti, [Chemical leak investigated by prosecutors: Case opened in connection with major environmental incident at Šuplja stijena mine](#), June 2025.

²⁸ Directorate-General for Enlargement and Neighbourhood Policy, [Montenegro Report 2025](#), European Commission, 4 November 2025.

²⁹ Ibid.

Although Montenegro has a dedicated Law on **Industrial Emissions**, the country has not transposed the Industrial Emissions Directive (IED) in a manner that brings mining activities under integrated environmental permitting. Critical elements of pollution control, such as Best Available Techniques emission limits, monitoring obligations, and operational emissions oversight, do not apply to mining operations. The latest amendments to the Law on Industrial Emissions³⁰ did not change this situation, as the national Decree on Types of Activities Requiring Integrated Permits³¹ still excludes mineral extraction and ore processing installations, leaving the mining sector outside the scope of IED regulatory controls.

Air quality legislation faces similar challenges. Monitoring stations suffer from frequent outages, and key pollutants (PM_{2.5}, heavy metals, SO₂) are often under-reported. The European Commission notes that Montenegro needs to ‘significantly improve air-quality monitoring and data reliability,’ which is relevant for mining regions where processing and transport generate dust and heavy-metal emissions.³²

Montenegro has not aligned its mining legislation with the Mining Waste Directive (2006/21/EC). The Mining Law and the Law on Waste Management from 2024 do not introduce key obligations, such as a dedicated permit for extractivewaste facilities, category A safety designation, major accident prevention policies, financial guarantees, or longterm closure and afterclosure monitoring. Furthermore,

Montenegro does not require operators to prepare the Directive’s mandatory Extractive Waste Management Plan (Article 5), which must cover waste characterisation, stability control, monitoring procedures, accidentprevention measures, and closure planning.

Waste management policy and legislation are also insufficiently implemented. Montenegro’s circular economy performance remains limited across both the municipal and industrial waste streams. In 2023, the country generated approximately 1.3 million tonnes of waste annually, with a significant share originating from industrial activities, including manufacturing, mining and quarrying, with a high proportion classified as hazardous.³³ Municipal waste management remains predominantly linear with approximately 91–92% of municipal waste landfilled and recycling accounting for less than 10% of total treatment, while industrial sectors generate over 55% of total waste, including over 20% of hazardous waste.³⁴ The European Environment Agency (EEA) notes that circular material use in Montenegro ‘remains a challenge’, while national targets, such as 50% recycling of municipal waste and 70% recovery in construction waste by 2030, are ambitious given current implementation levels.³⁵ In this context, expanding mining or CRM related extraction without parallel investment in circular economy measures, waste reduction, and material efficiency risks further entrenching linear resource use and undermining alignment with EU and Green Agenda objectives.

³⁰ Parliament of Montenegro, [Law amending the Law on industrial emissions](#), Official Gazette 34/2024, 12 April 2024.

³¹ Government of Montenegro, [Decree on Types of Activities and Installations Requiring an Integrated Permit](#), Official Gazette, 13 December 2019.

³² Directorate-General for Enlargement and Neighbourhood Policy, [Montenegro Report 2025](#), European Commission, 4 November 2025.

³³ MONSTAT/Eurostat, [Waste statistics for Montenegro 2023](#), October 2024.

³⁴ Ibid.

³⁵ European Environment Agency, [Montenegro country profile, circular economy indicators 2023](#), 29 September 2025.

5. Cases from Montenegro

The Brskovo lead and zinc mining project near Mojkovac represents the most significant mining-related conflict in Montenegro in recent decades. The site, historically operated until 1991, was reactivated through a concession granted in 2010 to Sultan Corporation, which identified approximately 9.2 million tonnes of inferred polymetallic resources in 2011.³⁶ In 2018, the project was taken over by Swiss company Tara Resources AG, whose local subsidiary advanced the project through extensive drilling, metallurgical testing, and feasibility studies. The company projected an annual production capacity of around 45,000 tonnes of zinc, 13,000 tonnes of lead, 3,000 tonnes of copper, and approximately 1 million ounces of silver, supported by an estimated EUR 180 million investment, positioning Brskovo as a potentially major European zinc producer.³⁷

However, the project faced sustained and escalating opposition due to its environmentally sensitive location, risking significant impacts on the local community's health, environment, and local economy. The Bjelasica–Brskovo planned mining zone lies immediately beside the protection zone of Biogradska Gora National Park, a primeval-forest Important Plant Area and Natura 2000 candidate, and the Tara River basin, part of the UNESCO Man and the Biosphere Programme. The area is already burdened by a legacy of mining-related pollution, including acid mine drainage and heavy metal contamination, remediated in 2021.³⁸ Particular alarm was triggered by plans to construct two new tailings storage facilities significantly larger than the historical ones – up to five times the size, posing risks to water systems connected to the Tara River.

Public resistance culminated in large-scale civic mobilisation, including road blockades in March 2024, led by local communities and civil society organisations. Following prolonged scrutiny, the Montenegrin government formally terminated the concession in May 2024, citing irregularities in the feasibility study and the investor's failure to remedy identified deficiencies within the legally

prescribed timeframe.³⁹

After the government terminated Tara Resources AG's concession, the company submitted an arbitration claim to the International Centre for Settlement of Investment Disputes (ICSID) in July 2025, seeking approximately EUR 300 million⁴⁰ in damages and exposing the state to significant financial risk. Tara Resources disputes the government's grounds for termination, arguing that it fulfilled its exploration obligations, invested substantial funds, and received multiple deadline extensions due to statelevel delays in spatial planning procedures. The company has also stated that it paid a EUR 650,000 concession fee in early 2024, shortly before the government initiated termination proceedings.

The arbitration, which as of April 2026 appears to be still ongoing, is now considered one of Montenegro's most significant investment disputes, requiring the state to retain highcost international legal representation, including law firms from the United States and Serbia, to defend against Tara Resources' claim.⁴¹

The Šuplja Stijena lead and zinc mine, operated by Gradir Montenegro d.o.o. near the village of Šula (24 kilometres (km) from Pljevlja), has a documented history of polluting rivers in the Čehotina river basin, mostly via contamination from mine drainage into the Mjednički stream, a left tributary of the Čehotina. The mine is situated in the buffer zone of the Tara River UNESCO Biosphere Reserve, where karst hydrology allows contaminants to spread rapidly through the basin.

Cumulative impacts risks for the environment and health of the people nearby are extremely high, as Pljevlja combines coal mining, thermal power plant emissions, ash disposal and metallic mining, resulting in chronic air quality exceedances and degraded soils and waters in the Čehotina river basin. The Šuplja Stijena mine's flotation process uses a closed water cycle, however, overflows and accidental discharges have repeatedly been reported. In

³⁶ Tara Resources website: [Rudnik Brskovo](#), accessed 30 March 2026.

³⁷ Ibid.

³⁸ Pobjeda, [Umjesto „crne tačke” najljepši park prirode](#), May 2021.

³⁹ Dan, [Raskinut ugovor za rudnik Brskovo sa kompanijom Tara resorsis](#), May 2024.

⁴⁰ Ekapija, [eKapija | Kompanija Tara Resources pokreće međunarodnu arbitražu zbog rudnika Brskovo - Švajcarci tužbom od Crne Gore traže odštetu od 300 mil USD](#), June 2025.

⁴¹ SeeNews, [Montenegro seeks advisor for Tara Resources concession arbitration](#), 6 August 2025.

2019, local environmental monitoring and reports documented episodes of heavy pollution entering the Čehotina river via the Mjednički stream, which flows directly from the mine site, with observers noting visible discoloration of water, absence of fish downstream and catastrophic benthic decline in stretches of the river affected by mine effluent.⁴²

In June 2025, a major ecological incident occurred when a sinkhole formed within the flotation tailings pond, resulting in the drawdown of large quantities of tailings and wastewater into subsurface pathways.⁴³ Within days, cloudy, greycoloured water laden with tailings emerged at the Badanj spring, a natural water source that discharges directly into the Čehotina. The Badanj spring is located approximately 3–4 km (air distance) from the flotation tailings pond, on the right bank of the Čehotina opposite the mine site.

According to field observations by members of the Lipljen fishing club, on 23–24 June 2025, a large volume of turbid, grey sediment and suspended solids was recorded in the Čehotina downstream of Badanj, with substantial coverage of riverbed substrate by fine tailings at Tatarovine, near the Montenegro–Bosnia and Herzegovina border. These reports identified tailings deposits covering benthic habitat (bottomdwelling aquatic ecosystems, including sediments and organisms living on or in the riverbed) and expressed concern over impacts on river biota and drinking water sources.⁴⁴

In response, the Ministry of Energy and Mining and the Mining and Geological Inspectorate issued a temporary suspension (10 July 2025) of tailings disposal operations on portions of the tailings pond to facilitate geological investigation, remedial planning, and preventive action. The suspension was adopted as a protective measure under the Law on Protection and Rescue, in light of the incident being classified as a ‘major accident’ with environmental implications, but did not result in full mine closure. The company remains authorized to continue other mining activities under restrictions.⁴⁵

The post-incident assessment carried out by the Center for Ecotoxicological Testing (CETI) documented degraded surface water quality at the confluence of the Badanj spring and the Čehotina river, with elevated concentrations of lead, zinc, dissolved salts, and suspended particulates, representing a serious risk to aquatic organisms (fish, benthic fauna).

CETI also reported that the pollution was **not limited to a single location**, but continued to spread downstream, with samples taken at Tatarovine confirming ongoing impacts further along the river. Environmental organisations criticised the response for **not including analyses of river sediments or bottom-living organisms**, which are important for understanding **longterm ecological damage and the accumulation of pollutants in the food chain**.

The lack of such data was identified as a significant gap in assessing the full extent of environmental harm and the adequacy of monitoring.⁴⁶

Nine months after the incident, the Basic State Prosecutor’s Office in Pljevlja had not definitively assigned responsibility or concluded legal proceedings, despite ongoing investigations into the environmental and mining practices connected with the incident.⁴⁷ The delay illustrates limited state capacity to promptly investigate complex environmental cases and enforce accountability, raising concerns about regulatory oversight and the prevention of future violations. Since the 2010 reopening and privatisation of the Šuplja Stijena mine, its operations have also raised red flags regarding potential financial irregularities and corporate criminal activity. Slovenian investor Franc Riemer, formerly the 100% owner of Gradir company, accused Montenegrin businessman Veselin Pejović, lawyer Zoran Vukčević, and Črtomir Mesarič, director of the NLB Montenegro Bank, of falsifying ownership documents to transfer control of the mine. Riemer stated that he was defrauded of at least EUR 8 million, noting he was intentionally misled about his status as coowner and induced to invest additional capital before the mine’s assets were later sold for around EUR 60 million, generating profit for Pejović under contested conditions.⁴⁸

Beyond this, the mine’s operators continued to seek financial benefits while resisting legal obligations. In 2020, Gradir Montenegro (by then majorityowned by Polish company ZGH) filed an initiative before Montenegro’s Constitutional Court to challenge the Municipality of Pljevlja’s environmental fee, arguing that the mine was running a EUR 1.5 million loss and that the municipality’s levy of 1.7% of annual revenues would further endanger the company’s finances. Gradir insisted the environmental fee be calculated only from profit, not income, despite evidence that the mine was one of the municipality’s most significant polluters and would owe EUR 200,000 to 300,000 per year under the fee scheme.⁴⁹

⁴² Vijesti, [The dead stream kills Čehotina](#), 27 December 2020.

⁴³ Vijesti, [A sinkhole “sucked up” toxic water: Ecological incident at the “Šuplja stijena” lead and zinc mine near Pljevlja](#), 25 July 2025.

⁴⁴ Vijesti, [SRK “Lipljen” filed reports due to suspicion of spreading pollution from the “Šuplja stijena” mine](#), 16 September 2025.

⁴⁵ Dan, [Privremena obustava dijela rudarskih radova u rudniku “Šuplja stijena” nakon inspeksijskog nadzora](#), 10 July 2025.

⁴⁶ Vijesti, [CETI only conducted an analysis of the water surface after the ecological incident in the “Šuplja stijena” mine, ecologists are dissatisfied](#), 18 July 2025.

⁴⁷ Vijesti, [No culprit after nine months: Prosecutor’s Office still investigating serious environmental incident in the mining settlement of Šula](#), 23 March 2026.

⁴⁸ Monitor, [Afera Šuplja stijena: Biznis na domaći način](#), 7 November 2014.

⁴⁹ Vijesti, [Gradir Montenegro: Charge us a fee, but from the profit](#), 2 August 2020.

6. Conclusions, lessons learned and recommendations

Montenegro's recent mining experience, combined with comparable cases from the Western Balkans and EU candidate countries, highlights several recurring structural lessons:

1. Weak governance undermines project viability

Cases such as Brskovo and Šuplja Stijena demonstrate that insufficient transparency, weak environmental assessments, and limited institutional capacity lead to project delays, conflicts, and legal disputes. Similar patterns are being observed across the region, where governance gaps increase investment risk rather than reduce it. Recent developments, including the Brskovo project cancellation and the 2025 Šuplja Stijena pollution incident, further confirm weaknesses in pollution prevention, monitoring, environmental safeguards, and control, while also highlighting high legal and financial exposure.

2. Lack of social licence is a decisive risk factor

Public opposition in Montenegro has proven capable of halting large-scale mining projects. This reflects a broader regional trend where inadequate public participation, late disclosure of information, and distrust in institutions trigger sustained resistance. These dynamics underline the importance of participatory decision-making and community consent for project sustainability.

3. Environmental risks are amplified in sensitive and legacy-affected areas

Mining expansion in regions already burdened by pollution (e.g. Pljevlja, Mojkovac) or overlapping with protected areas significantly increases cumulative environmental impacts. Geographically, many deposits intersect with high-value ecosystems, including UNESCO and Emerald/Natura 2000 candidate sites. Across the Western Balkans, CRM projects frequently overlap with biodiversity hotspots and water-sensitive basins, compounding environmental risks.

4. Incomplete EU acquis alignment creates systemic risks

Partial transposition and weak implementation of key EU directives (on EIA, SEA, Mining Waste, Water, and

Industrial Emissions) result in inadequate safeguards, particularly regarding cumulative impacts, tailings management, and water protection. In Montenegro, the sector remains constrained by these gaps, with reforms often narrowly focused (e.g. health and safety) rather than addressing systemic governance issues or CRM-specific regulation. This pattern is common across candidate countries and directly affects project sustainability.

5. Linear resource models dominate over circular approaches

Low recycling rates and weak circular economy performance indicate that resource extraction is still prioritised over demand reduction and material recovery. Montenegro's approach to critical raw materials is primarily embedded in general mining, industrial, and energy-sector policies, with high reliance on landfilling and limited recycling. This trend risks locking the region into environmentally and economically inefficient extractive pathways.

As an overall conclusion, Montenegro contributes to the EU critical raw materials supply mainly through bauxite and certain base-metal deposits, including copper and zinc, some of which are listed as critical raw materials at EU level. However, under current conditions, Montenegro is not prepared for the large-scale expansion of CRM extraction.

Incomplete alignment with the EU acquis, significant implementation gaps, and structural governance weaknesses create substantial environmental, legal, and financial risks. At the same time, overlapping pressures from legacy pollution, sensitive ecosystems, and low circular economy performance further constrain sustainable development.

Without substantial improvements in governance, environmental enforcement, and participatory decision-making, further mining development risks intensifying environmental degradation, increasing social conflict, and undermining EU accession commitments. A sustainable pathway requires prioritising regulatory strengthening, environmental compliance, circular economy measures, and community consent, rather than expanding extraction under current conditions.

In light of these findings, the main recommendations for the Montenegrin government, EU bodies, and EU decision-makers include the following:

To the Government of Montenegro:

- **Strengthen EIAs/SEAs, carry out appropriate assessments and Water Framework Directive Art. 4(7) tests, and put enforcement first.** Full alternatives analysis, mandatory public participation from the earliest stages, and transparent concession allocation are prerequisites, not optional steps.
- **No expansion without circular economy policies.** Prioritise material demand reduction (in the transport, construction and energy sectors), recycling and resource efficiency, and the rehabilitation of legacy mining and industrial sites before issuing any new concessions.
- **Introduce strict no-go zones.** Protect biodiversity areas, drinking water catchments, and high-quality agricultural land from all mining activities.
- **Ban high-risk practices.** Prohibit unproven extraction methods and high-risk tailings management practices, including new tailings dams, upstream dam construction and inadequate tailings storage and closure systems.
- **Community rights must be binding.** Require community consent for all mining projects. “Strategic project” status must never override local decision-making.
- **Guarantee fair public benefits.** Mining companies must cover infrastructure, health, water and transport costs, and establish ring-fenced mine closure funds accessible regardless of ownership changes.

To EU Institutions:

- **Stop presenting mining as the primary CRM solution.** Prioritise EU-level **demand reduction**,⁵⁰ resource efficiency, and recycling infrastructure before promoting new extraction in candidate countries.
- **Make CRM partnerships conditional.** Require measurable progress on enforcement, transparency, SEA/EIA quality, and compliance with Aarhus/Espoo/Bern and Energy Community Treaty obligations.

→ **End greenwashing.** Renewable components or “green transition” rhetoric cannot justify environmentally harmful mining projects.⁵¹

- **Strengthen oversight by project financiers.** Require due diligence on entire mining complexes—not only the EU- or international financial institution-financed component—and prohibit financing of new tailings dams or deep-sea mining.
- **Uphold community protection.** Ensure strong access-to-remedy mechanisms, pollution insurance, and community consent.

To EU Policymakers:

- **Lead with high environmental and social standards.** Translate leadership into practice by conditioning all bilateral support on demonstrable improvements in Montenegrin enforcement, transparent permitting and anticorruption measures, and by applying equivalent standards to EU-based companies and projects.
- **Prevent harmful investment practices abroad.** Require companies to assess the impacts of the entire mining complex, avoid high-risk technologies, and comply fully with the CSDDD⁵² and OECD due diligence guidance.⁵³
- **Champion community rights.** Support mechanisms for community consent, independent monitoring, and long-term environmental liability coverage.
- **Promote fair and sustainable partnerships.** Encourage legal reforms for mine closure funds, pollution insurance, and public-benefit frameworks—not extraction-driven quick wins.

⁵⁰ European Court of Auditors, Critical raw materials for the energy transition Not a rock-solid policy, special report No 04/2026, Publications office of the European Union, 2026.

⁵¹ Client Earth, Greenwashing and agencies Greenwashing and ad agencies: the legal risks, 18 February 2025.

⁵² European Parliament and the Council, Consolidated version: Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, OJ L 1760, 5 July 2024.

⁵³ OECD, Due Diligence Guidance for Responsible Mineral Supply Chains, accessed 30 March 2026.

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Critical Raw Materials: Dispatch from Montenegro

Montenegro's modest CRM deposits (bauxite, copper, zinc) could support Europe's green transition, but only if governance, equity, and environmental safeguards lead the way. Currently, weak regulations, legacy pollution, and social conflicts (e.g., Brskovo's cancellation, Šuplja Stijena's tailings collapse) reveal a sector unprepared for sustainable expansion.

The risks are clear:

- Governance gaps: No CRM-specific laws, poor enforcement, and misalignment with the EU CRMA.
- Environmental harm: Mining overlaps with UNESCO sites, Ramsar wetlands, and Natura 2000 areas, while 90% of waste is landfilled.
- Public backlash: Projects face protests, legal disputes (€300M arbitration claim), and lost trust due to lack of transparency and community consent.

But so are the policies:

- Strengthen governance: CRM-specific regulations, binding community consent, and financial guarantees for environmental damage.
- Protect ecosystems: No-go zones for mining in protected areas and water catchments.
- Prioritize circularity: Recycling, demand reduction, and legacy site rehabilitation over new extraction.
- Fair public benefits: Mining companies must fund local infrastructure, healthcare, and closure costs.

Montenegro and the EU must act now to ensure CRM development serves people and the planet, not just profit.

Further information on this topic can be found here:

➤ fes.de