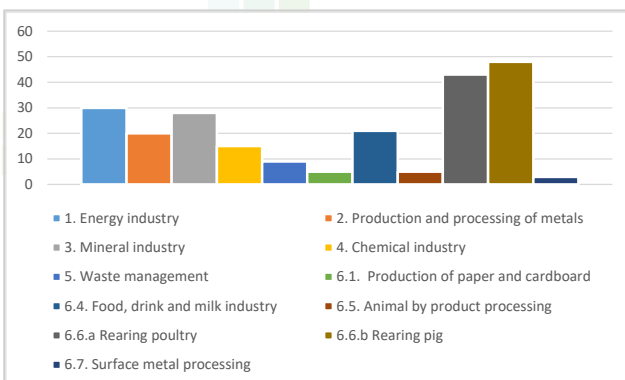


## Industrial Emission Directive (IED)

The Integrated Prevention Pollution and Control Directive (IPPC Directive) and subsequent Industrial Emissions Directive (IED) that incorporates IPPC and 6 other important industrial pollution Directives (Large Combustion Plants (LCP) Directive, Waste Incineration Directive, Volatile Organic Compound (VOC) Solvents Directive and Three Directives regarding Titanium Dioxide (TiO<sub>2</sub>)), seek to minimise pollution from various industrial sources throughout the EU. The IED is the primary EU legal instrument to regulate industrial emissions and aims to achieve significant benefits to the environment and human health, in particular through mandatory application of Best Available Techniques (BAT). Sectors within the scope of the IED account for a considerable share of overall pollution (emissions to air and water and waste generation) in Europe. It is estimated that they account for around 23% by mass of emissions to air. For emissions to water it is estimated to represent 20 to 40% of emissions of heavy metals and 30 to 60% of pollutants other than nutrients and organic carbon. The IED is based on several principles - integrated approach, use of Best Available Techniques (BAT), flexibility, inspections, and public participation.

The integrated approach means that permits must take into account the whole environmental performance of the plant, covering e.g. emissions to air, water and land, generation of waste, use of raw materials, energy efficiency, noise, prevention of accidents, and restoration of the site upon closure. The permit conditions, including Emission Limit Values (ELVs), must be based on the BAT. Defining BAT and the BAT-associated environmental performance at EU level is co-ordinated by the European IPPC Bureau at the EU Joint Research Centre in Seville (Spain). This process results in BAT Reference Documents (BREFs); the BAT conclusions include specific Emission Limit Values, aimed to achieve a higher level of protection of the environment and are adopted by the Commission as Implementing Decisions. The IED requires that these BAT conclusions are the reference for setting permit conditions. The IED contains mandatory requirements on environmental inspections. The IED ensures that the public has a right to participate in the decision-making process, and to be informed of its consequences by having access to permit applications, permits and the results of the monitoring of releases.

### Share of IPPC installations in Serbia according to Annex 1 activity codes

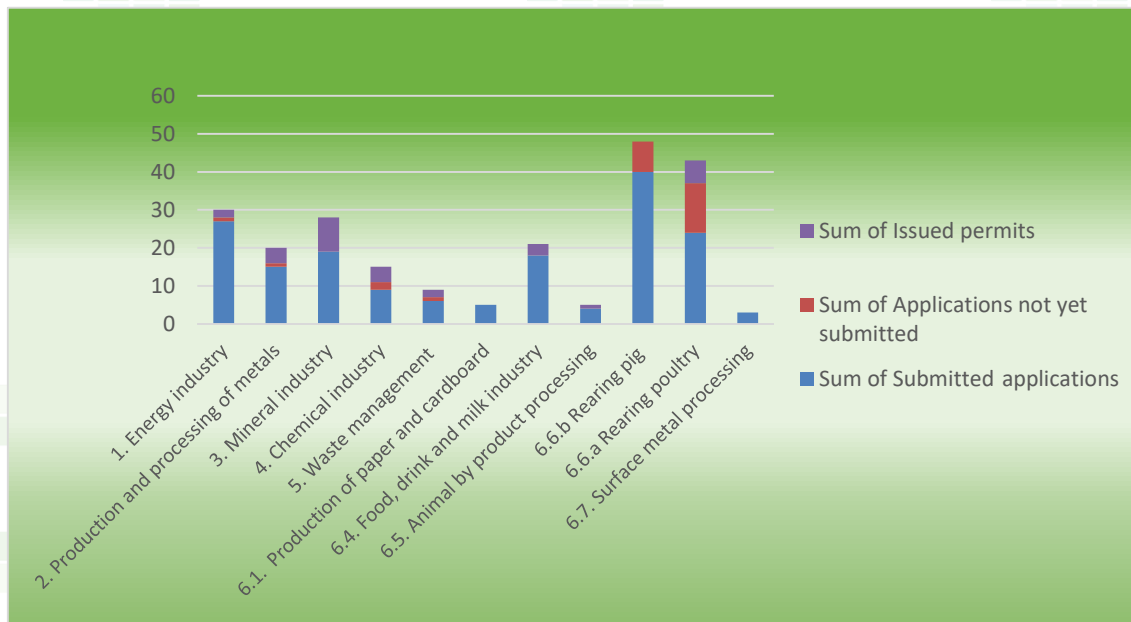


IPPC Directive has been transposed in Serbia in 2004 through the Law on Integrated Pollution Prevention and Control and its implementation, due to its complexity, is still ongoing.

Competent Authorities for issuing integrated permits are the Ministry of Environmental Protection (MEP) and Provincial Secretariat of Vojvodina for certain production sectors, as well as Local Self Governments for farms and food production.

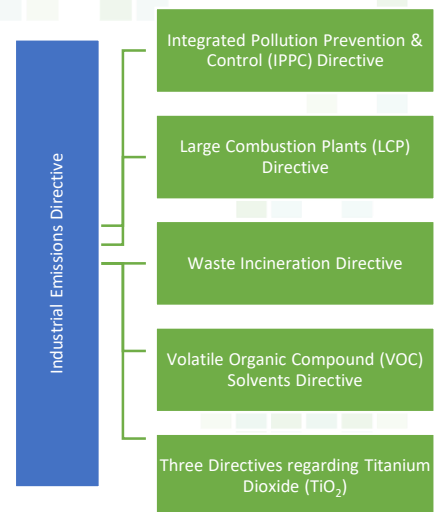
According to latest data, there are 227 IPPC installations in Serbia. This number will always be variable due to frequent changes in the sector for various causes such as variation in size, restructuring, change of ownership, etc.

## Status of IPPC permitting in Serbia on all levels of governance



In order to prepare for negotiation process for Chapter 27 on Environment, Serbia has developed Directive Specific Implementation Plan (DSIP) for Industrial Emission Directive (IED). The Plan describes necessary measures to complete the transposition of IED as well as to implement its provisions at Institutional and operator's level.

The Plan for full transposition of IED includes all the amendments that Serbian Government has identified as necessary to set up correctly the legal framework and ensure full implementation of the Directive. The document sets up the actions planned by the MEP and other institutions aimed to secure full capacity for carrying out the tasks required by the IED implementation. Finally, the document includes a specific plan for bringing to full compliance those installations that have requested specific extended implementation period. Each of these installations are described in the following terms: compliance measures and their costs, source of finance and timetable of investments, market, financial and social analysis as well as arguments on how the delayed compliance will not bring any additional harm to the environment nor create potential distortion on the competitiveness of these industries in the EU market.



Bringing industrial pollution to the EU level leads to improved quality of life to Serbian citizens and protection against harmful effects of pollution. Significant efforts in terms of financial and human resources are foreseen during the implementation process across all industrial sectors. Large scale investments will support modernisation of Serbian industrial installations, coupling environmental protection with efficient production, preparing them to compete on EU market. Major steps are already being made in order to reach Emission Limit Values (ELVs) with full understanding that there is a cost to improve the standards, but benefits outweigh the costs for this and future generations.