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Serbia: New Law on Mining and Geological Exploration

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Energy

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The necessity for a larger number of investments in the field of mining and geological exploration, as well as numerous deficiencies of the previously applicable laws, resulted in the enactment of a new Law on Mining and Geological Exploration (*Official Gazette of the Republic of Serbia no. 101/2015*) ("Law"), which came into force on 16 December 2015.

The Law governs the measures and activities of the policy regarding minerals, policy of development of geological explorations and exploitation of mineral and other resources and their classification, as well as the construction and use of mining objects, facilities and machines, and, finally, management of the mining waste.

Two types of geological explorations have been envisaged by the Law - the basic explorations, which falls under the scope of the public interest activities and such explorations are financed from the budget of the Republic of Serbia, and applied geological explorations, the scope of which is now significantly expanded. With the aim to provide incentives for the exploration of mineral resources that are of strategic interest for the Republic of Serbia, the Law prescribes the possibility of expropriation of the land in accordance with the law regulating expropriation. The Law precisely designates which minerals are of strategic significance for the Republic of Serbia. Applied geological explorations may be performed on the basis of a permit issued by the Ministry of Mining and Energy, i.e. competent authority of the autonomous province of Vojvodina in case the respective exploration is going to be performed in the territory of the autonomous province. The novelty, comparing to the previously applicable law, is that proceedings for obtaining the permit is to be performed in two phases.

Firstly, the interested party - company or entrepreneur submits the request for issuing the permit, along with the proof on payment of the republic administrative fee, designating the type of geological explorations, exploration space and duration of works. In case the Ministry determines, on the basis of data from cadaster of exploration space and cadaster of exploitation fields, that the exploration space for which the interested party has applied is available, and that other conditions for performance of works are fulfilled, the interested party is duly notified.

In the second phase, the interested party is obliged to submit to the competent authority the rest of the documentation prescribed under the Law within 90 days as of the day of receipt of the abovementioned notification. While prescribing the necessary documentation for obtaining the permit, the legislator decided to lighten the administrative burden by decreasing the number of documents that are to be submitted, which will reduce the number of the accompanying administrative procedures and ultimately enhance the efficiency and reduce costs borne by the interested party. The exception to the aforementioned procedure is the procedure for obtaining the permit for exploration of hydrocarbons in liquid and gaseous state (oil and gas) and other natural gases. In case the request for obtaining the permit for exploration of the same mineral or other geological resource or other geological resources on the same exploration space has been submitted by two or more parties, priority in obtaining the approval will be assigned to the party that first submitted a complete request.

The exploration period will be granted by the approval for performing the applied geological explorations in initial duration not longer than 3 years, with possibility of extension. Additionally, the entity that performs the geological exploration of mineral and other resources may also ask for keeping the right on the exploration space in order to prepare documentation for obtaining the approval for exploitation, i.e. approval for exploitation field. The entity that performs exploration, i.e. other company or entrepreneur to which the right of use of the results of exploration or certificate on reserves and resources has been assigned, may obtain the permit for exploitation and/or exploitation field on the basis of the certificate on reserves and resources. The Law closely regulates conditions for obtaining the approval for exploitation of mineral reserves, non-metallic mineral resources and performing a manual rinsing of noble metals. The respective approval ceases to be legally binding upon the request of its holder or upon the permanent suspension of mining works on exploitation of resources and reserves of minerals.

The Law also allows to foreign companies to render geological explorations and exploitation of mineral resources in the territory of the Republic of Serbia. Holders of permits for applied geological explorations, i.e. permits for performing mining works, remain obliged to pay the respective fee, except the fee for geothermal energy which has been abolished by the Law

