

April 20, 2017

Friends of the Earth Japan
Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
350.org Japan

[Urgent Statement]
**Indonesian Court Revokes Environmental Permit
for Cirebon Coal-fired Power Plant Project in West Java**
JBIC Must Immediately Review and Repeal its Loan Agreement for the Illegal Project
--- Japanese Groups Strongly Object to JBIC Premature Decision to Provide Finance ---

Following objections from local villagers, the regional court in Bandung, West Java, has revoked¹ the environment permit for 1000MW Cirebon coal-fired power plant expansion plan, known as Cirebon 2 on April 19.

Despite an ongoing legal challenge, the Japan Bank for International Cooperation (JBIC) had already concluded a loan agreement for Cirebon 2 on April 18, the day immediately before the court verdict was due.²

A coalition of Japanese groups are calling on JBIC to immediately review and repeal its decision to provide financing for Cirebon 2, as the project is illegal according to local law and in violation of the “JBIC Guidelines for Confirmation of Environmental and Social Considerations” (Guidelines) which require *“the compliance with environmental laws of the host nation and local governments concerned”* and *“the submission of environmental permit certificates issued by the host governments.”*

¹ Six (6) plaintiffs filed the administrative court case last December 2016, pointing out the illegality in several environment-related laws, such as a lack of amendment in the Cirebon Regency’s spatial plan, which is necessary to push through the current plan of expansion, as well as a failure to appropriately engage the community in the Environmental Impact Assessment (EIA) process. The West Java government was also accused of inappropriately issuing the environment permit (No. 660/10/19.1.02.0/BPMPT/2016. Issued on May 11, 2016), with the plaintiffs demanding its cancellation.

²<http://www.tribunnews.com/bisnis/2017/04/18/mou-pembiayaan-diteken-proyek-pltu-cirebon-ekspansi-segera-konstruksi>

JBIC confirmed in its response in the Diet on April 13 that it had recognized the progress of this court case.³ Thus, JBIC's decision to proceed with financing the power plant is in clear violation of local people's rights and the judicial decision in the host country.

In addition, the decision to finance the project was made even though it was impossible for JBIC to clearly confirm compliance with its own guidelines.

We express our strong and serious objection against JBIC's premature decision to finance Cirebon 2, which prioritises the company's profit over the local people's rights, whilst ignoring a judicial decision in the host country and in contravention of its own guidelines.

The currently operational 660MW unit of the Cirebon coal-fired power, backed by both JBIC and Marubeni, has already caused numerous environmental and social impacts. A formal objection against JBIC was submitted last November 2016 by the local villagers who had lost their livelihoods, such as small-scale fisheries, shellfish picking, salt-making, and farming, and who were concerned about deteriorating health conditions due to air pollution.⁴

Effective countermeasures have still not been put in place⁵ and Cirebon 2 is expected to worsen the situation.

JBIC has also made its decision to provide USD 3,730 million in finance within this one year for two other controversial projects in Indonesia, namely Batan coal-fired power plant in Central Java (2,000 MW) which has caused serious human rights violations,⁶ and Tanjung Jati B re-expansion coal-fired power plant in Central Java (Unit 5 and 6 with 2,000 MW), from which French commercial banks withdrew from the bank consortium in line with their commitments to reduce coal finance.⁷

Regarding Cirebon 2, a French bank, Credit Agricole, has withdrawn for the same reason. Countries all over the world have urged the Japanese government to immediately reject funding of Cirebon 2 as such funding will undermine global efforts to dramatically decrease carbon emissions in line with the Paris Agreement.⁸

The Japanese Government and JBIC must immediately review and repeal its decision to finance

³ Mr. Kondo, JBIC Governor, answered to the interpellation by Mr. Mikishi Daimon, a parliament member, in the finance committee, House of Councilors on April 13, 2017. (<http://www.webtv.sangiin.go.jp/webtv/index.php>) (only available in Japanese)

⁴ <http://www.foejapan.org/en/aid/161110.html>

⁵ <http://www.foejapan.org/aid/jbic02/cirebon/170418.html> (only available in Japanese)

⁶ <http://www.foejapan.org/en/aid/160606.html>

⁷ <http://www.foejapan.org/en/aid/170228.html>

⁸ <http://www.foejapan.org/en/aid/170323.html>

Cirebon 2, in accordance with the wishes of the local community and civil society, whilst recognising the recent judicial decision and the international trend of divestment from coal-related projects.

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