

## Joint Statement

### Prime Minister Kishida should cooperate with the US and the Philippines for true decarbonization

April 9th, Tokyo -

Japanese Prime Minister Fumio Kishida will visit the United States and meet with US President Joe Biden on April 10, 2024 and address Congress and hold a tripartite meeting with Philippine President Ferdinand Marcos Jr. on April 11<sup>1</sup>.

We are issuing this statement calling on Prime Minister Kishida to take this opportunity to join the leaders of the United States and the Philippines in conveying to the world his strong commitment to climate action, rather than hindering real decarbonization efforts.

On January 26, 2024, President Biden announced that his Administration will revise the criteria for export licensing of liquefied natural gas (LNG) and temporarily pause LNG export permit approvals<sup>2</sup>. Japan's public and private sectors are involved in many of the LNG projects in the southern United States, and it has been reported that President Biden's policy is facing opposition on the Japanese side on the grounds that it would affect Japan's energy security<sup>3</sup>. We call on the Japanese side to halt their opposition to this policy.

### Japanese government continues to finance new fossil fuel projects despite G7 commitment

At the G7 Elmau Summit in June 2022, G7 countries committed to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited circumstances clearly defined by each country consistent with a 1.5°C warming limit and the goals of the Paris Agreement. The same commitment was reaffirmed at the next G7 Hiroshima Summit in 2023.

However, the Japanese government continues to finance new fossil fuel projects despite this commitment. On March 26, 2024, the Japan Bank for International Cooperation (JBIC) and the Japan Organization for Metals and Energy Security (JOGMEC) announced that they would be investing in the Scarborough gas field development project being planned off the northwest coast of the Pilbara region of Western Australia. The Scarborough project has failed to secure the "free, prior, and informed consent" (FPIC) of affected Indigenous Peoples, and the case is now being litigated<sup>4</sup>. On the same day, JOGMEC also decided to provide loan guarantees for natural gas development and transportation projects in Vietnam.

Furthermore, on March 28 and 29, JBIC and Nippon Export and Investment Insurance (NEXI) announced that they have decided to support two gas-fired combined cycle power generation projects in San Luis Potosi and Salamanca, Mexico<sup>5</sup>. At this rate Japan is making decisions every day to provide public financing for new fossil gas projects.

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<sup>1</sup> NHK, "Prime Minister Kishida visits the US to coordinate Japan-U.S.-Philippines summit meeting to strengthen security cooperation" March 16 2024, <https://www3.nhk.or.jp/news/html/20240316/k10014392531000.html>

<sup>2</sup> White House "FACT SHEET: Biden-Harris Administration Announces Temporary Pause on Pending Approvals of Liquefied Natural Gas Exports" January 26 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/01/26/fact-sheet-biden-harris-administration-announces-temporary-pause-on-pending-approvals-of-liquefied-natural-gas-exports/>

<sup>3</sup> SP Global "US pause on LNG export permits may impact new LNG supply for Japan: METI minister" January 30 2024 <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/lng/013024-us-pause-on-lng-export-permits-may-impact-new-lng-supply-for-japan-meti-minister>

<sup>4</sup> "NGOs urge Japanese financial institutions to stop developing/supporting the Scarborough gas field in Australia" March 28 2024 <https://jacses.org/en/414/>

<sup>5</sup> "Joint Statement: NGOs Strongly Condemn Decision by Japan Bank for International Cooperation (JBIC) and Citibank to finance two gas-fired power projects in Mexico" March 29 2024 <https://jacses.org/en/418/>

The Intergovernmental Panel on Climate Change (IPCC) estimates that even just the fossil fuel infrastructure currently in operation or planned will emit enough CO<sub>2</sub> to cause a temperature rise of more than 1.5°C<sup>6</sup>. The International Energy Agency (IEA) in 2023 also reiterated that there is no room for new fossil fuel extraction projects to achieve net-zero greenhouse gas emissions by 2050<sup>7</sup>. The Japanese government's decision to provide public support for fossil gas projects clearly violates G7 commitments. Japan should withdraw this financing mentioned above, sign onto the Clean Energy Transition Partnership<sup>8</sup>, and make the commitment not to provide such support in the future.

## **Japan is involved in many fossil gas projects in the United States**

The Japanese public and private sectors are also involved in many gas projects in the United States. For example, Mitsubishi Corporation and JBIC are involved in the Cameron LNG project in Louisiana, and NEXI is currently considering signing an insurance contract for the Cameron expansion plan<sup>9</sup>. Three major Japanese non-life insurance companies are actively involved in gas-related businesses in the Gulf of Mexico, with SOMPO providing insurance for Rio Grande LNG, and SOMPO and Tokio Marine providing insurance for Gulf LNG. Cameron LNG is insured by Tokio Marine and MS&AD<sup>10</sup>.

Local citizens and NGOs have voiced opposition to these projects due to environmental pollution caused by existing facilities, leakage accidents, and negative impacts on fisheries<sup>11</sup>.

Industry and the government claim that gas is cleaner than coal and can be used as a bridging fuel, but this is a big mistake. Liquefied fossil gas pollutes the surrounding environment, consumes a lot of energy, and releases greenhouse gasses and air pollutants during the process of drilling, liquefaction, loading into gas tankers, marine transport, regasification, and then combustion in thermal power plants<sup>12</sup>. Prime Minister Kishida should listen to the voices of local communities that will be affected by gas development and have Japan provide the support that local communities want, rather than padding corporate profits.

## **Japan's so-called "decarbonization support through LNG expansion" actually hinders decarbonization in Asia**

Japan's public and private sectors are engaged in development and investment to expand the LNG market, especially in Asia, but this is actually hindering decarbonization in Asia. The Japanese government has launched frameworks such as the Asian Zero Emission Community (AZEC) and the Asian Energy Transition Initiative (AETI) to promote technologies such as gas, coal co-firing with ammonia, hydrogen, biomass, and CCS (carbon capture and storage). However,

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<sup>6</sup> IPCC, "Climate Change 2022, Mitigation of Climate Change Summary for Policymakers" (AR6 WG3), 2022

<sup>7</sup> IEA, "Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach" 2023 <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

<sup>8</sup> Clean Energy Transition Partnership, <https://cleanenergytransitionpartnership.org/>

<sup>9</sup> FoE Japan and FoE US submitted the comment to NEXI on potential support for Cameron LNG (Phase II) June 27 2023 <https://foejapan.org/en/issue/20230627/13322/>

<sup>10</sup> Insure Our Future "Risk Exposure: The Insurers Secretly Backing the Methane Gas Boom in the US Gulf South" February, 2024 [https://www.ran.org/wp-content/uploads/2024/02/RAN\\_LNG\\_2024\\_vF.pdf](https://www.ran.org/wp-content/uploads/2024/02/RAN_LNG_2024_vF.pdf)

<sup>11</sup> Gas Outlook "Louisiana LNG could be "nail in the coffin" for local fishermen" Feb 23 2024 <https://gasoutlook.com/long-read/louisiana-lng-could-be-nail-in-the-coffin-for-local-fishermen/>

<sup>12</sup> NRDC "Liquefied Natural Gas 101 What is it? Why is it? And what does it mean for the climate? February 9, 2024 " <https://www.nrdc.org/stories/liquefied-natural-gas-101#whatis>

voices of opposition have been raised throughout Asia, arguing that these not only lack economic rationality, but also prolong the use of fossil fuels<sup>13</sup>.

For electricity consumers in Southeast Asia, there are concerns that the expansion of gas markets will pose major economic burdens, especially as market prices could rise sharply with fluctuations in gas prices, hindering access to stable and cheap electricity<sup>14</sup>.

Currently, in Bangladesh, the Japan International Cooperation Agency (JICA) is engaged in the Moheshkhali-Matarbari Integrated Infrastructure Development Initiative (MIDI), and is expected to introduce a power plan that relies on imported LNG. However, since LNG spot prices skyrocketed in 2021, Bangladesh has been forced to raise electricity and gas rates and suspend LNG purchases from the spot market. Furthermore, even though there is surplus infrastructure capacity, it is difficult to pay for expensive imported fossil fuels, leading to frequent fuel shortages and rolling blackouts in various areas. Continuing to promote increased dependence on fossil fuels risks exacerbating the rolling blackouts already occurring in Bangladesh, and worsening the impacts on citizens and industry.

Expanding the gas business also carries risks of environmental and social impacts<sup>15</sup>. In the Philippines, JBIC and Osaka Gas have invested in the parent company of the operator of the Ilijan LNG import terminal. There are concerns about the impact on the rich marine ecosystem of the Verde Island Passage (VIP), known as the "Amazon of the Oceans". The local fishing community, concerned about the negative impacts on their livelihoods, filed an objection to JBIC in December 2023. They are pinning their hopes on a fair and thorough investigation by JBIC examiners, and counting on a wise decision by JBIC to withdraw its investment.

In many other gas development projects that the Japanese public and private sectors have promoted overseas, there have been reports of local environmental destruction and human rights violations against indigenous peoples. Japan's public and private investments in gas projects not only delay the transition to decarbonization, but also put the human rights of local communities and the natural environment at risk.

### **Japan and the United States should further strengthen climate goals and support for developing countries.**

At the G7 Summit in 2023 and the COP28 Dubai Conference, it was recognized that the world needs to reduce greenhouse gas emissions by 60% compared to 2019 levels by 2035 in order to meet the Paris Agreement target of 1.5°C<sup>16</sup>. The Japanese and U.S. governments, which have a historical responsibility for greenhouse gas emissions and have the ability to take action, are considering reduction targets that are much higher than a 60% reduction, positioning them as Nationally Determined Contributions (NDCs), and taking the lead in the world. The US government has indicated its intention to submit a new NDC by the end of the year, but it is not clear when the Japanese government will do so. Nor are there any clear signs that Japan is seriously considering practical steps towards a fossil fuel phase out. COP28 also agreed on the goal of tripling the world's renewable energy capacity and doubling the rate of improvement in energy efficiency by 2030. To make this possible in the Philippines and around the world, the Japanese and U.S. governments

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<sup>13</sup> "Asia-Pacific Civil Society Groups Submit an Open Letter to Prime Minister Kishida Before the ASEAN-Japan Special Summit and Organized an Asia-wide Action: Japan should seize the "Golden Opportunity" to phase out fossil fuels" December, 2023 <https://foejapan.org/en/issue/20231219/15511/>

<sup>14</sup> IEEFA "For emerging Asia, LNG volatility puts energy security and economic growth in jeopardy" March 01, 2022 <https://ieefa.org/resources/ieefa-emerging-asia-lng-volatility-puts-energy-security-and-economic-growth-jeopardy>

<sup>15</sup> "Protect VIP" <https://www.protectvip.org/>

<sup>16</sup> "G7 Climate, Energy and Environment Ministers' Communiqué Sapporo" April 16, 2023

need to demonstrate the political will to step up public financial support for renewable energy, not fossil fuels.

Meanwhile, media are reporting that the three countries intend to deepen their cooperation in nuclear power, especially small modular reactors (SMRs) and mineral resources<sup>17</sup>. However, nuclear power is an expensive source of electricity and involves massive inherent risks. In the Philippines, NuScale Power, an American start-up with equity participation from Japan including JBIC, IHI Corporation and JGC Holdings, is planning to build SMRs, referred to as next-generation nuclear power plants. But SMR also has the same challenges as conventional nuclear power plants has<sup>18</sup>.

As for mineral resources, it is likely that the three countries will be aiming to strengthen their supply chains, especially as the Philippines is a supplier of nickel for making batteries. However, Indigenous Peoples in the Philippines have already been severely affected by nickel-related developments, being evicted from their ancestral lands and having their traditional ways of life disrupted. There have been extrajudicial killings and intimidation of Indigenous persons who have tried to raise their voices to protect their lands and livelihoods. It should be recognized that the foundations for securing Free, Prior and Informed Consent (FPIC) have been seriously eroded in the Philippines. The same problems already exist in connection with the nickel that Sumitomo Metal Mining produces in the Philippines in partnership with Nickel Asia Corporation and supplies via Panasonic to Tesla. In accordance with the UN Guiding Principles on Business and Human Rights, the governments of the three countries must not forget their state duty to protect the human rights of those who are trying to protect their livelihoods from nickel mining developments. As countries try to promote an energy transition, they must avoid creating other sacrifices.

The climate crisis is becoming more serious every day. Prime Minister Kishida should take this opportunity of his visit to the United States to support stronger climate actions by fully implementing the phase-out of public financing for new fossil fuel projects as agreed by G7 leaders, by focusing more on renewable energy and energy efficiency, and supporting a just energy transition.

This statement was statement endorsed by

Friends of the Earth Japan

350.org Japan

Japan Center for a Sustainable Environment and Society (JACSES)

Mekong Watch

Kiko Network

Market Forces

Friends of the Earth U.S.

Legal Rights and Natural Resources Center - Friends of the Earth Philippines (LRC-FoEPH)

Center for Energy, Ecology, and Development (The Philippines)

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<sup>17</sup>Nikkei "PM Kishida interview, Japan-US-Philippines to cooperate in nuclear and semiconductor sector" April 4 2024  
<https://www.nikkei.com/article/DGXZQOUA0379N0T00C24A4000000/>

<sup>18</sup>"NuScale's plan for a small nuclear reactor, funded by JBIC, is cancelled, questioning the accountability of public financial institutions - A joint comment from CNIC and Friends of the Earth Japan (FoE Japan)" Nov 13 2023  
<https://foejapan.org/en/issue/20231113/14877/>