

Mr. Shinzo Abe, Prime Minister of Japan
Mr. Hiroshige Seko, Minister of Economy, Trade and Industry
Mr. Taro Aso, Minister of Finance
Mr. Tadashi Maeda, Governor of the Japan Bank for International Cooperation
Mr. Kazuhiko Bando, Chairman and CEO of the Nippon Export Investment Insurance
Mr. Masayuki Hyodo, Representative Director, President and Chief Executive Officer, Sumitomo Corporation

Japan shamelessly continues to finance coal ignoring the voices of the
local people as well as international society
JBIC and NEXI should stop supporting Van Phong 1

April 26th 2019

We, the undersigned organizations, condemn the decision of the Japan Bank for International Cooperation (JBIC) and the Nippon Export and Investment Insurance (NEXI) to finance the Van Phong 1¹ coal-fired power station in Vietnam, and we urge the JBIC and NEXI to rescind their decision.² We also demand that the Government of Japan stop financing coal-fired power projects immediately.

Breach of the OECD Sector Understanding

Under the OECD Sector Understanding on Export Credits for Coal-Fired Electricity Generation (OECD Sector Understanding), to which Japan is a party of, export credit finance can only be provided to projects larger than 500MW that either 1) use ultrasupercritical (USC) technology, or 2) have an emission intensity lower than 750g CO₂/kWh.

As neither criteria applies to Van Phong 1, JBIC should not support this project.

JBIC explains that since the first Environmental and Social Impact Assessment (ESIA) of the project was completed and approved in 2011, the project is exempt from the OECD sector understanding³. Although the initial ESIA was completed in 2011 and revised in 2015, the most recent ESIA was completed in November 2017. As Van Phong 1 has a new, further developed ESIA that supersedes the previous documents, it does not fall into this exception.

Highly polluting power stations harm people's lives

Supporting new coal power stations will accelerate climate change and worsen existing air pollution levels. Communities living in the vicinity of the project would also be severely affected.

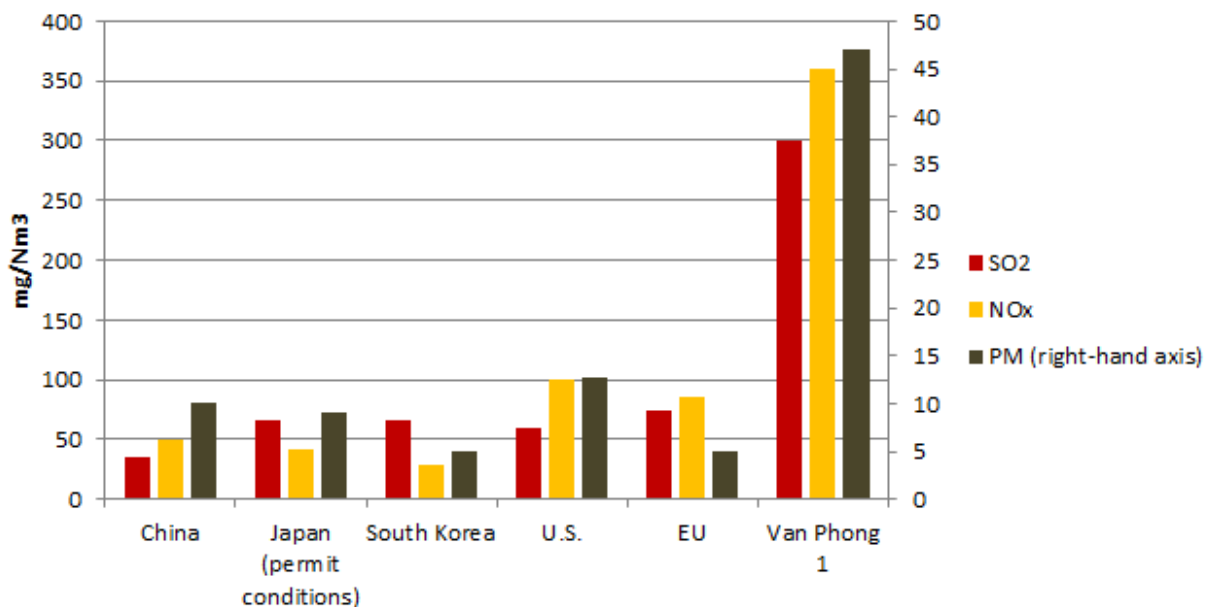
¹ Van Phong 1 project is to build two units of 660 MW supercritical coal-fired power plant in Khánh Hòa Province.

² <https://www.jbic.go.jp/ja/information/press/press-2019/0419-012106.html>

³ The transitional clause of the OECD Sector Understanding exempts projects which have a “fully completed technical feasibility study and environmental and social impact assessment by January 1, 2017, and provided that an application for export credit support for any such project is submitted and acted upon expeditiously.”

According to the ESIA of Van Phong 1, the power plants will emit a significant amount of pollutants which will average more than power stations recently built in Japan, India or China. Lauri Myllyvirta, senior analyst of Greenpeace Global Air Pollution Unit, has determined Van Phong 1 would produce air pollutants at rates significantly higher than the average new coal fired power plants. Compared to the average new Japanese coal-fired power station, Van Phong 1 will emit five times as much particulate matter (PM), five times SOx and nine times NO2.

Van Phong 1 emissions compared to new coal plants in other countries



In addition, mercury is not well considered in the ESIA. According to JBIC, the mercury emissions is below detection limit and thus in the ESIA, the emissions of mercury is shown as “0”. However this is far from the truth. Based on the UNEP Mercury toolkit, one of the methods the Minamata Convention recommends, if power plants with specific air pollution control devices combusted typical Indonesian or Australian coal, they would emit around 50kg of mercury per year. This means that even if the mercury emissions was controlled using the best available technology (BAT), mercury emissions might cause a significant environmental and social impact. Therefore, mercury emissions should be declared and assessed in the ESIA and communities in the area should be made aware of the risks this mercury could pose to their health. Even if mercury emissions are calculated, further public consultation and stakeholder engagement must be conducted.

The JBIC Guidelines stipulates that JBIC may deny financing for a project where a project proponent fails to undertake appropriate environmental and social considerations. The

guidelines state, “JBIC also refers to standards established by other international financial institutions, other internationally recognized standards, and/or standards or good practices established by developed countries such as Japan as benchmarks”. This project clearly violates these guidelines⁴.

Community’s voices are not respected

In addition, the ESIA of the project has not been disclosed to the local people appropriately. While it is a large scale project posing significant adverse effects, not enough information is provided to the relevant stakeholders. Such local people who have concerns about the impacts by the project have not been invited to any consultation or informed about the ESIA; they have never been provided the opportunity to appropriately participate in the decision-making process of this project. This is clearly a violation of JBIC’s own guidelines stating, “in preparing ESIA reports, consultation with stakeholders, such as local residents, must take place after sufficient information has been disclosed and ESIA needs to be made available for them at all times.”

Japan must phase out coal domestically and internationally

The Japanese government and corporates including JBIC are already involved in or considering supporting other coal-fired power plant projects such as the Vung Ang 2 coal power project in Vietnam, the Kosova e Re coal project in Kosovo, and the Indramayu coal power project in Indonesia. While there exists renewable energy alternatives and people suffering from climate change, exporting old polluting technologies is unacceptable.

As G20 is going to be held in Japan, domestic and international civil society organizations put an opinion advertisement in the Financial Times published on April 18th, calling Prime Minister Shinzo Abe to quit any coal projects domestically and internationally and to show the real climate leadership. This was the second opinion advertisement on Japan’s coal financing after an advertisement in the Financial Times on March 19th, stating JBIC should not finance Van Phong 1.

The impact of climate change has been more severe than ever in any part of the world, including Japan. Last year, heat waves and landslides killed many people in Japan. The IPCC report published last October revealed that we do not have much time left to avoid climate catastrophe. We need to make a transition into a decarbonized society and phase out from coal as soon as possible.

Globally, the people’s movement calling for climate action has become bigger and stronger - a number of developed countries have already committed to coal phase-out, and students have taken to the streets calling for radical climate action.

However, Japan is still one of the largest providers of government support for coal. This would lead to Japan’s isolation in the international community and would bring diplomatic risks to

⁴ More issues were raised in our previous letter to JBIC. See <http://www.foejapan.org/en/aid/jbic02/vp/190319.html>

Japan. Japan has a huge historical responsibility for climate change. Exporting coal power is not how climate leaders show their leadership.

We urge the Japanese public financial institutions, JBIC and NEXI, to withdraw from supporting the Van Phong 1 coal-fired power plant project, and urge the Government of Japan to stop financing coal anywhere in the world.

CC:

Mr. Taro Kono, Minister of Foreign Affairs

Mr. Shinichi Kitaoka, President, Japan International Cooperation Agency

Mr. Kanetsugu Mike, President & CEO, MUFG Bank, Ltd.

Mr. Koji Fujiwara, President & CEO, Mizuho Bank, Ltd.

Mr. Makoto Takashima, President and Chief Executive Officer, Sumitomo Mitsui Banking Corporation

Signatories (78 organizations from 39 countries, as of April 26th 2019)

International/Regional

Amigos de la Tierra América Latina y el Caribe - ATALC

Market Forces

Asian Peoples Movement on Debt and Development

Rivers without Boundaries

350 East Asia

Oil Change International

Natural Resources Defense Council (NRDC)

Friends of the Earth International

Australia

The Sunrise Project

Wodonga Albury Towards Climate Health (WATCH)

Friends of the Earth Australia

Bangladesh

CLEAN (Coastal Livelihood and Environmental Action Network)

Belgium

Corporate Europe Observatory

Bosnia and Herzegovina

Centar za životnu sredinu/ Friends of the Earth Bosnia and Herzegovina

Canada

FORPA Forest Protection Allies

Burns Bog Conservation Society

First Nations Environmental Network

Denmark

NOAH Friends of the Earth Denmark

El Salvador

CESTA, Amigos de La Tierra El Salvador

Finland

EKOenergy

France

Les Amis de la Terre France

alofa tuvalu

Germany

urgewald

Ghana

Friends of the Earth Ghana
Abibiman Foundation

India

IISD
Environics Trust

Indonesia

WALHI
KRuHA
350.org Indonesia

Japan

FoE Japan
Mekong Watch
No Nukes! Noniyuku-kai
No Nukes Asia Forum Japan
Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
Greenpeace Japan

Luxembourg

Mouvement Ecologique

Malaysia

Consumers' Association of Penang
Sahabat Alam Malaysia - Friends of the Earth Malaysia

Mongolida

Oyu Tolgoi Watch

Nepal

Youth For Environment Education And Development Foundation (YFEED Foundation)

Netherlands

BankTrack
Friends of the Earth NL (Milieudefensie)
Both ENDS

New Zealand

Sustainable Solutions Wellington

Nigeria

Labour, Health and Human Rights Development Centre

Norway

Naturvernforbundet (Friends of the Earth Norway)

Philippines

350 Pilipinas

Center for Development Programs in the Cordillera (CDPC)

IBON International

LRC-FoE Philippines

Poland

Polski Klub Ekologiczny

Fundacja "Rozwój TAK - Odkrywki NIE"

Russia

Russian Social Ecological Union / FoE Russia

Druzhina Okhrany Prirody Dzerzhinska

South Africa

groundWork

Fossil Free South Africa

WoMin African Alliance

South Korea

Solutions for Our Climate

Korea Federation for Environmental Movements

Spain

eco-union

Sweden

Friends of the earth Sweden / Jordens Vänner

Switzerland

Climate Alliance Switzerland

Taiwan

Mom Loves Taiwan Association

Tanzania

Epikaizo Care Initiative

Togo

Les Amis de la Terre-Togo

Uganda

National Association of professional Environmentalists/FoE - Uganda

Ukraine

NGO Ecoclub

United Kingdom

The Corner House

Friends of the Earth England, Wales and Northern Ireland

United States

Earth Action, Inc.

Sierra Club

Bank Information Center

Friends of the Earth U.S.

Uruguay

REDES-AT Uruguay

Vietnam

ActionAid Vietnam

Green Innovation and Development Centre (GreenID)