

April 1, 2020

Mr. Shinzo Abe, Prime Minister of Japan
Mr. Toshimitsu Motegi, Minister of Foreign Affairs
Mr. Taro Aso, Minister of Finance
Mr. Hiroshi Kajiyama, Minister of Economy, Trade and Industry
Mr. Shinjiro Koizumi, Minister of the Environment
Mr. Shinichi Kitaoka, President, Japan International Cooperation Agency (JICA)

Demand letter to the PM Abe: Don't finance the phase 2 of Matarbari coal-fired power project in Bangladesh

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

The Government of Bangladesh has asked the Government of Japan to provide loan assistance to Matarbari coal-fired power phase 2 project (1200MW),¹ and the Government of Japan is considering to finance the project. **We, 28 organizations from 14 countries demand that Prime Minister Shinzo Abe, other related Ministers and Japan International Cooperation Agency (JICA) not to finance the project based on the following reasons:**

Reason 1: Building new coal-fired power plants is neither consistent with the goal of Paris Agreement, nor is Japan's Long-term Strategy under the Paris Agreement

In the Long-term Strategy under the Paris Agreement (approved by the Cabinet on June 2019), the Government of Japan states that "the Government will promote the development and investment of energy infrastructure abroad in order to contribute to the global reduction of CO2 emissions consistent with the long-term goals stipulated in the Paris Agreement." To achieve the Paris goals, it is necessary even for developing countries like Bangladesh to completely stop the operation of coal-fired power plants by 2040² – it is obviously not consistent with the Paris goals to build new coal-fired power plants even if they are implemented with ultra super critical technology.

Reason 2: The cost of coal-fired power generation in Bangladesh is higher than that of renewable energy, which doesn't meet 4 conditions that is necessary for the Japan's government assistance for overseas coal-fired power plants.

¹ Energy Bangla "Plan to construct 2nd power plant to reduce cost of Matarbari project" (May 31, 2019)

² Climate Analytics "Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C" (September 23, 2019)
<https://climateanalytics.org/publications/2019/coal-phase-out-insights-from-the-ipcc-special-report-on-15c-and-global-trends-since-2015/>

In Bangladesh, levelized cost of energy (LCOE) for solar PV is expected to be US\$91/MWh while for coal-fired power generation costs US\$110/MWh on average³ – there is no economic rationality in building new coal-fired power plants in Bangladesh. Besides, the power generation cost at Matarbari phase 1 project is extremely high of US\$160/MWh.⁴ Therefore, supporting Matarbari phase 2 project does not comply with one of 4 conditions in Japan's Strategic Energy Plan (approved by the Cabinet on July 2018): "when the nations have no choice but to use coal as their energy source from the standpoint of energy security and economic efficiency."

Reason 3: Becoming more dependent on coal-fired power generation will increase carbon footprint of industry in Bangladesh, which prevents the country as well as Japanese companies branching out to Bangladesh from enhancing their international competitiveness.

Building new coal-fired power plants in Bangladesh allows carbon emissions to be locked in for a long time there. The more Bangladesh becomes dependent on coal-fired power generation, the more companies operating in Bangladesh will produce carbon emissions in the manufacturing process. As the result, they lose an opportunity to get orders from manufacturers seeking decarbonization in the supply chain, and thereby Bangladesh would lose its international competitiveness. Furthermore, that could also prevent companies, such as those joining in RE100 and seeking to use renewable energy resource for their operations from expanding their business in Bangladesh.

Reason 4: Because of Matarbari coal-fired power phase 1 project, there has been serious environmental and social problems on the ground, which does not meet JICA's Guidelines for Environmental and Social Considerations.

Matarbari is a densely populated island with around one hundred thousand people, and the Matarbari phase 1 project has negatively impacted directly or indirectly on a large number of those. Matarbari phase 1 project required more than 40 households to be resettled and hundreds of local people lost their means of livelihood because their salt and shrimp lands were acquired by the project. However, paying compensation and providing alternative housing and livelihood have been delayed, which does not comply with JICA's Environmental and Social Considerations Guidelines: "[p]rior compensation, at full replacement cost, must be provided as much as possible. Host countries must make efforts to enable people affected by projects and to improve their standard of living, income opportunities, and production levels, or at least to restore these to pre-project levels." Also, the project is causing a lot of problems including worsening of floods because of a destruction of water channels for agriculture and water gates, damage of community roads, an increase in traffic accidents, and inflow and accumulation of sediment in surrounding

³ Kenji Shiraishi, etc. "Identifying High Priority Clean Energy Investment Opportunities for Bangladesh" (February 18, 2018)

http://www.iccad.net/wp-content/uploads/2014/05/Identifying_investment_Opportunities-for-clean-energy-options-in-Bangladesh.pdf

⁴ IEEFA, "Bangladesh's coal expansion plans stir criticism" (June 26, 2019)

<https://ieefa.org/ieefa-update-bangladeshs-coal-expansion-plans-stir-criticism/>

rivers, which has significant adverse impacts on livelihoods of local communities. The local communities have been demanding project owners and JICA of solving problems over and over again, however, it is taking quite a long time to improve them.⁵

For the above reasons, the Government of Japan should not support Matarbari coal-fired power phase 2 project.

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Signed by:

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Both ENDS, The Netherlands

Centre for Environmental Rights, South Africa

Coastal Livelihood and Environmental Action Network (CLEAN), Bangladesh

Consumer Founatsion NGO, Mongolia

Environics Trust, India

Equitable Cambodia, Cambodia

Friends of the Earth United States, United States

Green South Foundation, Thailand

Greenpeace Japan, Japan

Mighty Earth, United States

NGO Forum on ADB, Philippines

Oil Change International, United States

Oyu Tolgoi Watch and Rivers without Boundaries Coalition, Mongolia

Pakistan Fisherfolk Forum, Pakistan

The Sunrise Project, Australia

Thepha Anti-Coal Network, Thailand

Umeedenoo, Pakistan

Urgewald, Germany

WALHI - FoE Indonesia, Indonesia

⁵ Japan Center for a Sustainable Environment and Society (JACSES) "Factsheet: Matarbari Ultra Super Critical Coal-Fired Power Project (Bangladesh) August 2019"
https://sekitan.jp/jbic/wp-content/uploads/2019/08/Matarbari-Factsheet-20190801_EG.pdf