

July 9, 2020

**Joint Statement on the government's revised policy on  
overseas coal power projects  
It still goes against Paris climate goals:  
Government should stop supporting ALL coal projects, including  
those under consideration**

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On July 9, 2020, the Japanese government adopted principles for the next Infrastructure System Export Strategy.<sup>1</sup> They state that “in principle,” the government will not provide official financial support for any host country that does not have a confirmed policy for transition to decarbonization. The principles also allow special exceptions for Japan to continue supporting coal-fired power projects if they use what Japan deems to be “highly efficient” technologies. At a press conference the same day, Environment Minister Shinjiro Koizumi stated that the principles will make it difficult for the Japanese government to support overseas coal-fired power projects in the future.

**As environmental NGOs, we have been calling upon the government to stop supporting ALL coal-fired power projects overseas.<sup>2</sup> While we recognize the government's decision not to support such projects “in principle,” as one step forward, we wish to express our disappointment that the government did not make the bold decision to completely end official support for coal power projects overseas, and that it will not apply the new principles to projects currently under consideration.**

The newly-revised principles state that “the Japanese government, in principle, will not provide official support for new coal-fired power projects in any country where the Japanese government does not have a thorough understanding of that country's energy situation and issues as well as its policies toward decarbonization, such as through a framework for bilateral consultation regarding energy and environmental policies<sup>3</sup>”. On the other hand, with only slight changes in wording, the revised principles maintain four conditions for government assistance for such exports as stated in Japan's fifth national Strategic Energy Plan.<sup>4</sup> In addition to those four, the revised principles include new conditions, as follows: “By

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<sup>1</sup> <http://www.kantei.go.jp/jp/singi/keikyou/dai47/kettei.html> (in Japanese)

<sup>2</sup> Joint letter on principles for the revision of Japan's infrastructure system export strategy and public assistance for coal-fired power projects overseas. April 24, 2020.  
<https://sekitan.jp/jbic/en/2020/04/24/4006>

<sup>3</sup> Our translation

<sup>4</sup> Four conditions required for the Japanese government to provide assistance for exports of coal-fired power plants are maintained in the principles (note that a part of the wording is changed). They are: (1) the countries have no choice but to select coal as a source of energy for the time being from the

Japan providing support or policy guidance, the host country will move toward decarbonization and change its actions in accordance with stage of development,” and “The supported power-generation facilities must be of top-class environmental performance, applying Japan’s most advanced technology (specifically, USC plants that achieve a power generation efficiency of 43% or more, IGCC, or those achieve CO<sub>2</sub> emissions per KWh of around or lower than the level of IGCC by using mixed combustion technology or CCUS/carbon recycling, etc.).”

However, it is obvious that the construction and operation of a new coal-fired power plant would be inconsistent with the long-term goals of the Paris Agreement, even if its CO<sub>2</sub> emissions are at a level equivalent to a IGCC plant. New coal-fired power plants, including any currently under consideration, will typically for decades, thereby “locking in” future greenhouse gas emissions for a long period of time. The newly released principles require the Japanese government to confirm whether or not the host country has a policy to transition to decarbonized society. However, even if such a policy exists, the construction of any new coal-fired power plant should clearly not be accepted under any circumstances, as the world is facing a climate crisis.

Moreover, the principles leave a major loophole, since they do not apply to projects that are at the planning stage. We believe the Japanese government is now or will soon be considering three overseas coal power projects: (1) Vung Ang 2 in Vietnam, which the Japan Bank for International Cooperation (JBIC) and the Nippon Export and Investment Insurance (NEXI) are considering financing/insuring, and (2) Indramayu in Indonesia and (3) Matarbari Phase 2 in Bangladesh, both for which the Japan International Cooperation Agency (JICA) is expected to receive requests for support. The fact that the principles will not be applied to these three projects undermines the very meaning of this policy review. Furthermore, these three projects are already facing serious problems, including inconsistency with the Paris Agreement’s long-term goals, an excess supply of electricity in the host countries, the lack of economic justification due to the ever-falling costs of renewable energy, environmental pollution at the proposed sites, and human rights violations affecting local residents. Now is the very moment Japan should be reviewing and cancelling its support for coal power.

For these and more reasons, we again call upon the Japanese government to make the bold decision not only to stop “in principle” providing support for new coal-fired power projects overseas, but to stop supporting ALL coal power projects, including those already under consideration.

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viewpoints of energy security and economic efficiency; (2) the countries request for Japan’s technology for high efficiency coal thermal power generation as a part of efforts the countries to make the transition to decarbonization; (3) the supported power-generation facilities are introduced in a manner consistent with the countries’ energy policies and countermeasures against global warming, also in light of the rules of the OECD; and (4) the facilities are equivalent to or better than USC power plants.