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September 20, 2016

Subject: Call to withdraw from the expansion project of Cirebon coal-fired power plant in Indonesia

On behalf of the community coalition, Rapel Cirebon, we would like to draw your attention to the ongoing environmental and social problems of the Cirebon Electric Power Plant in the West Java Region of Cirebon, Indonesia. We urgently ask that you reconsider your financial involvement in the Cirebon Unit 2 Project and withdraw your support.

Rapel (Rakyat Penyelamat Lingkungan, or Environment Defender Community) Cirebon consists of more than 3,000 members from Kanci Kulon, Kanci, Buntet, Waruduwur, Citemu, Bandengan, Mundu, and Luwung villages. The group was established in 2007 and raised concerns about the adverse impacts of the Cirebon Unit 1 project, including the loss and damage of livelihoods, environmental destruction, health damage, intimidation and social conflict. The group has staged several protest actions against the project, demanded the local Cirebon government halt plant construction, and made representations directly to the plant developer, Cirebon Electric Power (CEP), more than 30 times. They have not received a response from the company.

Our concerns

Since the construction and operation of Cirebon Unit 1 Plant in 2007, the local community has suffered heavily from ongoing adverse environmental impacts of the plant. The people residing at villages near the plant have traditionally relied on small-scale fishing, shellfish harvesting, salt making, terasi-making and farming for their livelihood. These livelihoods are all but gone for the local residents due to Cirebon's pollution, use of water resources and impacts on the natural environment.

Impacts on local livelihoods

Fishing is one of the most important economic activities in Cirebon. The coastal area, where the coal plant and the jetty are currently located in Kanci Kulon, is very important for around 2000 fisherfolk, shellfish growers, and shellfish harvesters in Kanci Kulon, as it used to be a very productive fishing ground for small shrimp and fish as well as various types of shellfish. Tiny rebon shrimp, from which Cirebon takes its name, were caught and used to make terasi (shrimp paste), one of the area's special products. Since Cirebon Unit 1 began operations, there has been discernibly less catch in this area which led to small-scale fishermen quitting. According to testimonies from local communities¹, fish and shrimp catches decreased by more than half since the beginning of the project in 2007. Many kinds of shellfish and other small types of biota used to be harvested from the mud at the coastal area during ebb tide almost every day before the project; now this is no longer possible.

The productivity of salt pans near the project site has also changed since Cirebon Unit 1 began its operations. Local people have been engaging with salt-making in dry season and the salt from this area used to be known for its quality. Since the coal power plant began operations, the color of the salt pans has turned darker or black. The salt makers now need to use salt pan fields to clean or screen the water, and also need to wash the products to remove the black particles. It takes significantly longer to make salt now and salt makers have been suffering greatly due to the lower quality of the salt produced, which has also led to lost jobs. Community representatives report that some 500 laborers in the affected communities have lost their livelihood. Moreover, salt makers have tended to sell their land, instead of maintaining salt-making business. It is still uncertain whether such contamination has come from the coal power plant or not, but it is certain that local salt makers have never experienced this kind of contamination before the project.

Currently, around 400 tenants and landowners are unemployed because the landowners have sold their land for the project. Based on our discussion with the farmers, more than 40 landowners, who own around 7 hectares of farmland adjacent to the project site, have felt various impacts on their crops. In the farmland that was actually supposed to be acquired for the project, farmers are still continuing to till the rain-fed rice fields in rainy season (in December-March) and the other crops, such as green beans, cassava, corn etc. in the dry season (in April - June). But the harvest has decreased sharply, for both rice and other crops, for almost four years. Some heads of rice are simply found empty, and cannot be harvested. There is concern that some farmlands have had drainage and flooding problems due to the power plant interrupting the natural water flow of the area, and fly ash and coal dust from the plant could be spreading to the crops.

Impacts on Health

There have been anecdotal reports from local residents from the surrounding area of the Cirebon Unit 1 Plant of increased respiratory infections, which matches the government data showing there are more patients affected by acute upper respiratory tract infection in this area than other districts. Coal power plants are a significant source of air pollution, filling the air with toxic pollutants,

¹ Those testimonies can be found in the Rapel Cirebon's community letter sent to JBIC on April 30, 2016, available on this page:

http://www.banktrack.org/download/2016apr_cirebon_community_letter_to_jbic_final_docx/2016apr_cirebon_community_letter_to_jbic_final.docx

including mercury, lead, arsenic, cadmium and tiny toxic particles that go deep into people's lungs. This pollution leads to an increased risk of lung cancer, stroke, heart diseases, and respiratory diseases. Harvard University has found that existing coal-fired power plants in Indonesia cause an estimated 6,500 premature deaths every year. Each large new power plant, like the Cirebon 2 Expansion (1000 MW capacity) is expected to result, on average, in the death of 600 Indonesians every year.²

Lack of Appropriate Consultation and Transparent Procedure in EIA and Land Acquisition

The Construction of Cirebon Unit 1 started before any environmental impact assessment (EIA) was completed, and local communities have complained of lack of transparency during the land acquisition process for the plant site. There are accounts of local authorities or/and companies using intimidation to encourage local landowners to sell their land, and a similar situation is emerging in the process of EIA and the land acquisition for Cirebon Unit 2.

Based on the history of the existing Cirebon Unit 1, and ongoing community concerns with the consultation process in EIA and Land Acquisition for Cirebon 2 Project, we strongly believe financing this project is against the Equator Principles, your bank's environmental and social policies, and we demand that you withdraw your support immediately.

Should you disagree with our analysis and/or require more information on this issue, we will be happy to assist you with further briefings and engagement with your environmental review team in critically assessing the impacts of this project vis a vis the Equator Principles.

Yours sincerely,

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Friends of the Earth Japan
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² <http://www.greenpeace.org/seasia/id/PageFiles/695938/full-report-human-cost-of-coal-power.pdf>