



*Protecting  
the living  
environment  
of the  
Pacific Rim*

November 7, 2007

JBIC Governor Koji Tanami  
Japan Bank for International Cooperation (JBIC)  
Tokyo, Japan

Dear JBIC Governor Tanami:

Attached please find an NGO review and critique of a recent AEA consultant report to JBIC and other potential lenders concerning non-compliance issues on the Sakhalin II Project.

This NGO review and critique identifies several flaws in the quality and approach of the AEA report. Yet, despite its weaknesses, the AEA report reveals *a much higher level of chronic non-compliance* with the environmental policies of public and private financial institutions than has been represented by the project sponsor, Sakhalin Energy Investment Company, Ltd. (SEIC). In addition, the review documents SEIC's repeated and widespread failure to adequately assess impacts and implement necessary mitigation measures *before unacceptable and preventable negative environmental damage had already occurred*.

The critique also documents SEIC's continued unwillingness to provide required timely information to external experts conducting assessments as a condition of potential financing. The review demonstrates that SEIC has subverted the required environmental assessment process and that the non-compliance that has characterized the project since construction began will continue far into the future.

The review shows that financial institutions including JBIC cannot support the project without knowingly placing SEIC in severe and immediate breach of these institutions' policies, procedural requirements and contractual obligations. The review concludes that potential lenders must decline financing for Sakhalin II.

We look forward to your response.

Kind regards,

David Gordon  
Executive Director  
Pacific Environment  
[dkgordon@pacificenvironment.org](mailto:dkgordon@pacificenvironment.org)  
Tel: +1 (415) 399-8850 x 301

Doug Norlen  
Policy Director  
Pacific Environment  
[dnorlen@pacificenvironment.org](mailto:dnorlen@pacificenvironment.org)  
+1 (202) 465-1650

**311 California Street, Suite 650 ? San Francisco, CA 94104**  
**tel. 415.399.8850 ? fax. 415.399.8860 ? [www.pacificenvironment.org](http://www.pacificenvironment.org)**