

Mr. Tadashi Maeda, Governor of the Japan Bank for International Cooperation

No More Finance to Coal Fired Power Plants!
JBIC must stand aside from highly polluting projects in Vietnam

March 19th 2019

We, the undersigned organisations, demand the Japan Bank for International Cooperation (hereby JBIC) not to finance Van Phong 1 coal fired power plants in Vietnam.

Van Phong 1 is an inefficient and polluting coal fired power station. The technologies used to control air pollutants are not Best Available Technology (BAT) and it worsens Vietnam's air quality and damages the health condition of residents.

There is no room for new coal power plants if we want to achieve Paris Agreement goals, and therefore financing Van Phong 1 contradicts Japan's commitment to climate change.

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, 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 must 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 exempted from the OECD sector understanding¹. 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 plant

Van Phong 1 would also produce significant air pollution according to its ESIA.

It has determined that the Van Phong 1 would produce certain air pollutants at rates significantly higher than the average new coal fired power stations in other countries.

In terms of SO₂, Van Phong 1 will produce at least 3 times as much as new stations in Japan, and for NO_x it would be about 5 times as much. Dumping polluting technology on Vietnam is unacceptable and creates significant legal and reputational risk for the bank.

¹ 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."

	SO2	NO2	PM10
Van Phong 1	178.21 g/s	207.61 g/s	13.64 g/s
Japan (permit condition, average)	65.40 g/s	41.36 g/s	9.0 g/s

[Table 1 : Emissions comparison (per unit)²]

In addition, mercury is not well considered in the ESIA. According to JBIC, the mercury emission is below detection limit and thus in the ESIA the emission of mercury is shown as “0”. However this could hardly be true. Based on the UNEP Mercury toolkit, which is one of the methods Minamata Convention recommends, if the power plant burns typical Indonesian and Australian coal with the specified emission control devices, it would emit around 50kg of mercury per year. Even if the mercury emissions were controlled using BAT, mercury emissions are a significant environmental impact that should be declared and assessed in the ESIA. Communities in the area should be made aware of the risks this mercury could pose to their health, so even if mercury emissions are calculated, further public consultation and stakeholder engagement must be conducted.

The JBIC Guidelines stipulate 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 this.

No room for coal

The construction of these would defeat the goals of the Paris Agreement. In order to limit temperature rises to 2 degrees Celsius, let alone the 1.5 degrees Celsius goal the IPCC now recommends, the Executive Director of the International Energy Agency has stated, “We have no room to build anything that emits CO2 emissions³.”

The Japanese government is openly seeking to limit global warming. Prime Minister Abe has publicly committed to halting runaway climate change, which he linked to the unprecedented devastation in 2018 from torrential rain in western Japan, heatwaves in North America and Europe, and typhoons in the Philippines⁴.

² Emission data of Van Phong are from ESIA. Emission data of new power plants in Japan are calculated by Lauri Myllyvirta, Lead Analyst, Greenpeace Global Air Pollution Unit. The number adopts 90th percentile of emission limit values for all proposed plants (>500MW).

³ The Guardian, Nov 13 2018, “World has no capacity to absorb new fossil fuel plants, warns IEA” <https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea>

⁴ “Prime Minister Shinzo Abe’s Article contributed to The Financial Times (U.K.)” September 24, 2018 https://www.mofa.go.jp/p_pd/ip/page4e_000904.html

Financing for this project would undermine the Japanese government's policy to abide by the Paris Agreement and take steps to limit warming to 1.5 degrees Celsius. It would also undermine Prime Minister Shinzo Abe's calls for climate leadership at the upcoming G20 meetings.

Other social and environmental concerns and the violations of JBIC Guidelines

In addition, there are other social and environmental concerns associated with Van Phong 1. The ESIA of the project had not been disclosed to the local people appropriately. While it is a large scale project posing significant adverse effects, not enough information are provided to the relevant stakeholders.

In fact, there are communities in the area that have expressed concern to Vietnamese civil society organisations about the effect of the coal ash and the impact of discharge of cooling water on the fish in the bay. The Vietnamese civil society organisations report that while the communities on the site of coal fired power station have been resettled, there has been little thought about alternative livelihoods for farmers and nearshore fisherfolk.

Such local people who have concerns about the impacts by the project have not been invited to any consultation or informed about the disclosure of 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."

Due to all the reasons above, we urge JBIC to stop further consideration of Van Phong 1, and not to support any new coal power projects.

Signatories (50 organizations from 25 countries, as of 19th March 2019):

Argentina

Amigos de la Tierra Argentina

Australia

The Sunrise Project

Belgium

11.11.11

Canada

Friends of the Earth Canada

Colombia

CENSAT Agua Viva

Denmark

NOAH Friends of the Earth Denmark

Finland

Maan ystäväät ry - Friends of the Earth Finland

France

Les Amis de la Terre France

Georgia

The Greens Movement of Georgia/Friends of The Earth-Georgia

Germany

urgewald

Ghana

Friends of the Earth Ghana

Indonesia

Jatam

WALHI

WALHI - West Java

Aksi! for gender, social and ecological justice

Japan

Friends of the Earth Japan

Japan Center for a Sustainable Environment and Society (JACSES)

Kiko Network

Mekong Watch

Mongolia

Centre for Human Rights and Development

Myanmar

Paung Ku

The Netherlands

Milieudefensie

BankTrack

Bank Information Center Europe

Norway

Naturvernforbundet (Friends of the Earth Norway)

The Philippines

People Over Profit

Save Sual Movement

Kalikasan Peoples Network for the Environment

WomanHealth Philippines

Center for Environmental Concerns

Center for Energy, Ecology and Development (CEED)

Power for People Coalition

Russia

Rivers without Boundaries

South Korea

Greenpeace Seoul office

Sri Lanka

Centre for Environmental Justice

Sweden

Jordens Vänner/Friends of the Earth, Sweden

Thailand

International Accountability Project

Green South Foundation

Thepha Anti-Coal Network

Save Andaman from Coal Network

United Kingdom

Friends of the Earth Scotland

Corner House

United States

Friends of the Earth US

Vietnam

CHANGE

International/ Regional

Friends of the Earth International

Natural Resources Defense Council

NGO Forum on ADB

350.org East Asia

Market Forces

Asia Pacific Research Network (APRN)

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CC:

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Mr. Hiroshige Seko, Minister of Economy, Trade and Industry

Mr. Kazuhiko Bando, Chairman and CEO of Nippon Export Investment Insurance

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

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