

*(This is a translation - The original statement was written in Japanese.)*

November 14, 2017

Friends of the Earth Japan  
Japan Center for a Sustainable Environment and Society (JACSES)  
Kiko Network

**[Urgent Statement]**

**Cirebon Coal-fired Power Plant 2 in West Java, Indonesia;  
Japanese Groups Strongly Object to JBIC Premature Loan Disbursement,  
Ingroring the People's Lawsuit to be Ready**

--- JBIC disregards the risks of illegality and climate change, supporting Marubeni and JERA to push through the project ---

On November 14, Japan Bank for International Cooperation (JBIC) disbursed the first installment loan for 1000MW Cirebon coal-fired power plant expansion plan (Marubeni and JERA invested in), known as Cirebon 2, while the validity of the new environment permit, which has been recently issued, is still in question. (The total loan amount JBIC has signed in the loan agreement is around USD 731 million.)

The local community and NGOs' group, who are opposing the project, are ready to file a administrative lawsuit next week, demending the revoke of the new environment permit. This means that it would be possible for Cirebon 2 project to be violate the laws of the host country and the "JBIC Guidelines for Confirmation of Environmental and Social Considerations" (Guidelines). This kind of JBIC's attitude to neglect the lawwuit by the local residents is the same as JBIC concluded the loan agreement as described below. This time, JBIC has just had a meeting with the said local community and NGOs' group in Indonesia last October to directly listen to their concerns and the judicial risks. Nevertheless, JBIC decided to disburse the loan with the premise of just pushing through the project. Thus, we express our strong objection against such JBIC's premature decision and JBIC's continuous neglect of the illegality as well as the local community's voice and rights.

In addition, the JBIC's disbursement for Cirebon 2 project undermines global efforts by each government, companies, and civil society, who are now continuously discussing in UN climate conference, COP 23 in Bonn, Germany, in order to dramatically decrease carbon emissions in line with the Paris Agreement. Regarding Cirebon 2, while a French bank, Credit Agricole, has

withdrawn from the bank consortium in line with its commitment to reduce coal finance, Japanese public and commercial banks, who have the policy to contradict the global direction of decarbonization, are still supporting to push through the project. JBIC and its co-financiers, namely Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and the Bank of Tokyo-Mitsubishi UFJ, Ltd. must recognize that the international society has loudly denounced such Japan's continuous investment in dirty energy.

On April 18, 2017, JBIC made an unprecedented decision to make a loan agreement only one day before the district court's decision, even though the local residents had filed a lawsuit to demand the revoke of the original environment permit (issued in May 2016) and had repeatedly conveyed to JBIC the risk of illegality. However, the verdict on April 19 was in favor of the local community and declared the revoke of the original environment permit. Thus, JBIC couldn't neglect it and needed to suspend its disbursement till today. The verdict has already become final after the defendant, or West Java provincial government, withdrew its appeal in August, which had been lodged once to Jakarta high court.

Generally, a loan agreement by JBIC includes the provision on the compliance of the JBIC's Guidelines as a requirement for disbursement. The JBIC Guidelines require *"the compliance with environmental laws of the host nation and local governments concerned"* and *"the submission of environmental permit certificates issued by the host governments."*

JBIC has asserted that there is no problem in the compliance of its Guidelines based on the new environment permit, which was issued on July 17, 2017 after the project proponent had applied for the revision of the original environment permit. However, the process of this revision is highly questionable as the original environment permit is "invalid" based on the verdict of the district administrative court. There is no procedure stipulated in Indonesian laws or regulations for the cancelled environment permit to be revised.

Also, there was no consultation with the local residents before the issuance of the new environment permit. This very untransparent process was not following the procedures stipulated in Indonesian laws. This means another violation against the JBIC Guidelines which require the consultation with the local residents under the sufficient information disclosure in advance or in earlier stage.

In Cirebon coal-fired power plant project, the currently operational Unit 1 plant (660 MW which Marubeni invested in) has already caused numerous impacts on the local community, whose livelihoods are small-scale fisheries, shellfish picking, salt-making, and farming etc. The local community has demanded the cancellation of Cirebon 2, as they are concerned that the damages to their life would get worse if the expansion plan of Unit 2 plant is pushed through to construct and

operate.

Japanese government and JBIC must not disburse any more loan for Cirebon 2, sincerely recognizing the voices of the local community and the civil society in domestic and abroad and the judicial risks. So that the local community's life and social environment could not get worse any more. Also, Japanese government and JBIC must immediately stop the policy to promote the export of coal-fired power plant, which contradicts the Paris Agreement 1.5C goal, recognizing the international trend of divestment from coal-related projects.

Contact:

Hozue HATAE, Friends of the Earth Japan

Tel : +81 3 6909 5983      Email: hatae@foejapan.org

\* More information on Cirebon 2;

Visit at <http://www.foejapan.org/en/aid/170524.html>