

January 31, 2020

Dear Prime Minister of Japan, Shinzo Abe

Friends of the Earth Japan
Kiko Network
Japan Center for a Sustainable Environment and Society (JACSES)
Mekong Watch
350.org Japan

[Request Letter]

Please do not support the Vung Ang 2 coal-fired power generation project in Vietnam

We five environmental NGOs call on the Japanese government to not support the Vung Ang 2 coal-fired power generation project in Vietnam.

The crisis of climate change is getting worse. The bushfires in Australia are still continuing after four months, and Indonesia was hit by severe floods this January. In Japan, the impacts of typhoons and extreme heat are increasing every year. As we all see, there is little time left for us to prevent further deterioration of the environment. In order to stop the climate crisis, the world is moving toward decarbonization, based on the scientific knowledge that new coal-fired power plants cannot be built, and existing coal-fired power plants must be phased out. On the other hand, Japan has been going against the tide of the world, and continues to build coal-fired power plants in Japan and overseas. This has led to the growing international criticism toward Japan.

We understand that Mitsubishi Corporation, a Japanese trading company is expected to invest in the Vung Ang 2 coal-fired power generation project in Vietnam, and the Japanese government is considering to support it. Regarding this project however, CLP Holdings, a Hong Kong-based joint venture with Mitsubishi Corporation, has withdrawn from the project after it announced a coal exit policy on December 17, 2019¹. Others that have already pulled out of a lending consortium for this project include UK-based Standard Chartered Bank², Singapore-based OCBC Bank³, and DBS Bank⁴. Currently it appears that only Japanese public and private financial institutions are still considering financing this project.

It has already been shown that shifting from coal-fired power generation to renewable energy is economically viable for the Vietnamese side. According to an analysis released in September 2019 by the UK-based think tank Carbon Tracker, by 2022 the construction cost of solar power in Vietnam is expected

¹ Media release “CLP Announces New Decarbonisation Actions under Climate Vision 2050”

https://www.clpgroup.com/en/Media-Resources-site/Current%20Releases/20191217_en.pdf (December 17, 2019)

² We’ve released our climate change disclosures report and announced bold measures in support of the Paris Agreement” (December 17, 2019) <https://www.sc.com/en/media/press-release/weve-released-our-climate-change-disclosures-report-and-announcedbold-measures-in-support-of-the-paris-agreement/>

³ “OCBC is now coal-free: Singapore bank drops out of final coal project” (November 1, 2019)

<https://www.ecobusiness.com/news/ocbc-is-now-coal-free-singapore-bank-drops-out-of-final-coal-project/>

⁴ AP: Vietnam – DBS exits Vapco 2 - Project Finance International (January 20, 2020)

to be lower than the operating cost of existing coal-fired power plants⁵. When the economic performance of renewable energy is improving, further promotion of coal-fired power generation projects in Vietnam will be a major risk for companies. In addition, if Japan was to properly implement the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations⁶, it would be problematic to further increase the carbon-related assets of Japanese financial institutions.

Based on its national Strategic Energy Plan, the Government of Japan has been actively promoting what it calls “low-carbon infrastructure exports” under four conditions⁷. Meanwhile, it also stated in the *Long-term Strategy under the Paris Agreement* approved by the Cabinet in June 2019 that it will “promote the development and investment of energy infrastructure abroad in order to contribute to the global reduction of CO2 emissions consistent with the long-term goals stipulated in the Paris Agreement.” Construction of new coal-fired power plants is not consistent with the targets of the Paris Agreement. Besides the Vung Ang 2 project in Vietnam, two other coal-fired power generation projects are moving forward with Japanese public and/or private sector involvement. One is the Vinh Tan 3 project in Vietnam (with investment from Mitsubishi Corporation), and the other is the Indramayu project in Indonesia (funding from the Japan International Cooperation Agency, or JICA)⁸.

We call on Prime Minister Abe and the Ministers concerned to:

1. immediately determine and announce that there will be no public support for the Vung Ang 2 coal-fired power generation project.
2. based on the Paris Agreement, review the four conditions for public support for overseas coal-fired power generation projects and publish a policy that Japan will not provide any public support for overseas coal-fired power generation projects in the future.

Sincerely,

CC:

Chief Cabinet Secretary Mr. Yoshihide Suga

Minister of Economy, Trade and Industry Mr. Hiroshi Kajiyama

Minister of Finance Mr. Taro Aso

⁵ Carbon Tracker “Here comes the sun (and wind) Vietnam’s low-cost renewables revolution and its implications for coal power investments” https://www.carbontracker.org/reports/here_comes_the_sun/ (September, 2019)

⁶ Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017) <https://www.fsb-tcfd.org/publications/final-recommendations-report/>

⁷ Under the Fifth Strategic Energy Plan (2018) the four conditions that should be met for Japanese exports relating to coal-fired power generation are: (1) the country is forced to choose coal as an energy source from the perspective of energy security and economic viability, (2) the partner country has requested Japan's high efficiency coal generation technology, (3) OECD rules are taken into account and the deal is consistent with the energy policy and climate change measures of the partner country, and (4) in principle, Japan supplies ultra-supercritical (USC) technology at or above the global state-of-the-art.

⁸ Friends of the Earth Japan “Indramayu coal-fired power generation project” <http://www.foejapan.org/aid/jbic02/indramayu/index.html> (Japanese)

Minister of Foreign Affairs Mr. Toshimitsu Motegi
Minister of the Environment Mr. Shinjiro Koizumi
State Minister of Economy, Trade and Industry Mr. Hideki Makihara
State Minister of Economy, Trade and Industry Mr. Yohei Matsumoto
State Minister of Finance Mr. Kiyohiko Toyama
State Minister of Finance Mr. Masahito Fujikawa
State Minister of Foreign Affairs Mr. Kenji Wakamiya
State Minister of Foreign Affairs Mr. Keisuke Suzuki
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