

January 25, 2021

Yoshihide Suga, Prime Minister of Japan
Taro Aso, Minister of Finance
Hiroshi Kajiyama, Minister of Economy, Trade and Industry
Tadashi Maeda, Governor, Japan Bank for International Cooperation
Atsuro Kuroda, Chairman and CEO, Nippon Export and Investment Insurance
Takehiko Kakiuchi, President and CEO, Mitsubishi Corporation
Mareshige Shimizu, President and CEO, Chugoku Electric Power Co.
Kanetsugu Mike, President and CEO, MUFG Bank
Koji Fujiwara, President and CEO, Mizuho Bank
Makoto Takashima, President and CEO, Sumitomo Mitsui Banking Corporation
Masaru Hashimoto, President, Sumitomo Mitsui Trust Bank

Appeal for Japanese government and private sector to withdraw from Vung Ang 2 coal power plant project in Vietnam

We, the undersigned 128 organizations from 39 countries call upon the Japan Bank for International Cooperation (JBIC) to reverse its decision to provide financing for the Vung Ang 2 coal-fired power plant project in Vietnam. We also call upon all companies involved to withdraw from the project.

On December 28, 2020, the publicly-funded financial institution JBIC signed a loan agreement for up to approximately US \$636 million (approx. 60 billion yen) for Vung Ang 2 (1). Private sector financial institutions believed to be participating in co-financing include MUFG Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation (SMBC), and Sumitomo Mitsui Trust Bank (SMTB). Mitsubishi Corporation, Chugoku Electric Power Company, and Korea Electric Power Corporation are believed to be investing in the project (2).

Vung Ang 2 has been the target of international criticism, which has raised many problems with the project. We strongly protest JBIC's decision to support this project despite the fact that it has still failed to show accountability for the many concerns that have been raised, including the project's conflict with measures to fight climate change, and a deficient environmental impact assessment.

Accelerating climate change

Japan has signed the Paris Agreement, which requires efforts to limit the global average temperature increase to 1.5°C relative to pre-industrial levels. This goal will be impossible to achieve if new coal-fired power plants are built. It is not acceptable for the Vung Ang 2 project to continue, considering the context that the Paris Agreement target of 1.5°C cannot be achieved unless coal-fired power generation is phased out worldwide by 2040, including the retirement of existing coal power plants (3).

Vietnam is one of the world's most vulnerable countries to the impacts of climate change. The global average temperature has already increased by about 1°C. In October 2020, during the course of a single month, four typhoons struck central Vietnam, where the planned site for Vung Ang 2 is located, causing significant damage. As the climate crisis intensifies worldwide, the construction of a new coal-fired power plant poses greater risks not only to the people of Vietnam but to everyone in the world, particularly the vulnerable in the global south.

Coincidentally, in the same month of October, Japanese Prime Minister Yoshihide Suga declared Japan's goal of carbon neutrality (net zero greenhouse gas emissions) by 2050. It is a serious double standard if a country declares a commitment to climate action while still exporting coal-fired power plants, undermining its sincerity.

Meanwhile, MUFG Bank, Mizuho Bank, SMBC, and SMTB are believed to have made co-financing decisions for the project along with JBIC, even though they have adopted policies, in principle, of not providing investment and financing for new coal-fired power plants; each banking group has also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Principles for Responsible Banking, etc. Moreover, Mitsubishi Corporation, an investor in the project, declared in October 2019 that, in principle, it will no longer engage in the development of new coal-fired power generation. As companies declare their commitments to address the climate crisis and disclose the relevant information, there is a growing movement of shareholders, investors, and customers to assess their actions, but the continued promotion of Vung Ang 2 would expose the fact that each company's real actions are in contradiction with their policies. Also, considering the fact that overseas institutional investors have expressed their concerns about Vung Ang 2, these companies will inevitably increase their reputational risk if they continue supporting the project.

Around the world, there is talk about a "green recovery" with strategies to recover from the COVID-19 pandemic that does not conflict with climate change countermeasures, and we can see examples in other countries where assistance is not offered unconditionally to industries that have high GHG emissions. In this context, any provision of public funds to a project that will intensify climate change is moving in the opposite direction from the global trend to seek a green recovery.

Causing more pollution

It is also known that the concentrations of air pollutant emissions from Vung Ang 2 would be several times higher than emissions from power plants built in Japan. Analysis by the Centre for Research on Energy and Clean Air showed that projected emissions from this plant if built will be five to ten times higher than Japanese standards (4).

Furthermore, major environmental pollution incidents have already occurred near the planned site of Vung Ang 2. The release of pollutants in 2016 from a steel plant operated by Formosa Ha Tinh Steel Corporation has been described as Vietnam's worst environmental disaster, polluting up to 200 kilometers of coastline and having a devastating impact on fisheries. Also, the Vung Ang 1 coal-fired power plant is already operating near the planned site of Vung Ang 2, having received financing in 2011 from JBIC and SMBC, and there have been reports of damage from dust and negative health impacts from the plant (5).

The Environmental Law Alliance Worldwide (ELAW) analyzed the environmental and social impact assessment (ESIA) prepared by Vung Ang 2 proponents, and identified numerous problems (6), but the concerns raised have still not been addressed.

Citizens will pay the price of this project

Vietnam already has an electrification rate above 99%, and the price of renewable energy there is lower than coal power. In September 2020, the Institute for Energy Economics and Financial Analysis (IEEFA), a US think tank, identified financial risks for the state utility Electricity of Vietnam (EVN), which would purchase the electricity (7). One risk factor is the electricity purchase contracts that would require EVN to guarantee power purchases at fixed prices from independent power producers (IPP) that generate electricity from coal. As a means of limiting its debt risk EVN might be able to raise electricity rates, but citizens forced to bear the

burden would inevitably be opposed; thus, it has been pointed out that this means should be revisited, in the light of the current socio-political situation in Vietnam and the perspective of an economic recovery from the impacts of COVID-19. A pre-feasibility assessment by a Korean government think tank found that the project represented a loss of 158 million dollars (approx. 17 billion yen) (8), and if the loss were to be realized, or if electricity prices had to be raised, the ultimate burden would fall on the people of Vietnam.

The government of Japan should listen sincerely to the voices of citizens calling for climate action and a coal exit, and withdraw public support from the Vung Ang 2 project. We also call for clear declarations that no public funds will be used to support new coal power plant construction projects that Japan International Cooperation Agency (JICA) is considering, including Matarbari Phase 2 (Bangladesh) and Indramayu (Indonesia).

In closing, we again call upon the Japan Bank for International Cooperation (JBIC) to reverse its decision to support Vung Ang 2, and for the companies and banks involved to withdraw from the project.

Footnotes:

1. JBIC, "Project Financing for Vung Ang 2 Coal-Fired Power Generation Project in Vietnam Supporting Power Development Project under the Growth Investment Facility", 29 Dec 2020, <https://www.jbic.go.jp/en/information/press/press-2020/1229-014147.html>
2. IJGlobal, "UPDATE: JBIC signs debt for Vietnam coal-fired", 05 Jan 2021
3. Climate Analytics, "Coal phase out", <https://climateanalytics.org/briefings/coal-phase-out/>
4. Market Forces, "Vung Ang 2", <https://www.marketforces.org.au/research/vietnam/vung-ang-2/>,
5. Los Angeles Times, "GE says it's going green. Overseas, it's still pushing coal", 02 Mar 2020, <https://www.latimes.com/world-nation/story/2020-03-02/ge-green-overseas-pushing-coal>
6. The Environmental Law Alliance Worldwide (ELAW), "Evaluation of the 2018 Environmental Impact Assessment (EIA) Report For the Vung Ang II Thermal Power Plant Project", 28 Apr 2020, https://elaw.org/VN_VungAngII_2018EIAReview
7. Institute for Energy Economics and Financial Analysis (IEEFA), Vietnam's EVN Faces the Future: Time to Get Renewables Right" September 2020, https://ieefa.org/wp-content/uploads/2020/09/Vietnams-EVN-Faces-the-Future_September-2020.pdf
8. Kyunghyang Shinmun, 11 Jun 2020, "KDI: 'KEPCO coal-fired power plant project in Vietnam expected to have negative earnings'" (in Korean) biz.khan.co.kr/khan_art_view.html?artid=202006112054015&code=920100

End

cc:

Katsunobu Kato, Chief Cabinet Secretary
Toshimitsu Motegi, Minister of Foreign Affairs
Shinjiro Koizumi, Minister of the Environment
Wataru Ito, State Minister of Finance
Kenji Nakanishi, State Minister of Finance
Yasumasa Nagasaka, State Minister of Economy, Trade and Industry
Kiyoshi Ejima, State Minister of Economy, Trade and Industry
Eiichiro Washio, State Minister of Foreign Affairs
Takashi Uto, State Minister of Foreign Affairs

Hirooyoshi Sasakawa, State Minister of the Environment
Noriko Horiuchi, State Minister of the Environment
Shinichi Kitaoka, President, Japan International Cooperation Agency

Petition organized by:

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

Organizational Sign-ons:

Regional / International

Asian People's Movement on Debt and Development
Amigos de la Tierra América Latina y el Caribe (ATALC)
Corporate Europe Observatory
Fair Finance International
Friends of the Earth Europe
Friends of the Earth International
Human Rights Watch
Market Forces
Natural Resources Defense Council (NRDC)
NGO Forum on ADB
Oxfam International
Socio-Ecological Union International
350.org Asia

Japan

福島老朽原発を考える会
横須賀火力発電所建設を考える会
福島原発 30 キロ圏ひとの会
green TEA
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Fridays For Future Hiroshima
さよなら原発小田原
ふえみん婦人民主クラブ
Fridays For Future Shiga
FridaysForFuture 太宰府
パワーシフト福岡
ノーニュークス・アジアフォーラム・ジャパン
Fridays For Future Furano
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350Eigo

Fridays For Future Niigata

350 中四国ネットワーク

fridaysforfuture 熊本

Fridays for Future Kyoto

バイオダイバーシティ・インフォメーション・ボックス

地球環境市民会議 (CASA)

認定 NPO 法人ヒューマンライツ・ナウ

FridaysForFuture saroma

エネルギーシフトを実現するこまへの会

Fridays For Future Osaka

特定非営利活動法人ラムサール・ネットワーク日本

日本国際ボランティアセンター

Fridays For Future Kobe

袖ヶ浦市民が望む政策研究会

一般社団法人大磯エネシフト

FridaysForFutute Sapporo

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Australia

The Sunrise Project

Bangladesh

National Committee for Saving the Sundarbans (NCSS)

Women with Disabilities Development Foundation (WDDF)

Bosnia and Herzegovina

Centar za životnu sredinu/ Friends of the Earth Bosnia and Herzegovina

Brazil

Amigxs da Terra Brasil (FoE Brazil)

350 Brazil

Canada

Friends of the Earth Canada

Colombia

Censat Agua Viva

Denmark

VedvarendeEnergi

France

Les Amis de la Terre / Friends of the Earth France

Reclaim Finance

Finland

Friends of the Earth Finland

Georgia

The Greens Movement of Georgia

Germany

Urgewald

Leave it in the Ground Initiative (LINGO)

Ghana

AbibiNsroma Foundation

Alliance for Empowering Rural Communities

Abibiman Foundation

Hungary

Clean Air Action Group

India

Environics Trust

Indonesia

WALHI Jawa Barat

WALHI Indonesia

AEER

350.org Indonesia

The PRAKARSA

Luxembourg

Mouvement Ecologique

Mozambique

Justiça Ambiental (Friends of the Earth Mozambique)

Myanmar

Paung Ku

Dawei Development Association - DDA

Southern Youth Development Organization

Land in Our Hands (LIOH)

Nepal

National Campaign for Sustainable Development Nepal

Netherlands

Both ENDS

Project HEARD

BankTrack
Recourse

Norway
The Karibu Foundation

Palestine
PENGON

Pakistan
Pakistan Fisherfolk Forum

Papua New Guinea
PNG Education Advocacy Network

Philippines
Legal Rights and Natural Resources Center - Friends of the Earth Philippines
The Reality of Aid - Asia Pacific
Philippine Movement for Climate Justice
Kalikasan People's Network for the Environment (Kalikasan PNE)
Center for Environmental Concerns

Republic of Korea
Solutions for our climate(SFOC)
The Korea Center for Sustainable Development(KCSD)
Korea Federation for Environmental Movement

Russia
Rivers without Boundaries
Biodiversity Conservation Center

Solomon Islands
Coalition for Education Solomon Islands

South Africa
groundWork, Friends of the Earth South Africa
The New Environmental Justice Solutions
Fund Our Future

Sri Lanka
Centre for Environmental Justice

Sweden
Swedwatch
Jordens Vänner / Friends of the Earth Sweden

Switzerland
Zukunft statt Kohle (Future instead of coal) Switzerland

fossil-free.ch Switzerland
Klimastadt Zürich

Taiwan

Mom Loves Taiwan Association
350 Taiwan

Togo

Les Amis de la Terre Togo
Centre for Environmental Justice Togo

UK

Weald Action Group
Biofuelwatch (UK/USA)
Friends of the Earth Scotland
Christian Aid

USA

Oil Change International
The Sunrise Project
Friends of the Earth United States

Vietnam

SCODE
350 Vietnam

Zimbabwe

Africa Coal Network