

Urgent Statement: Objection to Japanese and South Korean Government and Companies Supporting the construction of new coal power plants in Vietnam

On 1 November, Japanese trading company Marubeni and Korea Electric Power Corporation (KEPCO) signed a concession contract with the Vietnamese government for building Nghi Son 2 coal fired power plant (2*600MW, supercritical)¹. It is unacceptable to build new coal power plants to meet the Paris Agreement 1.5C goal. The deal was brought to light only last week during the UN climate conference, COP 23 now happening in Bonn, Germany. Several international NGOs conducted a protest action at the COP 23, criticizing Japan for promoting the construction of new coal power plants both domestically and abroad.

The project is to build two supercritical coal fired power plant units with a capacity of 600MW each in Nghi Son Economic Zone in Tĩnh Gia district, Thanh Hoa province. A 25-year power purchase agreement (PPA) was signed with Vietnam's state-owned EVN, on November 8th². The financial agreement has not reached a close yet, however it is high concern that the Japan Bank for International Cooperation (JBIC) and Japanese commercial banks will provide the loan.

Ongoing international coal finance by Japan and Korea goes against the UN Environmental Programme's *The Emissions Gap Report* published prior to COP23, which urges countries not to build new coal power plants and phase out existing coal power plants to meet the Paris 1.5 degree goal³.

Further, the supercritical technology to be used for this project is prohibited for support with export credit according to the OECD sector arrangement⁴. This means that both Japan and Korea are assisting Vietnam build large-scale coal fired power plants with sub-standard inefficient technology which is all the more unacceptable.

The information disclosure about large infrastructure projects is insufficient in Vietnam, and therefore the project is also problematic from the point of view of environment and social safeguards. According to some civil society groups in Vietnam, the Environment Impact Assessment (EIA) report on the Nghi Son 2 coal fired power plant is yet to be disclosed, and the people cannot know what kind of technology the coal plant will be equipped with.

¹ <https://ijglobal.com/articles/130779/concession-contracts-signed-for-nghi-son-2-coal-fired-plant>

² <http://www.pfie.com/ap-vietnam-nghi-son-2-ipp-finally-signs-ppa/21316273.article>

³ <https://www.unenvironment.org/resources/emissions-gap-report>

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[http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/PG\(2015\)9/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/PG(2015)9/FINAL&docLanguage=En)

In Vietnam, serious air pollution has been reported and attributed to coal fired power plants⁵. Scientific reports concluded correlation between premature death due to air pollution, and it is estimated that by 2030, Vietnam will be the most polluted country in ASEAN and the premature death rate due to air pollution is estimated to reach 20,000 people in 2030 per year⁶.

The world is moving towards decarbonization and the adverse effect of coal power plants on public health and livelihoods should not be ignored. Moreover, new coal power plants development directly undermine the global pledge to meet the 1.5 degree target enshrined in the Paris Agreement of 2015. The Japanese and Korean governments and companies should immediately stop investing in and financing coal power plants. JBIC and Japanese commercial banks should implement policies to withdraw any finance for new coal plants as adopted by other public and commercial banks and withdraw finance for Nghi Son 2 Coal fired power plant. The finance should be redirected to more sustainable, decentralized renewable energy.

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Friends of the Earth Japan
Kiko Network
JACSES
Mekong Watch
350.org Japan
Korean Federation of Environmental Movement/FoE South Korea
Inter-religious Climate and Ecology Network
350.org Vietnam

About the project⁷

Nghi Son 2 Coal fired power plant: Two 600 MW super critical coal fired power plants
Sponsor Consortium : Korea Electric Power Corporation (KEPCO) (50%) · Marubeni (50%)
Commercial Lender (TBD) : DBS, Mizuho, MUFG, OCBC, SMBC, Standard Chartered
Public Financier(TBD) : JBIC , KEXIM
Total cost: US\$2.67bn
Debt Equity Ratio: 80:20

Contact :

Friends of the Earth Japan, Ayumi Fukakusa, +49-152-2674-4324 (11/2-11/27)

⁵ <https://e.vnexpress.net/news/news/hanoi-air-is-unsafe-most-of-the-time-coal-plants-blamed-3638973.html>

⁶ <http://pubs.acs.org/doi/pdf/10.1021/acs.est.6b03731>

⁷ see footnote 1 & 2