



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

**Joint Statement condemning JBIC for its decision to finance  
an expansion project of Vinh Tan 4 coal fired power plant in Vietnam  
JBIC must comply with its Environmental Guidelines and ensure accountability to civil society**

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Friends of the Earth Japan  
Japan Center for a Sustainable Environment and Society  
Kiko Network  
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On April 11 2017, the Japan Bank for International Cooperation (JBIC) announced that it had concluded an agreement to loan up to 50 million USD for the expansion project of Vinh Tan 4 coal fired power plant, Vietnam on March 31, 2017. This syndicated loan with Mitsubishi Tokyo UFJ Bank (MUFG) and Nippon Export and Investment Insurance (NEXI) provides insurance for the portion co-financed by MUFG<sup>1</sup>.

In meetings with JBIC, we have raised the social and environmental issues to be caused by the project, such as lack of adequate counter measures for preventing pollution and ensuring safety and negative impact on neighboring Marine Protected Area. In our latest meeting on March 23, we learned that JBIC had not yet ascertained if the project proponents undertake the necessary countermeasure to prevent or minimize the environmental and social impacts. This means JBIC did not comply with its own guidelines, "JBIC Guidelines for Confirmation of Environmental and Social Considerations" (hereafter Guidelines). The Guidelines require JBIC to confirm that project proponents undertake measures necessary to prevent or minimize the impact on the environment and local communities, which may be caused by the projects for which JBIC provides. Against this backdrop, we condemn JBIC's premature decision to finance the project with negligence regarding its own guidelines and its lack of accountability to the public.

The project (600 MW) intends to expand the existing Vinh Tan 4 coal fired power plants (600MW \* 2 units) and Vinh Tan Power Station comprises 3 other coal fired power plants (Vinh Tan 1 to 3) totaling more than 6,000 MW in capacity.

Serious air pollution has been reported to originate from Vinh Tan 2, which has already commenced commercial operations. Local people protested against the pollution and held massive demonstrations demanding improvement of the environmental damage. There have also been reports of sudden foliage damage in the surrounding area. Local people suspect the leakage of contaminated water from ash pond caused this sudden death of vegetation<sup>2</sup>.

<sup>1</sup><http://www.jbic.go.jp/ja/information/press/press-2017/0411-54873>

<sup>2</sup> <http://vtv.vn/chuyen-dong-24h/hang-chuc-hecta-cay-trong-chet-hang-loat-tai-binh-thuan-20170304121609402.htm>

Vinh Tan 4, which JBIC financed in 2014, is currently at the test operation stage. In March 2017, however, 2 people were injured by a fire incident at the plant<sup>3</sup>. Furthermore, the ash pond which suspected to associate with the foliage damage is also planned to be used by Vinh Tan 4.

Notable, the Hon Cau Marine Protected Area is adjoined to the plant and is abundant in biological diversity, including sea turtles and coral reefs.

Against the background of these considerations, we continued to raise possible environmental and social damages caused by Vinh Tan 4 and its expansion project, and our concerns about the project. As EVN, which operates controversial Vinh Tan 2, also operates Vinh Tan 4, we have demanded the JBIC require EVN to undertake appropriate countermeasures, pursuant to JBIC's own guidelines. From our previous discussions with JBIC, however, we concluded JBIC seems to be in non-compliance with those guidelines. For example, JBIC said "there is no significant impact on MPAs" without showing any sufficient evidence. This fails to ensure the compliance of JBIC guidelines that stipulate "Projects must not involve significant conversion or significant degradation of critical natural habitats." JBIC have not been aware of the damage to vegetation in surrounding area, either.

As there are already several serious, unresolved environmental and social problems originating from the existing power plants, we find it unlikely that the same operator (EVN) is implementing appropriate measures to prevent or minimize environmental and social impact caused by the expansion projects. In this context, we are greatly concerned about the position reflected by JBIC's decision to finance the expansion project.

In terms of climate change, governments must avoid financing coal-fired power plants to achieve a target 1.5-degree warming limit set in the Paris Agreement, ratified in 2015, as those plants emit greater volumes of greenhouse gases than other power generation types. Many investors around the world have already divested their money from fossil fuel companies and projects. Furthermore, Vietnam agreed to a 100-percent renewable power goal in signing the Marrakech Declaration in its capacity as a member of the Climate Vulnerability Forum<sup>4</sup>. In Bac Lieu province, Vietnam scrapped the coal fired power plant project being considered for finance by Japan International Cooperation Agency (JICA), citing environmental concerns<sup>5</sup>.

This project is declared as a "Quality Infrastructure Export," which is a policy the Japanese government is promoting. As Vietnam looks toward more renewable energy development and the enactment of Paris Agreement obligations, and amid serious problems caused by existing power plants, we express our deep concerns about JBIC's decision to finance the expansion project. JBIC and NEXI should conduct their environmental review in an appropriate manner according to their environmental and social guidelines. If serious adverse impact cannot be prevented or minimized, JBIC and NEXI should suspend their contracts, such as disbursement of loan funds.

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<sup>3</sup> <http://e.vnexpress.net/news/news/explosion-injures-two-at-vietnam-power-plant-3551863.html>

<sup>4</sup> <http://www.thevcvf.org/marrakech-vision/>

<sup>5</sup> <http://e.vnexpress.net/news/news/vietnam-province-scraps-coal-plant-over-environmental-concerns-3476051.html>