

October 29, 2019

Mr. Tadashi Maeda
Governor
Japan Bank for International Cooperation (JBIC)

NGO Joint Letter to Request for JBIC Not to Fund the Vung Ang 2 Coal-Fired Power Plant Project in Vietnam

JBIC and major private sector banks are expected to provide co-financing for construction of two generating units (total 1,200 megawatts) at the Vung Ang 2 coal-fired power plant in the economic zone of Hà Tĩnh Province in central Vietnam¹. Major insurers are also expected to provide underwriting. This project would be implemented by OneEnergy Limited, a joint venture between Diamond Generating Asia Limited (a 100%-owned subsidiary of Mitsubishi Corporation) and CLP Holdings Limited (headquartered in Hong Kong).

We the undersigned environmental groups have many concerns regarding this project, as outlined below, and request that JBIC not provide any further financing for new coal-fired power generation projects, including Vung Ang 2.

Increasing damage from climate change

Around the world and in Japan as well, the impacts of climate change are becoming increasingly serious. That is clear for all to see. In September this year, Typhoon Faxai caused enormous damage, most seriously in Chiba Prefecture. Even before people recovered from that disaster, super-typhoon Hagibis struck Japan in October, causing more extensive damage over a wide area. Humanity has only limited time to slow the escalation of damage from climate change, and one thing we must do is to quickly phase out coal-fired power generation, as it is a huge source of greenhouse gas (GHG) emissions.

It is clear that any construction of new coal-fired power plants is not consistent with the 1.5 degrees Celsius target of the Paris Agreement, and in fact, to achieve the 1.5 degree target it is necessary to phase out existing coal-fired power plants. Japan's long term climate change policy (Long Term Strategy under the Paris Agreement), which the government announced earlier this year, states that "the Government 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." But if that is the case, Japan must not finance or support coal-fired power plants, due to their high emissions of GHGs. Rather, the financing should go to decentralized renewable energy and energy conservation technologies, which have low environmental impacts and low GHG emissions.

Financing needed for sustainable energy, not coal

In the context of growing global concern about climate change and its impacts, there is a trend toward divestment from coal fuel related companies. In particular, when it comes to coal-fired power plant projects and coal mine development projects, a rising number of financial institutions and insurers are changing their credit policies relating to coal power related projects.

In a September 2019 report, Carbon Tracker analysis shows that by 2022, the construction costs for solar power generation in Vietnam will be lower than the operating costs of existing coal-fired power plantsⁱⁱ. Japan's Fifth Strategic Energy Plan, released in July 2018, states "Japan will propose to partner countries a full range of options conducive to reductions of carbon dioxide emissions, including renewable energy and hydrogen." It also states, "... only for those countries that are forced to choose coal as an energy source from the perspectives of energy security and economic viability" will Japan support coal. In the case of Vietnam, there are very reasonable coal alternatives from economic and other perspectives, so any further support for coal-fired power plants would also be in contradiction with Japan's Strategic Energy Plan.

Multiplication of pollution problems

There are already major polluters not far from the proposed construction site for Vung Ang 2, including the Vung Ang 1 coal-fired power plant, the Formosa Ha Tinh Steel Corporation's steel plant which triggered a huge fish die off from serious marine pollution in 2016, and a Formosa power plant (coal and gas)ⁱⁱⁱ. It has been widely reported that environmental pollution from wastewater, atmospheric emissions, and coal ash from these plants could already be having serious negative health impacts on local communities^{iv}.

Financing for yet another new coal-fired power plant would further accelerate climate change, cause the loss of livelihoods in the community near the plant, and result in further air pollution. A report by Greenpeace makes it clear that all coal-fired power plants being exported by Japan are using low-efficiency technologies that are not being used in Japan, and are only using a low level of pollution countermeasures^v.

Serious environmental pollution is already occurring in the area. The construction of a new coal-fired power plant there would compound the pollution problems.

For the reasons stated above, we call upon JBIC to stop providing financing for coal-fired power plant projects, and in particular we urge you to turn down any financing requests for the Vung Ang 2 coal plant project in Vietnam.

Mitsubishi Corporation is investing in the Vung Ang 3 coal-fired power plant project, so we call upon JBIC to turn down any financing requests for that project as well, from the perspective of climate change, air pollution prevention and protection of local communities and their rights.

End

Signatory Groups :
Both ENDS

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

CHANGE

Friends of the Earth Australia

Friends of the Earth Canada

Friends of the Earth France

Friends of the Earth International

Friends of the Earth Japan

Friends of the Earth United States

Friends of the Siberian Forests

Greenpeace Japan

Haburas Foundation / Friend of Earth Timor-Leste

JA!Justica Ambiental / FOE Mozambique

Japan Center for a Sustainable Environment and Society (JACSES)

Kiko Network

Market Forces

Mekong Watch

NGO Forum on ADB

Oil Change International

Otros Mundos AC / Amigos de la Tierra México

Oyu Tolgoi Watch Mongolia

Pakistan Fisherfolk Forum

Polski Klub Ekologiczny-FoE Poland

Pro public / FoE Nepal

Rivers without Boundaries Coalition

RSEU / Friends of the Earth Russia

Sahabat Alam Malaysia (SAM)

Urgewald

WALHI / Friends of the Earth Indonesia

350.org

CC :

Taro Aso, Minister of Finance

Atsuo Kuroda, Chairman and CEO, Nippon Export and Investment Insurance

Takehiko Kakiuchi, President and CEO, Mitsubishi Corporation

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 and CEO, Sumitomo Mitsui Trust Bank

Satoru Komiya, President and Group CEO, Tokio Marine Holdings

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ⁱ VNA “JBIC provides 200 mln USD credit for Vietnam’s energy projects” <https://en.vietnamplus.vn/jbic-provides-200-mln-usd-credit-for-vietnams-energy-projects/155336.vnp> (July 1, 2019).

ⁱⁱ 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).

ⁱⁱⁱ The Formosa generating plant and steel plant are located less than 10 km from the planned site of the Vung Ang 2 coal-fired power plant.

^{iv} Mekong Eye “Vietnamese provinces say ‘no’ to coal plants—government and industry still want more” <https://www.mekongeye.com/2019/03/07/vietnamese-provinces-say-no-to-coal-plants-but-the-government-and-industry-build-more/> (March 7, 2019).

^v Greenpeace South East Asia, Greenpeace Japan, “A deadly double standard: How Japan’s financing of highly polluting overseas coal plants endangers public health” <https://www.greenpeace.org/southeastasia/publication/2887/double-standard-how-japans-financing-of-highly-polluting-overseas-coal-plants-endangers-public-health/> (August 2019).