

June 30, 2021

[Joint Statement] Mitsubishi Corporation should withdraw from EPC for Vietnam's Quang Trach 1 Coal-fired Power Plant

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Mitsubishi Corporation has a policy not to enter into any new coal-fired power generation businesses [1], but despite this, it has signed an EPC (engineering, procurement, and construction) contract for Quang Trach 1 coal-fired power plant in Vietnam on June 17, 2021 [2]. According to media reports, it was a consortium formed by Mitsubishi Corporation, Hyundai E&C of South Korea and CC1 (Construction Corporation No. 1) of Vietnam, which the operator, Electricity of Vietnam (EVN) , signed a contract.

In order to achieve the 1.5 degrees Celsius target of the Paris Agreement, it has been analyzed that coal-fired power plants must be shut by 2030 for OECD countries and by 2040 globally at the latest [3]. The International Energy Agency (IEA) report "Net Zero by 2050" [4] released this May also states that no new unabated coal plants are to be approved for development from 2021 in its pathway to net zero by 2050. In other words, there is no room on our planet to build any new coal-fired power plants and those in operation need to start shutting down as well.

Mitsubishi Corporation should withdraw from Quang Trach 1 and also from Vung Ang 2, a coal-fired power generation project the company is now working towards construction in the same country. The bidding for Quang Trach 1 was held in October 2020 [5], and it was not until June 14, 2021, that the winning bidder was decided [6]. Mitsubishi Corporation, in the first place, should not have participated in the bidding, but even after the bidding, there was enough time and chances to make a decision to withdraw. However, the company did not make such a decision and signed the contract immediately after winning the bid. This is highly regrettable.

Quang Trach 1 is a 1,200 MW power plant planned in Quang Binh province in central Vietnam, which is only about 20 km away from Vung Ang 2 planned in the neighboring province. Coal-fired power plants emit air pollutants such as SO_x, NO_x, and PM, but even if Japanese companies are involved in the project, they do not use the same level of pollution control technology used in Japan. For example, in the case of Vung Ang 2, data from the Ministry of the Environment shows that the emissions are at concentrations that are several to ten or more times higher than best practices in Japan [7]. It has been pointed out that these pollutants can cause cancer, respiratory and other diseases, leading to early deaths [8]. If the coal-fired power plants are built one after another in this area, there will be serious consequences.

Since cleaner renewable energy is a possible option for the companies to promote, developing a coal-fired power generation business from now can only be seen as a corporate attitude of disregard for the environment and human rights, and a backward-looking approach to decarbonization. This is a reputational risk and the company should recognize that. We strongly urge Mitsubishi Corporation to reconsider its plans and withdraw from these projects.

[1] Mitsubishi Corporation, Policy on Coal-fired Power Generation Businesses

<https://mitsubishicorp.disclosure.site/en/themes/113>

[2] VietnamPlus, (June 17, 2021), EPC contract signed for power plant in Quang Binh

<https://en.vietnamplus.vn/epc-contract-signed-for-power-plant-in-quang-binh/203228.vnp>

[3] Climate Analytics,

<https://climateanalytics.org/briefings/coal-phase-out/>

[4] International Energy Agency (IEA), (2021), Net Zero by 2050, A Roadmap for the Global Energy Sector, p. 20, IEA, Paris,

<https://iea.blob.core.windows.net/assets/0716bb9a-6138-4918-8023-cb24caa47794/NetZeroBy2050-ARoadmapfortheGlobalEnergySector.pdf>

[5] Chinhphu.vn, (October 7, 2020), Mở thầu gói thầu trên 30 nghìn tỷ đồng Dự án NMNĐ Quảng Trạch 1

<https://baochinhphu.vn/Doanh-nghiep/Mo-thau-goi-thau-tren-30-nghin-ty-dong-Du-an-NMND-Quang-Trach-1/409725.vgp>

[6] Vietnam Finance, (June 14, 2021), Lộ diện 3 ‘ông lớn’ hợp lực trúng gói thầu hơn 30.200 tỷ đồng làm dự án nhiệt điện Quảng Trạch I

<https://vietnamfinance.vn/lo-dien-3-ong-lon-hop-luc-trung-goi-thau-hon-30200-ty-dong-lam-du-an-nhiet-t-dien-quang-trach-i-20180504224254468.htm>

[7] The Ministry of Environment 「石炭火力発電輸出ファクト集 2020」

[8] Center for Research on Energy and Clean Air (CREA), (March 2021), Air Quality, Health & Toxic Impacts of Proposed Coal Power in Vietnam’s Power Development Plan 8

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