

March 29, 2024

**Joint Statement:
NGOs Strongly Condemn Decision by Japan Bank for International Cooperation
(JBIC) and Citibank to finance two gas-fired power projects in Mexico**

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On March 28, the Japan Bank for International Cooperation (hereinafter referred to as JBIC), a Japanese public financial institution, announced that it has decided to provide project financing of US \$93 million and \$167 million each to two natural gas-fired combined cycle power projects located in San Luis Potosi and Salamanca, Mexico (*1-2). The projects are co-financed with Citibank, N.A., Tokyo Branch (hereinafter referred to as Citibank). On March 29, Nippon Export and Investment Insurance (hereinafter referred to as NEXI) also announced that it has decided to provide insurance for the loans from the private financial institution (*3). We, environmental NGOs, strongly condemn the decisions made by JBIC, Citibank and NEXI to support the project. We urge the financiers, JBIC and Citibank, the insurer, NEXI, and the provider of the power plant technology, Mitsubishi Heavy Industries, Ltd. (MHI) to stop their involvement in these two projects.

These projects involve the construction of gas-fired combined cycle power plants in two places by the project developer, the Comisión Federal de Electricidad (CFE). On November 2, 2023, JBIC placed two projects on the list of projects under consideration for financing, and NEXI also placed it on December 6, 2023 and started consideration for providing insurance.

At the G7 Elmau Summit held in June 2022, the Japanese government committed “to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited circumstances clearly defined by each country consistent with a 1.5°C warming limit and the goals of the Paris Agreement.” (*4) Therefore, in applying the exception clause to two projects, the energy policy of the recipient country, Mexico, must be consistent with the 1.5 degree goal of the Paris Agreement.

And then in the press releases published by JBIC on the decisions to support two projects, JBIC mentioned that “The government of Mexico announced a greenhouse gas (GHG) emissions reduction target of 35% (compared to BaU) by 2030 under its Nationally Determined Contributions (NDC), an action plan that addresses climate change under the Paris Agreement, which aims to replace environmentally harmful thermal power generation with highly efficient gas-fired generation.” However, Climate Analytics (*5) and Climate Action Tracker (*6) reveal that Mexico’s NDC is not consistent with the 1.5 degree goal.

When we NGOs had a meeting with JBIC prior to their loan decisions, we could not get clear explanations from JBIC as to the basis on how they judged the Mexican government’s NDC to be consistent with the 1.5 degree goal. JBIC also decided to finance the Scarborough gas

field development project in Australia on March 26 (*7), and it is condemnable that JBIC seems to lack awareness that we are already in the era of global boiling induced by the use of fossil fuels to date. For NEXI, which decided to provide insurance, we sent questions on December 7, 2023, asking about consistency with the G7 Elmau commitment, although they have not given us any response. This clearly violates their own Guidelines on Environmental and Social Considerations in Trade Insurance, which stipulates that effort should be made to ensure accountability.

Moreover, an article published by Mexico Business News (*8) points out that the generation cost of solar and wind power in Mexico is lower than gas-fired power generation, giving them a high cost advantage. Providing support for San Luis Potosi and Salamanca projects, which are not based on cost advantaged renewable energy but are gas-fired power generation with a lower cost advantage in Mexico, is not consistent with the Japanese Government's Infrastructure System Overseas Promotion Strategy 2025 that indicated maximum utilization of renewable energy technology, either.

From the reasons above, we urge JBIC, Citibank, NEXI and Mitsubishi Heavy Industries, Ltd. (MHI) to stop their involvement in two projects, which are highly likely to amount to a violation of the G7 commitment.

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Note:

*1: https://www.jbic.go.jp/en/information/press/press-2023/press_00215.html

*2: https://www.jbic.go.jp/en/information/press/press-2023/press_00214.html

*3: <https://www.nexi.go.jp/en/topics/newsrelease/202403260298.html>

*4: <https://www.mofa.go.jp/mofaj/files/100364051.pdf>

*5: <https://1p5ndc-pathways.climateanalytics.org/countries/mexico/>

*6: <https://climateactiontracker.org/countries/mexico/>

*7: <https://jacses.org/en/414/>

*8:

<https://www.woodmac.com/press-releases/solar-pv-to-overtake-onshore-wind-in-latin-america-from-2023/>