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Joint Statement
For Vietnam's Block B-O Mon Project,
We Demand Retraction of FID by Mitsui & Co.
and JOGMEC's FID and Loan Guarantee Decision

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In the end of March, Mitsui Corporation announced its final investment decision (FID) and the Japan Organization for Metals and Energy Security (JOGMEC) its FID and loan guarantee provision to Vietnam's Block B-O Mon project (offshore gas field development and transportation of gas by pipeline to the power complex) in their press releases (*1, 2). We environmental NGOs urge Mitsui and JOGMEC to retract their decisions and JOGMEC to end support for this project. This project will lock in new greenhouse gas (GHG) emissions and worsen the climate crisis. We are deeply disturbed that JOGMEC and Mitsui decided to invest in Block B-O Mon despite the human rights problems too.

The global average temperature has already exceeded 1.45 degrees Celsius above the pre-industrial baseline (*3), making the 1.5 degrees goal of the Paris Agreement jeopardy of achieving. In such circumstances, we urge "transition away from fossil fuels." The existing fossil fuel projects need to be phased out and there is no space for new ones on this planet (*4).

Vietnam's Block B-O Mon is a project to develop Block B gas field (Lot B&48/95 and Lot 52/97) located in the south west offshore of Vietnam and transporting the extracted gas by pipeline with a total length of 433km (offshore about 330km and onshore about 100km) to the O Mon power complex. The gas field part would be the upstream of the project and the pipeline part the mid-stream. The downstream project, O Mon power complex, is planned to consist of four power plants with a large capacity totaling 3,810MW. One of the plants (O Mon I: 660MW) is already in operation but up to date only at emergency situations using fuel oil (*5), thus the GHG emission due to power generation is limited. However, if the gas supply by the pipeline takes place enabling full time operation, the emission would significantly increase. And if O Mon II, III, IV (each 1,050MW) get constructed and start operation, then GHG emission from the complex would accelerate climate change, worsen air pollution, and hinder decarbonization of Vietnam.

Also, not only the GHG emission from the combustion at power plants is the concern, but the fact that the main constituent of the gas, methane, poses considerable global warming impacts. Methane is 80 times more potent than carbon dioxide when looked at the first 20-year span (*6). Methane is leaking at various points throughout the gas supply chain (*7) and IPCC reported that next few years will be critical for limiting global warming to

approximately 1.5°C, which includes a significant reduction in methane emissions, by about a third by 2030 (*8). Both Japan and Vietnam are participants to the Global Methane Pledge (*9) and putting efforts in methane reduction. Japanese companies or the Japanese government should not support new gas field development or new gas related infrastructure.

Mitsui & Co. has stakes in both upstream and mid-stream through its wholly owned subsidiary Mitsui Oil Exploration Co., Ltd. (MOECO) and it said it made a final investment decision and made related contracts on March 28 with the project partners (*10) and announced it the next day. JOGMEC has stakes in the upstream through a joint venture with MOECO. JOGMEC approved the provision of loan guarantee to the Block B-O Mon project on March 26, and announced that on March 28 together with its determination of final investment decision.

The Block B-O Mon project not only has environmental problems but human rights issues also. One of the project partners, a resource development company PTTEP, happens to be a wholly owned subsidiary of Thailand's PTT Public Company Limited (PTT), but the Norwegian Government Pension Fund has designated PTT as excluded from investment reasoning the conduct of PTTEP being one of the funding sources of Myanmar military which continues to commit inhumane acts (*11). Besides, in Vietnam, multiple environmental defenders have been arrested in the last few years and citizens have been unable to speak freely about environment and energy policy (*12). The decisions by Mitsui & Co. and JOGMEC are wrong from the perspective of business and human rights also.

The government of Japan have committed at the 2022 G7 Elmau Summit 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,” hence the decision by JOGMEC deviates from this commitment. It is analyzed by the Climate Action Tracker that Vietnam is planning for a rapid growth in fossil gas consumption, though the massive efforts Vietnam's government is directing towards the gas sector development are not 1.5°C compatible and raise the spectre of significant stranded asset risks (*13).

Thus we object to the decisions of Mitsui & Co. and JOGMEC and request their retraction.

In addition, the Japan Bank for International Cooperation (JBIC) and private banks are considering finance support for the mid-stream part of this Block B-O Mon project now. We urge them to reject support for this project. Finance should be directed to energy efficiency improvement and the renewable energy sector. Gas should be kept in the ground, so this new project plan to extract and expand the use for power generation should not be enabled.

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Note

*1: https://www.mitsui.com/jp/en/release/2024/1248975_14372.html

*2: https://www.jogmec.go.jp/english/news/release/news_10_00061.html

- *3: World Meteorological Organization, "State of the Global Climate 2023", <https://wmo.int/publication-series/state-of-global-climate-2023>, March 19, 2024
- *4: IEA, "Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach", <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>, September 2023
- *5: JICA, FY 2018 Ex-post Evaluation Report, https://www2.jica.go.jp/en/evaluation/pdf/2018_VNV-2_4_f.pdf
- *6: Nature, "Control methane to slow global warming fast", <https://www.nature.com/articles/d41586-021-02287-y>, August 25, 2021
- *7: IEA, "Global Methane Tracker 2024", <https://www.iea.org/reports/global-methane-tracker-2024>, March 2024
- *8: IPCC, "The evidence is clear: the time for action is now. We can halve emissions by 2030.", <https://www.ipcc.ch/2022/04/04/ipcc-ar6-wgiii-pressrelease/>, April 4, 2022
- *9: Global Methane Pledge, <https://www.globalmethanepledge.org/>
- *10: Vietnam Oil and Gas Group (PVN), PetroVietnam Exploration Production Corporation Limited (PVEP), PetroVietnam Gas Joint Stock Corporation (PV Gas), PTT Exploration and Production Public Company Limited (PTTEP)
- *11: NBIM, Observation and exclusion of companies, <https://www.nbim.no/en/responsible-investment/ethical-exclusions/exclusion-of-companies/>
- *12: OHCHR, Press Briefing Notes "Sentencing of environmental human rights defenders in Viet Nam" <https://www.ohchr.org/en/press-briefing-notes/2023/09/sentencing-environmental-human-rights-defenders-viet-nam>, September 29, 2023
- *13: Climate Action Tracker, Viet Nam 20 Nov. 2023 Update, <https://climateactiontracker.org/countries/vietnam/policies-action/>