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[Joint Statement] NGOs applaud environment minister for expressing concerns about coal power project in Vietnam (January 21, 2020)

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Joint Statement
NGOs applaud environment minister for expressing concerns about coal power project in Vietnam:
Japanese government should stop supporting coal-fired power generation overseas

Friends of the Earth Japan
Kiko Network
Japan Center for Sustainable Environment and Society (JACSES)
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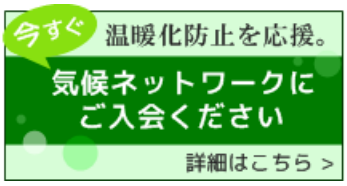
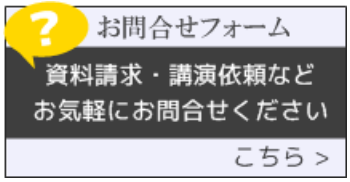
At a press conference[1] on January 21, 2020, Japan's Environment Minister Shinjiro Koizumi pointed out that the use of public funds for the Vung Ang 2 coal-fired power generation project in Vietnam was inconsistent with policies of the Japanese government (see below). He also pointed out problems with Japanese government policies on the use of public funds to support coal-fired power projects overseas.

We five environmental NGOs welcome the fact that Minister Koizumi raised these issues and expressed concerns about the use of public funds from Japan to support a coal-fired power generation project overseas. All of this in the context of the worsening climate crisis and the need for urgent actions on climate change, we believe that the Japan Bank for International Cooperation (JBIC) as well as all private sector companies and financial institutions involved should decide immediately to halt financing and investment in the Vung Ang 2 coal-fired power generation project. It is also clear that Japan's policies need to be revisited, and we call upon Environment Minister Koizumi to lead the initiative to update Japan's policies and make them consistent with the Paris Agreement.

Based on its national Strategic Energy Plan, the Government of Japan has been actively promoting what it calls "low-carbon infrastructure exports," which may include coal-related exports, but only if they meet four conditions[2]. On this point, Minister Koizumi stated at the press conference that Japan was expected to provide financing for Vung Ang 2, but that American and Chinese counterparts would be responsible for construction. Thus, he said, Japanese high-efficiency equipment might not be used, which would not be consistent with the four conditions for coal exports, and from the perspective of Japanese citizens





and the international community this situation may not make sense. Regarding the use of Japanese public funds for coal-fired power generation overseas, he also mentioned that there are problems with the cost competitiveness of coal, and that coal use will in effect hinder the recipient country's efforts to decarbonize, while also "locking in" future GHG emissions. He also stated that he believes it is necessary to make changes to the policies so that everyone, including the international community, can confidently say that Japan is making an effort toward a decarbonized society.

The Vung Ang 2 project in Vietnam is a project to build a new coal-fired power plant. Mitsubishi Corporation is expected to invest in it, but CLP Holdings, a Hong Kong-based joint venture with Mitsubishi Corporation, has withdrawn from this project after it announced a coal exit policy on December 17, 2019. Others that have already pulled out of a lending consortium for this project include UK-based Standard Chartered Bank, Singapore-based OCBC Bank, and DBS Bank. Currently it appears that only Japanese public and private financial institutions are still considering financing this project [3].

To be consistent with the Paris Agreement, no new coal-fired power plants should be built for any reason whatsoever. The Vung Ang 2 project is expected to use ultra-supercritical (USC) technology, enabling it to satisfy technical aspects of the four conditions for financing from Japan. But even so, there are concerns about negative impacts on the local environment, as there is no assurance that technologies meeting Japanese technology standards would be used to control pollutants such as SOx, NOx, and particulate matter (PM). Meanwhile, regarding cost competitiveness, an analysis released in September 2019 by the UK-based think tank Carbon Tracker found that by 2022 the construction cost of solar power in Vietnam is expected to be lower than the operating cost of existing coal-fired power plants [4].

Japan still ranks second globally in terms of public financing for coal-fired power generation, and Japan's three megabanks were the top three funders of coal-fired power producers globally between 2017 and 2019 [5]. Besides the Vung Ang 2 project in Vietnam, two other coal-fired power generation projects are moving forward with Japanese public and/or private sector involvement. One is the Vinh Tan 3 project in Vietnam (with investment from Mitsubishi Corporation), and the other is the Indramayu project in Indonesia (funding from the Japan International Cooperation Agency, or JICA).

Meanwhile, Australia has been struck by catastrophic bush fires, and the memories of massive typhoons that hit Japan are still fresh. The year 2020 marks the end of Kyoto Protocol implementation period, and the start for the Paris Agreement. We call upon the Japanese public and private sector institutions to decide immediately to withdraw from investment and financing for the Vung Ang 2 and the Vinh Tan 3 coal-fired power plants, as well as any other new coal-fired power plant projects. Now is not the time to be building new coal-fired power plants. What the world needs is a serious effort to shut down existing coal-fired power plants in order to decarbonize. Thus, all coal-fired power projects currently under construction overseas with Japanese government financing should be reviewed and funding stopped before the recipient countries "lock in" their greenhouse gas emissions for decades into the future.

Footnotes:

1. Video of press conference by Japan Environment Minister Shinjiro Koizumi on January 21, 2020 (in Japanese) https://www.youtube.com/watch?v=uZ3c4768RBI (31 minutes, relevant part begins at 2:15)
2. Under the Fifth Strategic Energy Plan (2018) the four conditions that should be met for Japanese exports relating to coal-fired power generation are: (1) the country is forced to choose coal as an energy source from the perspective of energy security

and economic viability, (2) the partner country has requested Japan's high efficiency coal generation technology, (3) OECD rules are taken into account and the deal is consistent with the energy policy and climate change measures of the partner country, and (4) in principle, Japan supplies ultra-supercritical (USC) technology at or above the global state-of-the art.

3. Joint Statement: Mitsubishi Corporation increasingly isolated on coal-fired power plant in Vietnam. As major international banks and partners pull out, Japanese public and private sector must join the coal exit! (December 20, 2019) English version: http://www.foejapan.org/en/aid/jbic02/va/191220.html
4. Carbon Tracker "Here comes the sun (and wind) Vietnam's low-cost renewables revolution and its implications for coal power investments" (September 2019) https://www.carbontracker.org/reports/here_comes_the_sun/
5. [1] 350.org Japan and Kiko Network joint press release, "Japan's banks and investors top global coal financier list at COP25" (December 5, 2019) https://350.org/press-release/japans-banks-and-investors-top-global-coal-financier-list-at-cop25/

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tag： Coal, MoE

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[Joint Statement] Tokio Marine announces a New Coal Policy following SOMPO But it's still not aligned with the Paris Agreement (2020/9/28)（2020/09/28）
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