

March 2, 2022

**Joint Statement: NGOs welcome Sumitomo Corporation's
decision on not participating in building Matarbari 2 coal-fired
power plant
-Japanese government and JICA should immediately stop
considering the loan providing-**

Japan Center for a Sustainable Environment and Society (JACSES)
Kiko Network
Friends of the Earth Japan
350.org Japan
Mekong Watch

On February 28, Sumitomo Corporation announced its revised "Policies on Climate Change Issues" (*1) deleting the exception on the possibility to participate in the Matarbari 2 coal-fired power plant. We, the environmental NGOs, welcome its decision not to participate and strongly urge the Japanese government and the Japan International Cooperation Agency (JICA), which are preparing to finance the project, not to sign the loan agreement.

Sumitomo Corporation has been participating in Matarbari 1 coal-fired power project (Unit 1 and 2) as a construction contractor. Matarbari 2 is a planned expansion project of Matarbari 1. Sumitomo Corporation has previously revised its "Policies on Climate Change Issues" in May 2021 and declared not to be involved in new coal-fired power projects, but left Matarbari 2 as an exception. This time, it revised its policy and removed that exception, making it clear that there is no possibility for the company to participate in the EPC bidding for Matarbari 2. Meanwhile, the Japanese government and JICA are still preparing to finance the project.

According to Climate Analytics, a European research institute, in order to achieve the 1.5 degrees Celsius goal of the Paris Agreement, developed countries need to completely stop the operation of coal-fired power plants by 2030 and developing countries by 2040, at the latest (*2). The support by the Japanese government and JICA for the construction of coal-fired power plants, which are expected to operate for decades after they are commissioned, is not clearly consistent with the long-term goals of the Paris Agreement. Moreover, in response to the agreement made at G7 Cornwall Summit, the Japanese government revised its policy on providing support for overseas coal-fired power projects in June 2021, stating to "end new direct international government support for unabated coal-fired power generation by the end of 2021." The support for Matarbari 2 is violating the promises made at the G7 Summit.

It has been pointed out that Bangladesh is already facing an overcapacity of power, raising a concern that building more fossil fuel power plants could become a large hindrance to the future expansion of renewable energy. According to the "Revisiting Power System Master

Plan (PSMP) 2016 (published in November 2018)” (*3) by the Bangladesh Ministry of Power, Energy and Mineral Resources, the actual reserve margin is anticipated to reach a maximum of 69% in 2026, and the actual reserve margin is projected to consistently exceed the target reserve margin until 2041.

Furthermore, there is a risk that the construction of new fossil-fueled power plants will seriously impact Bangladesh's financial status and cost of power generation. Institute for Energy and Economics and Financial Analysis (IEEFA), the U.S.-based think tank, states that “power plants that have not begun construction should be halted - this applies to expensive LNG- and oil-fired plants as well as any further coal-fired power proposals such as Matarbari 2” (*4).

Therefore, we strongly request the Japanese government and JICA not to sign the loan agreement on Matarbari 2 coal-fired power project in Bangladesh.

Footnotes:

*1: <https://www.sumitomocorp.com/en/jp/news/release/2022/group/15490>

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

*3:

https://powerdivision.portal.gov.bd/sites/default/files/files/powerdivision.portal.gov.bd/page/4f81bf4d_1180_4c53_b27c_8fa0eb11e2c1/Revisiting%20PSMP2016%20%28full%20report%29_signed.pdf

*4:

https://ieefa.org/wp-content/uploads/2022/02/Bangladesh-Power-Development-Board-Financial-Results-FY2020_21_February-2022.pdf

For more information, please contact:

Yuki Tanabe, Japan Center for a Sustainable Environment and Society (JACSES)

tanabe@jacsces.org