

April 11<sup>th</sup> 2018

Mr. Aso Taro, Minister of Finance  
Mr. Kondoh Akira, Governor of Japan Bank for International Cooperation

### **Petition**

## **JBIC should reject finance for Nghi Son 2 coal fired power plant immediately**

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

We, the undersigned environmental organizations have been in discussion with regards to the issues surrounding the Nghi Son 2 coal fired power plant project (Nghi Son, Thanh Hóa, 600MW\*2) with Japan Bank for International Cooperation (hereafter, JBIC). The EIA of said project has been disclosed on JBIC's website since 6<sup>th</sup> February 2018. We have expressed our concerns in terms of social and environmental impacts that will be caused by the plant.

Moreover, as it turns out, there are clear violations of JBIC's own "Guidelines for Confirmation of Environmental and Social Considerations" (the Guidelines), thus we would like to reiterate our concerns and demand that JBIC not finance the project<sup>1</sup>.

### **1. Supporting supercritical technology is against Japanese Government policy**

In January 2018, the Japanese Government set a policy "to support only ultra-super critical technology, a world most advanced technology, taking into account OECD rules and recipient country's climate change policy" <sup>2</sup>.

This project deploys sub-standard supercritical technology, which is therefore against Japan's own policy. JBIC insisted and confirmed that JBIC checked the EIA of the project was approved by the Vietnamese government in 2015, which meets the requirement of "the transitional arrangement of OECD coal sector understanding<sup>3</sup>"

However, JBIC received the EIA of the project on 16th June 2017. OECD rules requires "a request for proposals was issued prior to 1 January 2017, *on the basis of a fully completed technical feasibility study and environmental and social impact assessment*, and provided that an application for export credit support for any such project is submitted and acted upon expeditiously."<sup>4</sup>

Therefore, the loan request was not properly processed according to OECD rules, meaning financing the project is against Japanese government policy which says it takes into account OECD rules.

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<sup>1</sup> Our previous petition is found here <http://www.foejapan.org/en/aid/180313.html>

<sup>2</sup> Minutes of briefing by Minister of Environment, 30th Jan 2018,  
<http://www.env.go.jp/annai/kaiken/h30/0130.html>

<sup>3</sup> OECD, "Sector Understanding On Export Credits For Coal-Fired Electricity Generation Projects", 2015/11/27

<sup>4</sup> Ibid, emphasis added by FoE Japan

## **2. An additional impact assessment should be disclosed**

JBIC refers to the EIA which was completed in February 2015 and was approved on 4<sup>th</sup> March 2015. This EIA presently does not take into account the cumulative impacts of the other projects in the area, such as Nghi Son Oil refinery.

The oil refinery started test operation in the end of February 2018 and it is expected to start its commercial operation this May<sup>5</sup>. Since oil refinery are also a huge impact on the environment, cumulative impacts should be assessed. According to JBIC, there are such studies conducted by the operator. However, JBIC explained it is not disclosed to the public as the data collected by the operator is their intellectual property rights<sup>6</sup>.

However, according to JBIC's Guidelines, "In addition to the direct and immediate impact of projects, *derivative, secondary, and cumulative impact and impact of associated facilities are also to be examined and investigated to a reasonable extent.*"<sup>7</sup>

Therefore, the said studies conducted by the operator should be included in EIA and thus disclosed. Also, EIA itself should be repeated since the EIA was conducted almost 4 years ago.

## **3. EIA and Approval of EIA was not properly disclosed**

According to JBIC, JBIC received EIA and its approval from the applicant on 16<sup>th</sup> June 2017 and 12<sup>th</sup> May 2017 respectively. The JBIC's guideline states "JBIC discloses information in principle as set out below, depending on the nature of the project. Such disclosure is made, in principle, on JBIC's website *as soon as it obtains the information.*"<sup>8</sup>

It is clear violation of the guidelines that the EIA and Approval of EIA had not been disclosed more than half a year since JBIC received them. JBIC should explain why the disclosure was delayed such long time.

We already demanded that JBIC reject finance in our petition released on 13<sup>th</sup> March 2018<sup>9</sup>, but above mentioned issues show that JBIC should reject financing for Nghi Son 2 coal fired power plants immediately.

(note: the original petition is written in Japanese.  
Some sequences of sentences are changed accordingly)

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<sup>5</sup> Saigon Times "Nghi Son oil refinery ready for operation", 2018/3/1,

<sup>6</sup> Telephone Interview with JBIC (April 6<sup>th</sup> 2018)

<sup>7</sup> Emphasis added by FOE Japan, *Japan bank for international cooperation guidelines for confirmation of environmental and social considerations*, Jan 2015

, [https://www.jbic.go.jp/wp-content/uploads/page/2013/08/36442/Environemtal\\_Guidelines2015.pdf](https://www.jbic.go.jp/wp-content/uploads/page/2013/08/36442/Environemtal_Guidelines2015.pdf)

<sup>8</sup> Ibid, emphasis added.

<sup>9</sup> See footnote 1