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Joint Statement

Don't support Vung Ang 2 coal-fired power project in Vietnam with public money
Japanese government must reconsider export policy including planned projects

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At a press conference on the 25th of February 2020¹, Japan's Environment Minister Shinjiro Koizumi stated that the relevant ministries will review the four conditions² of state assistance for exports of coal fired power plants by June this year within the process to set an outline of the government's infrastructure export strategy. The results would also be reflected on Japan's Strategic Energy Plan.

Minister Koizumi has expressed his concerns about Japan's coal fired-power plant export overseas³, Vung Ang 2 project in Vietnam in particular. Despite that, as a result of coordination with relevant ministries, he acknowledged that the Vung Ang 2 project is in line for receiving state assistance because Vietnam and Japan made confirmation to cooperate on this project at the top level.

On the same day of Koizumi's conference, Japan's two public financial institutions, the Japan Bank for International Cooperation (JBIC) and the Nippon Export and Investment Insurance (NEXI) disclosed the Environmental and Social Impact Assessment of the Vung Ang 2. This indicates that they have officially started to consider providing their support for the project⁴.

¹ Press conference by Environmental Minister Koizumi, 25th February 2020 <https://www.youtube.com/watch?v=zL69YyEAK30>

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 Video of press conference by Japan Environment Minister Shinjiro Koizumi on January 21, 2020 (in Japanese) <https://www.youtube.com/watch?v=uZ3c4768RBI>

⁴ JBIC, <https://www.jbic.go.jp/en/business-areas/environment/projects/page.html?ID=61715&lang=en>
NEXI, <https://www.nexi.go.jp/en/environment/a/2020013103.html>

We, the above-signed environmental organizations strongly condemn this consequence that JBIC and NEXI officially started consideration of their support for the project without any further discussions about the 4 conditions aforementioned or alignment with the Paris Agreement.

Indeed it is a step forward for the Government of Japan to start reviewing policies, taking into account that it has always maintained strong pro-coal policies. However, it is insufficient if it takes a blind eye to planned projects.

To avoid further climate crises, science clearly shows that no new coal-fired power plants should be built for any reason and recent natural disasters show the urgency of climate action.

In addition, it contradicts the government's statement in its Long-term Climate Strategy under the Paris Agreement that "the government will promote the development and investment of energy infrastructure abroad in order to contribute to the global reduction of CO2 emissions consistent with the long-term goals stipulated in the Paris Agreement."

Japan will again be seen as not serious about reduction of GHG emissions, if the review does not contain on-going projects such as the Vung Ang 2 project and keeps encouraging the construction of new coal-fired power plants by providing public support. The message that Japan will send to the world will be that Japan does not have any concern about "locking-in" future GHG emissions of the recipient countries for many decades. This will only lead to further international criticism towards Japan.

Minister Koizumi mentioned during his press conference that for the Vung Ang 2 project, there is confirmation of cooperation between Japan and Vietnam at the top-level. However, it is clear that joint statements of the two countries released on June 6th 2017 or May 31st 2018 are not promises for Japan to provide financial support through public financial institutions⁵.

Besides, when Japanese public financial institutions such as JBIC, NEXI and the Japan International Cooperation Agency (JICA) consider whether to provide support, they have to go through independent reviews on various aspects, including environmental and social consideration as well as economic and financial risks.

In response to reflecting on the cases where Japan caused serious negative impacts on local environment and community through large-scale development projects under the label of "support", this independent review framework was set as a safeguard to meet global standards.

⁵ JOINT STATEMENT ON DEEPENING THE JAPAN-VIET NAM EXTENSIVE STRATEGIC PARTNERSHIP

<https://www.mofa.go.jp/mofaj/files/000262573.pdf> 6th June 2017

<https://www.mofa.go.jp/mofaj/files/000268924.pdf>

Japan-Viet Nam Joint Statement on the Occasion of the State Visit by the President of the Socialist Republic of Viet Nam to Japan <https://www.mofa.go.jp/mofaj/files/000368991.pdf> 31st May 2018

For example, public support cannot be provided if countermeasures against air pollution, resettlement of residents and livelihoods are not appropriate and are not in compliance with provisions of each institution's guidelines on environmental and social considerations.

The position of the Government of Japan on the Vung Ang 2 project is of great concern as it could provoke review processes by these public financial institutions to become completely meaningless. For the Vung Ang 2 project, there has already been a number of environmental and social problems pointed out. JBIC and NEXI are required to conduct appropriate environmental review and determine whether or not to provide finance/insurance, following their own environmental and social guidelines.

With all this considered, there should not be any public support provided for the Vung Ang 2 coal-fired power project taking into consideration climate change and the possible negative environmental and social impacts.

Furthermore, there is an urgent demand by the international community that the Japanese government will stop constructing new coal-fired power plants domestically and set a substantive phase-out plan of existing coal power plants to align with the Paris Agreement⁶.

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⁶ Study shows OECD countries including Japan needs to phase out coal by 2030 and other countries by 2040
<https://climateanalytics.org/briefings/coal-phase-out/>