

TO:

Mr. Shinzo Abe, Prime Minister of Japan

Mr. Taro Aso, Minister of Finance

Mr. Toshimitsu Motegi, Minister of Foreign Affairs

Mr. Hiroshi Kajiyama, Minister of Economy, Trade and Industry

Mr. Shinjiro Koizumi, Minister of Environment

Mr. Tadashi Maeda, Governor, Japan Bank for International Cooperation

Mr. Atsuo Kuroda, Chairman and CEO, Nippon Export and Investment Insurance

Mr. Takehiko Kakiuchi, President and CEO, Mitsubishi Corporation

Mr. Mareshige Shimizu, President and CEO, Chugoku Electric Power Co.

Mr. Kanetsugu Mike, President and CEO, MUFG Bank

Mr. Koji Fujiwara, President and CEO, Mizuho Bank

Mr. Makoto Takashima, President and CEO, Sumitomo Mitsui Banking Corporation

Mr. Masaru Hashimoto, President, Sumitomo Mitsui Trust Bank

Petition calling on Japanese government, companies and banks to withdraw from the Vung Ang 2 coal-fired power plant in Vietnam

May 26, 2020

We the undersigned 127 organizations are urging you to withdraw from the planned Vung Ang 2 coal-fired power plant project in which you are involved in central Vietnam. The construction of new coal-fired power plants not only exacerbates the climate crisis, it will also delay the transition to a decarbonized society, and make it more difficult to achieve the international targets of the Paris Agreement. Serious environmental pollution and health impacts have already been reported near the planned site due to existing power plants and factories, so construction of a new coal-fired power plant there would only aggravate the situation. Japanese private companies and banks as well as government bodies that are considering investing in and supporting Vung Ang 2 should withdraw from this project.

Problems with the Vung Ang 2 project

Inconsistent with the long-term goals of the Paris Agreement

The plan for the Vung Ang 2 project is the construction of two 660-megawatt generating units with ultra-supercritical(USC) technology. Even though USC is referred to as high efficiency, electricity generation from coal releases more carbon dioxide emissions than any other means of electricity generation.

The impacts of climate change are steadily worsening, putting many lives at risk. There is very limited time left for action to avoid further damage from climate change, so we must rapidly end our reliance on coal power, which is such a large emitter of greenhouse gases.

The new construction of coal-fired power plants is inconsistent with the 1.5 degree Celsius target of the Paris Agreement. New construction today will lock in enormous greenhouse gas emissions for many decades to come. OECD countries are being called upon to phase out their use of coal by 2030, and other countries by 2040.¹ Japanese public and private sector actors should actually be promoting sustainable projects that are consistent with the Paris Agreement, including decentralized renewable energy.

Environmental pollution in the planned project area

Major environmental pollution accidents have already occurred near the planned site of Vung Ang 2. The release of pollutants from a Formosa Ha Tinh Steel Corporation's steel plant in 2016 has been described as Vietnam's worst-ever environmental disaster, causing marine pollution along the coast for 200 kilometers and with serious repercussions for fisheries in the region.

Meanwhile, the Vung Ang 1 coal-fired power plant, with financing from the Japan Bank for International Cooperation (JBIC), MUFG Bank, and Sumitomo Mitsui Banking Corporation (SMBC), is already in operation, and there have been reports of damage from dust believed to be from this plant, as well as negative health impacts since the plant started operating.² Moreover, it has been pointed out that Vung Ang 2 will emit air pollutant concentrations several times higher than power plants built in Japan. Analysis by the Centre for Research on Energy and Clean Air revealed that emissions from this plant will be five to ten times above Japanese standards.³

Problems with the Environmental Impact Assessment

Many problems have been identified with the environmental and social impact assessment (ESIA) report prepared by the proponent of the Vung Ang 2 coal-fired power plant.⁴ Independent analysis by the Environmental Law Alliance Worldwide (ELAW) found that the ESIA should be rejected due to serious flaws, among them being that it:

1. Failed to examine alternatives that prevent or minimize adverse environmental impacts of the proposed thermal power plant;
2. Used the wrong choice of an air pollutant dispersion model that renders meaningless predictions of air quality impacts;
3. Applied weaker emission standards for the project than those used internationally;
4. Allowed continued wet handling of ash contrary to international guidelines;
5. Allowed discharge of thermal effluent in excess of international guidelines; and
6. Erroneously dismissed potentially significant impacts to marine species.

Furthermore, media have reported that local officials held a meeting in October 2019 where residents were urged to sign papers agreeing to sell their farmland even though the price was not set, and that some families that were relocated for construction of Vung Ang 1 had not been told that whether they would have to be relocated once more

¹ "Coal Phase Out" Climate Analytics, <https://climateanalytics.org/briefings/coal-phase-out/>, accessed May 15, 2020.

² "GE says it's going green. Overseas, it's still pushing coal", Los Angeles Times, <https://www.latimes.com/world-nation/story/2020-03-02/ge-green-overseas-pushing-coal>, March 2, 2020.

³ "Vung Ang 2" Market Forces, <https://www.marketforces.org.au/research/vietnam/vung-ang-2/>, accessed May 15, 2020.

⁴ "Evaluation of the 2018 Environmental Impact Assessment (EIA) Report For the Vung Ang II Thermal Power Plant Project" ELAW, https://elaw.org/VN_VungAngII_2018EIARreview, 2020.

for Vung Ang 2. Such reports are signs that there was a failure to ensure proper information disclosure and obtain consent from residents.⁵

A failure to consider alternatives to coal-fired power generation and to ensure appropriate participation and consultation for affected people in planning involuntary resettlement action plans and measures against the loss of their means of livelihoods would be violation of the JBIC and Nippon Export and Investment Insurance (NEXI) Guidelines for Confirmation of Environmental and Social Considerations, as well as performance standards of the International Finance Corporation (IFC). They would also be in violation of the Equator Principles, which the Japanese private sector banks have adopted.

Risk of stranded assets

A September 2019 report by Carbon Tracker, a UK think tank, concludes that the economic viability of not only new construction of coal-fired power plants in Vietnam but also existing plants is questionable, because the cost of new construction of solar power generation will be lower than operating costs of existing coal-fired power generation by as early as 2022.⁶

It is also evident that progress is significantly behind schedule on several coal-fired power plants currently under construction and planning in Vietnam. Further delays are also occurring due to the impacts of COVID-19⁷. The cost increases from these delays coupled with declining costs of renewable energy mean that Vung Ang 2 risks becoming a stranded asset.

We need a green recovery based on renewable energy

Many people are now being affected by the global spread of the COVID-19 pandemic. It is an urgent global challenge to recover from the damage caused by COVID-19, but climate change is also an urgent challenge. The long-term impacts of climate change are a critical concern, so COVID-19 recovery plans must also help our efforts to address climate change.

Today reportedly one person in every ten of the global population has no access to electricity.⁸ Access to electricity is seen as a crucial measure to address poverty, so some proponents use this to justify the need for coal-fired power plants. However, many rural villages that have no access to electricity also have no connection to the electrical grid, so a better strategy for them would be to use decentralized renewable energy.⁹

Vietnam has an electrification rate above 99%, so almost the entire population has access to electricity. However, even having an electrical grid does not mean the current approaches are best for the future. Many countries around

⁵ See footnote 2.

⁶ “Here comes the sun (and wind) Vietnam’s low-cost renewables revolution and its implications for coal power investments” Carbon Tracker, https://www.carbontracker.org/reports/here_comes_the_sun/ (September 2019).

⁷ “Covid-19 tác động tới tiến độ nhiều dự án điện”, Dau Thau, <https://baodauthau.vn/dau-tu/covid19-tac-dong-toi-tien-do-nhieu-du-an-dien-128323.html> (May 6th 2020)

⁸ Sustainable Development Goals (SDGs) Report 2019, United Nations Information Centre, https://www.unic.or.jp/activities/economic_social_development/sustainable_development/2030agenda/sdgs_report/, accessed May 15, 2020.

⁹ “FAQs on coal and poverty” ODI, <https://www.odi.org/projects/2822-faqs-coal-and-poverty> Accessed May 15, 2020.

the world are talking about a “Green New Deal.” For a recovery that also makes the transition toward societies with an emphasis on the environment and human rights, we should not be simply pushing ahead with more coal-fired power plant projects. There have also been reports that air pollution may worsen mortality rates from COVID-19.¹⁰ If we consider local decarbonization and the health of the Vietnamese people, there should be a shift toward society based on renewable energy.

Demands

Government of Japan and governmental financial institutions (JBIC, NEXI):

The Government of Japan and governmental financial institutions JBIC and NEXI should not be supporting the Vung Ang 2 coal-fired power plant.

To update its Infrastructure System Export Strategy, which the framework is expected to be set in June 2020, the Government of Japan has been holding discussions among the relevant ministries and agencies to revise four conditions for Japan to provide government assistance for coal-fired power plants overseas. In its Long-term Strategy under the Paris Agreement, the Government of Japan states “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.” Any support for coal-fired power plant projects would be inconsistent with that commitment.

Also, as stated above regarding Vung Ang 2, there is evidence of violations of JBIC and NEXI Guidelines for Environmental and Social Considerations, including no consideration about alternatives to coal and the failure to ensure appropriate participation and consultation with affected people when planning involuntary resettlement action plans and measures against the loss of livelihoods. Therefore, Japan should not be funding and insuring this project.

Private sector banks (MUFG Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank):

All four of these banks have adopted credit policies that clearly commit them, in principle, not to provide financing for new coal-fired power plants, so the Vung Ang 2 project should not be eligible for their financing. Major loopholes have been pointed out in all of their policies, but the deliberate use of such exceptions only shows that their ESG policies are very weak. The Mitsubishi UFJ Financial Group and Sumitomo Mitsui Trust Bank state that in some cases they will respond to “energy policies and circumstances in host countries,” “international guidelines,” “consideration of other available technologies,” and “context and unique features of individual cases.” Meanwhile, the Mizuho Financial Group says that it will exclude projects for which it has already committed as of the start of the new policy, and the Sumitomo Mitsui Financial Group says that exceptions may be considered for those projects which have been provided support before the revision of its. However, Standard Chartered Bank (UK) and OCBC Bank and DBS (both from Singapore) have withdrawn from this project based on their new coal exit policies. Japanese banks have no justification to be the only ones unable to exit from the project.

¹⁰ “Does air pollution affect COVID-19 mortality rates: U.S. research, *Tokyo Shimbun*, <https://www.tokyo-np.co.jp/s/article/2020050301001180.html> (May 3, 2020)

Also, all four Japanese banks have signed the UN Principles for Responsible Banking (PRB). Signatory banks commit to make their corporate strategies consistent with the Sustainable Development Goals and the Paris Agreement. It is clear that Vung Ang 2 is not consistent with the Paris Agreement, so actions of banks that would violate their own commitments will end up significantly damaging their credibility in the eyes of the international community and investors.

In addition, due to the many problems described above, financing for this project would not only violate the four banks' commitments to take climate action, but also the Equator Principles, which they have all signed. Therefore, the banks should immediately terminate any further consideration of financing for this project.

Mitsubishi Corporation, Chugoku Electric Power Co.:

In its revised ESG Databook 2018 (released in 2019), Mitsubishi Corporation declared a policy not to enter into any new coal-fired power generation businesses, in principle. However, as an exception, the company says it will continue with projects on which it has "already commenced development," using that as a justification to proceed with Vung Ang 2. However, this is inadequate as a climate action, and for the two projects on which construction has not yet begun (Vung Ang 2 and Vinh Tan 3), the company should make the decision to withdraw as soon as possible.

Amid rising concern about climate change and its impacts, there is a growing wave of divestment from companies involved in fossil fuels. In particular, a growing number of financial institutions and insurance companies are revising their credit policies relating to coal-fired power generation and coal mining developments.

In April 2019, a government pension fund in Norway sold its shares of companies associated with coal-fired power generation. Shares of Chugoku Electric Power Co. were already among those divested.¹¹ This is a sign that the business environment for coal-fired power generation will become increasingly difficult when ESG investments and the Paris Agreement are also considered.

Mitsubishi Corporation and Chugoku Electric Power Co. should withdraw from this project.

End.

CC:

Mr. Yoshihide Suga, Chief Cabinet Secretary

Mr. Kiyohiko Toyama, State Minister of Finance

Mr. Masahito Fujikawa, State Minister of Finance

Mr. Kenji Wakamiya, State Minister of Foreign Affairs

Mr. Keisuke Suzuki, State Minister of Foreign Affairs

Mr. Hideki Makihara, State Minister of Economy, Trade and Industry

Mr. Yohei Matsumoto, State Minister of Economy, Trade and Industry

Ms. Yukari Sato, State Minister of the Environment

¹¹ "Additional coal exclusions from the Government Pension Fund Global"

<https://www.nbim.no/en/the-fund/news-list/2016/additional-coal-exclusions-from-the-government-pension-fund-global/>
(December 21, 2016).

Mr. Hirotaka Ishihara, State Minister of the Environment
Mr. Shinichi Kitaoka, President, Japan International Cooperation Agency
Mr. Takio Yamada, Ambassador to Vietnam

Signatory organizations (alphabetical order, 127 organizations, as of 26th May 2020):

International/Regional

Amigos de la Tierra América Latina y el Caribe - ATALC
Asian People's Movement on Debt and Development
CAN International
COESUS COALICION Latinoamericana contra el Fracking por el Clima Agua y Vida
EarthRights International
Friends of the Earth International
Greenpeace Southeast Asia
Market Forces
NGO Forum on ADB
350 Asia

Australia

Friends of the Earth Australia
The Sunrise Project

Bangladesh

Bangladesh Krishok Federation

Belgium

KDK

Bosnia and Herzegovina

Centar za životnu sredinu/ Friends of the Earth Bosnia and Herzegovina

Brazil

ARAYARA INSTITUTE
COESUS Coalition No Fracking Brasil

Cambodia

Equitable Cambodia

Cameroon

JVE Cameroun

Canada

Friends of Cathedral Grove
The British Columbia Environmental Network

Wilderness Committee
YOUNGO / Ocean Bridge
YOUTH UNSTOPPABLE documentary

Colombia

Censat Agua Viva

Costa Rica

COECOCEIBA

Finland

Friends of the Earth Finland

France

Friends of the Earth France
Reclaim Finance

Georgia

The Greens Movement of Georgia

Germany

Students For Future Munich
Urgewald

Ghana

Abibiman Foundation
AbibiNsroma Foundation
Alliance for Empowering Rural Communities

Hungary

Clean Air Action Group

India

Conservation Action Trust
Environics Trust
Growthwatch

Indonesia

Aksi! for gender, social and ecological justice
LPESM Riau
WALHI

Italy

Women's March Milan

Japan

Climate Action Japan
Fridays for future Ehime
Fridays for future Saitama
Fridays For Future Sendai
Fridays For Future Shiga, Japan
Fridays For Future Shinshu
Fridays For Future Shizuoka
FridaysForFuture 鹿児島
Fridays For Future Dazaifu
Fridays For Future Fukuoka
Fridays For Future Kyoto
Fridays For Future Nasu
Fridays for future Tokyo
Friends of the Earth Japan
Greenpeace Japan
ImageMILL KK
NPO 法人みたか市民協同発電
NPO 法人市民電力連絡会
NPO 法人足元から地球温暖化を考える市民ネットえどがわ
weMORI
一般社団法人 NECO
一般社団法人 多摩循環型エネルギー協会
エネルギーシフトを実現するこまえの会
「環境・持続社会」研究センター (JACSES)
気候ネットワーク
国際・資源エネルギー学生会議 (IRESA)
さよなら原発！三鷹アクション
スパイラルクラブ
認定 NPO 法人太陽光発電所ネットワーク
ふえみん婦人民主クラブ
地球環境市民会議 (CASA)
メコン・ウォッチ
350.org Japan
350Tokyo

Malaysia

Sahabat Alam Malaysia (Friends of the Earth Malaysia)
Tideturners

Mongolia

Oyu Tolgoi Watch
Rivers without Boundaries Coalition-Mongolia

Nepal

Nepalese Youth for Climate Action
Powershift is
Rural Reconstruction Nepal- RRN
Youth For Environment Education And Development Foundation (YFEED Foundation)

The Netherlands

BankTrack
Both ENDS
Fair Finance International

Norway

Greenpeace Nordic

Pakistan

Pakistan Fisherfolk Forum

Philippines

Legal Rights and Natural Resources Center-KsK Friends of the Earth Philippines
LEYTEAM, Inc.
Migrant Forum in Asia
WomanHealth Philippines
Youth Advocates for Climate Action Philippines
Youth for Earth Society
350 Pilipinas

Republic of Korea

Solutions for Our Climate

Russia

Biodiversity Conservation Center
Rivers without Boundaries
Socio-ecological union international

Singapore

Fossil Free Yale-NUS

South Africa

Fund Our Future

Spain

Ecologistas en Acción

Sri Lanka

Centre for Environmental Justice
Sri Lanka Nature Group

Switzerland

Eltern fürs Klima Schweiz
fossil-free.ch Switzerland
KlimaStadtZürich
Zukunft statt Kohle / Future instead of Coal Switzerland
Verein KlimaSeniorinnen Schweiz

Taiwan

Mom Loves Taiwan Association
國立政治大學 Green24 永續社
350 Taiwan
The Jounary of Unlimited Youth

Tunisia

AEMJ

U.K.

Corner House
Friends of the Earth Scotland
Global Witness
Weald Action Group

U.S.A

Bucks Environmental Action
Education, Economics, Environmental, Climate and Health Organization (EEEECHO)
Friends of the Earth United States
Natural Resources Defense Council (NRDC)
Oil Change International

U.S.A and Canada

YOUNGO (US&Canada)

Uruguay

REDES-Friends of the Earth (FoE) Uruguay

Contact:

FoE Japan

1-21-9 Komone, Itabashi-ku, Tokyo 173-0037 JAPAN
TEL: +81-3-6909-5983
Email: info@foejapan.org

350.org Japan
1-28-10 Takadanobaba, Shinjuku-ku, Tokyo 169-0075 JAPAN
Email: japan@350.org