

29 September 2017

Bank of Tokyo – Mitsubishi UFJ, Ltd.
2-7-1, Marunouchi
Chiyoda-ku, Tokyo
Japan

Dear Kanetsugu Mike:

We, the undersigned groups, urge the Bank of Tokyo – Mitsubishi UFJ (BTMU) to reject financing for the Long Phu-1 coal plant in Vietnam. In light of its recent accreditation at the Green Climate Fund and the commitment to addressing climate change that this accreditation implies, BTMU's support for this climate-polluting debacle would be particularly inappropriate and reflect a complete disregard for international climate goals as set out in the Paris Agreement.

Long Phu-1 violates a broad set of environmental and social policies, including the Equator Principles, to which BTMU adheres. For example, BTMU's implementation of the Equator Principles requires an alternatives analysis for projects expected to emit more than 100,000 tonnes of CO₂ annually.¹ Even though Long Phu-1 will produce 63 times that amount,² the project sponsor failed to examine alternatives. Additionally, BTMU requires that projects adhere to the host country's environmental and social laws,³ but Long Phu-1 violates Vietnam's national climate and energy policy, known as the Green Growth Strategy,⁴ which requires emission reductions and an increase in renewables. Long Phu-1's project sponsor also fails to provide baseline information; identify cumulative and associated risks and impacts; and ensure emergency preparedness and response, the monitoring and review of environmental impacts, and safe labor and working conditions, among many other Equator Principles violations (see attached).⁵

Further, an independent expert analysis demonstrates that the project sponsor's consulting firm doctored the coal plant's greenhouse gas emissions estimates to appear compliant with international policies (see attached).⁶ The consulting firm inaccurately claims that Long Phu-1 would reach the efficiency level of an ultra supercritical coal plant even though the plant would use General Electric's less-efficient steam turbines that GE itself designates as supercritical.⁷

¹ BTMU, Implementation Guidelines for the Equator Principles, p. 10 (Aug. 31, 2015),

http://www.mufg.jp/english/csr/juten/sustainability/sekidou/pdf/implementation_guideline.pdf.

² U.S. Export-Import Bank, Pending Projects, <https://www.exim.gov/policies/ex-im-bank-and-the-environment/pending-transactions> (last visited Aug. 1, 2017).

³ BTMU, *supra* note 1 at 13.

⁴ Pierre Audinet et al., *World Bank Group, Exploring a Low-Carbon Development Path for Vietnam* (2016), <http://documents.worldbank.org/curated/en/773061467995893930/pdf/102363-PUB-VN-Low-cost-carbon-date-Jan-20-2016-9781464807190-Box-394380B-PUBLIC.pdf>;

⁵ Doug Norlen, *Failure to Comply: How Long Phu 1 Violates Lenders' Environmental and Social Policies* (June 2016).

⁶ Bruce Buckheit, *Smoke and Mirrors: Debunking the Doctored Numbers on Long Phu-1 Greenhouse Gas Emissions* (June 2017).

⁷ GE, *Powering the World: Steam Power Systems Product Catalog*, https://www.gepower.com/content/dam/gepower-pw/global/en_US/documents/alstom/gea31876-steam-power-systems-29-10-15.pdf (last visited Aug. 1, 2017).

Moreover, in its calculations the project sponsor completely ignored the energy used while running the plant itself, including the pumps, fans, pollution controls, and other auxiliary equipment that would make the plant even less efficient. The consulting firm's baseless efficiency claims imply that Long Phu-1's emission rate will be lower than even the most efficient plants in the best conditions, such as the Nordjylland coal plant in Denmark,⁸ which reaches a level of efficiency only made possible by the availability of naturally occurring, extremely cold cooling water. Considering the tropical climate of Vietnam, it seems impossible that Long Phu would be able to match, let alone beat, such efficiency.

Long Phu-1 is also associated with a sprawling corruption scandal in Vietnam involving top officials of PetroVietnam (PVN), the project sponsor. A senior ruling party official and Chairman of the Board of PVN reportedly face corruption charges related to many projects and activities, including the awarding of the Long Phu-1 engineering, procurement and construction (EPC) contract.⁹ Other former senior PVN officials who had been involved in the signing of Long Phu-1 are reportedly under investigation.¹⁰ Therefore, BTMU should not support Long Phu-1 since its policies specifically bar it from becoming involved in any corrupt activity.¹¹

Jim Kim, the President of the World Bank, has warned that the region's coal plans spell disaster for the planet.¹² In a recent independent scorecard of leading banks' fossil fuel financing BTMU received the lowest rating of "F" based on their poor management of climate risk.¹³ We urge BTMU to immediately shift its support away from fossil fuels toward clean renewables and publicize a sector policy restricting finance to new coal related infrastructure in line with the Paris Agreement. We strongly urge you to begin that transition by not supporting Long Phu-1 or any other coal plant.¹⁴

Sincerely,

350.org Japan
CEE Bankwatch Network

⁸ Yingying Zheng et al., *Nordjylland Power Station: Carbon Footprint Study of Biomass Fueled CHP Station* (Aug. 18, 2015), <https://pire.soe.ucsc.edu/sites/default/files/Nordjylland%20Power%20Station%20-%20Carbon%20Footprint%20Study%20of%20Biomass%20CHP.pdf>.

⁹ *Senior Communist Party Official Faces Punishment*, VIETNAM NET (30 Apr. 2017),

<http://english.vietnamnet.vn/fms/government/177654/senior-communist-party-official-faces-punishment.html>.

¹⁰ *Inspection Commission Recommends Disciplining HCMC Party Chief*, VIETNAM BREAKING NEWS (Apr. 28 2017), <https://www.vietnambreakingnews.com/2017/04/inspection-commission-recommends-disciplining-hcmc-party-chief/>; Press Release, PVN, EPC Contract Signed for Long Phu 1 Thermal Power Plant Construction (27 Dec. 2013), <http://pvc.vn/en-us/news/newsdetails/tabid/211/id/2199/EPC-Contract-Signed-for-Long-Phu-1-Thermal-Power-Plant-Construction.aspx>.

¹¹ BTMU, Principles of Ethics and Conduct, <http://www.bk.mufg.jp/global/aboutus/ethical.html> (last visited 2 Aug. 2017).

¹² Suzanne Goldenberg, *Plans for Coal-Fired Power in Asia Are 'Disaster for Planet' Warns World Bank*, THE GUARDIAN (5 May 2016), <https://www.theguardian.com/environment/2016/may/05/climate-change-coal-power-asia-world-bank-disaster>.

¹³ Rainforest Action Network et al. *Banking on Climate Change: Fossil Fuel Finance Report Card* (2017), https://www.ran.org/banking_on_climate_change.

¹⁴ Suzanne Goldenberg, *Plans for Coal-Fired Power in Asia Are 'Disaster for Planet' Warns World Bank*, THE GUARDIAN (May 5, 2016), <https://www.theguardian.com/environment/2016/may/05/climate-change-coal-power-asia-world-bank-disaster>.

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Market Forces (Australia)
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