

To: Mr. Hiroshi Watanabe,
Governor
Japan Bank for International Cooperation (JBIC)

We, representatives from 90 civil society groups from 27 countries, wish to draw your attention to the problems surrounding JBIC's coal financing and to urge you to abandon plans to finance the proposed Batang coal fired power plant in Central Java, Indonesia. The Batang power plant has already been beset by delays, controversy, and local opposition. We strongly call on JBIC to cancel plans to finance the Batang power plant and to join the growing international consensus to stop financing coal projects abroad.

1. Violation of Indonesian law

The Batang project has already violated several aspects of Indonesian law. As a Public-Private Partnership project (PPP), the Batang power plant must follow President's regulation No.67/2005 (since amended by Presidential Regulation No. 13/2010 and No. 56/2011) which requires power projects to achieve financial close within 1 year. The project's guarantee agreement was signed on October 6th, 2011 with a financial close deadline of October 6th, 2012. However, the project was delayed due to local opposition¹ and financial close was extended for 2 consecutive years to 2014.

Moreover, the proposed power plant infringes upon the Ujungnegoro-Roban coastal area, which is protected as a Marine Protected Area and Local Sea Tourism Object under Government Regulation No. 26/2008. Part of the power plant will be built at sea and infringes upon a protected area, in direct violation of Central Java provincial bylaw No 6/2010 on spatial planning. Therefore, the project violates JBIC's Guidelines for Confirmation of Environmental and Social Consideration [hereinafter "JBIC Guidelines"], which requires that *"projects must comply with laws, ordinances and standards relating to environmental and social considerations established by the governments that have jurisdiction over the project site (including both national and local governments)."*

2. Opposition by local community:

More than 7,000 villagers have expressed concern over the proposed power plant. Fifty local landowners have refused to sell 55 ha of land that is needed for the proposed 226 ha power plant. The local community has protested on over 22 occasions in the local as well as in Jakarta. On July 22nd, 2013, about 180 Batang locals protested at the Japanese embassy in Jakarta. The following week, on July 30th, local authorities and the military resorted to taking violent action against protestors, which resulted in 17 injuries, according to local news reports. These events make it difficult to see how the project has secured *"social acceptability,"* as required by JBIC

¹<http://www.bloomberg.com/news/2013-10-04/j-power-partners-delay-4-billion-indonesia-coal-power-plant.html>

Guidelines.

In addition, local people are concerned about the plant's impact on their livelihood and health. Construction will destroy fertile agricultural land. Emissions from the plant will pollute local coastal areas where more than 10,000 fishers earn their living. It is estimated that the facility can emit some 226 kg of mercury per year. Just 0.907 grams of mercury in a lake has the potential make any fish in a 0.1km² area unfit to eat.²

3. A turning tide against public finance for coal:

In 2013, as part of a growing international consensus, several financial institutions and governments declared their intention to cut financing for coal projects abroad. The US government, the 5 Nordic countries, the World Bank, the European Investment Bank, and the European Bank for Reconstruction and Development, all took steps to set stricter standards for coal financing. JBIC should follow suit and implement a ban on financing coal projects overseas.

4. Indonesia's commitment to reducing greenhouse gas emissions:

There have been major initiatives by the Indonesian government to combat climate change. In 2009, the government pledged to reduce its greenhouse gas emissions by 26% by 2020. However, the Batang power plant alone is likely to emit 10.8 million tonnes of CO₂ per year. If coal fired power plants continue to be built, Indonesia's energy sector emissions could double by 2020.³ If we are to have any chance of avoiding catastrophic climate change, according to scientists we must limit global temperature rises to 2°C from pre-industrial level. We must phase out coal which is responsible for more than 40% of global CO₂ emissions. The \$4 billion dollars required for the plant should be used to promote renewable energy, which is becoming increasingly cost-competitive and avoids negative impacts on communities, health and the environment.

In conclusion, we call on JBIC to:

- (i) Confirm the above concerns by conducting a field investigation and talking directly with local residents/ NGOs rather than relying solely on the project implementer and the Indonesian government.
- (ii) Disclose all social and environmental documents related to the project, including the Environmental Impact Assessment and Resettlement Action Plan in both Indonesian and English.
- (iii) Reject financing for the Batang coal-fired power plant in Indonesia.
- (iv) Release an official policy statement that pledges an end to coal financing and support for funding cleaner, more sustainable renewable energy projects using innovative Japanese technology.

²<http://www.greenpeace.org/seasia/id/press/releases/Batang-Coal-fired-Power-Plant-Will-destroy-health-and-livelihoods/>

³ ditto

Thank you in advance for your consideration and we look forward to your response.

Yours sincerely,

Contact Information:

Friends of the Earth Japan

3-30-22-203, Ikebukuro, Toshima-ku, Tokyo 171-0014 Japan

Tel: 03-6907-7217 Fax: 03-6907-7219

Japan Center for a Sustainable Environment and Society (JACSES)

401, Sanshin Bldg., 2-3-2 Iidabashi, Chiyoda-ku, Tokyo 102-0072 Japan

Tel: 03-3556-7325 Fax: 03-3556-7328

Kiko Network

6F, Ichibancho-Murakami Bldg., 9-7, Ichibancho, Chiyoda-ku, Tokyo 102-0082, JAPAN

Tel: 03-3263-9210, Fax: 03-3263-9463

This letter is endorsed by the following 90 organizations.

350.org

Asian Peasant Coalition

Carbon Market Watch

Climate Action Network (CAN) Europe

ECA Watch

Focus on the Global South

Greenpeace International

The Alliance for Future Health, Australia

Bimblebox Nature Refuge, Australia

Friends of the Earth Australia

Friends of the Earth Brisbane, Australia

Front Line Action on Coal, Australia

Market Forces, Australia

ECA Watch Austria

GLOBAL 2000 - Friends of the Earth Austria

11.11.11, Belgium

Center for ecology and energy, Bosnia and Herzegovina

National Committee for the Defense of Flora and Fauna (CODEFF) - Friends of the Earth Chile

Greenovation Hub, China

Zelena akcija - Friends of the Earth Croatia

Egyptian Center for Economic and Social Rights (ECESR), Egypt

Les Amis de la Terre - Friends of the Earth France

Bund für Umwelt und Naturschutz Deutschland (BUND) - Friends of the Earth Germany
 Urgewald, Germany
 Conservation Action Trust, India
 Himal Prakriti - A Trust for Nature., India
 National Adivasi Alliance, India
 South Asian Dialogues on Ecological Democracy (SADED), India
 BALIFOKUS Foundation, Indonesia
 Greenpeace Indonesia
 IMPARSIAL - The Indonesian Human Rights Monitor, Indonesia
 Indonesian Women's Coalition, Indonesia
 Institute for Essential Services Reform (IESR), Indonesia
 International NGO Forum On Indonesian Development- INFID, Indonesia
 JKLPK (Jaringan Kerja Lembaga Pelayanan Kristen)(Christian NGO's Networking), Indonesia
 Suara Perempuan Desa (SPD) (Rural Women's Voices), Indonesia
 Wahana Lingkungan Hidup Indonesia - Friends of the Earth Indonesia
 ReCommon, Italy
 A SEED JAPAN, Japan
 Finance GreenWatch, Japan
 Friend of the Earth Japan
 Japan Center for a Sustainable Environment and Society (JACSES) , Japan
 Japan Tropical Forest Action Network (JATAN), Japan
 JUBILEE KYUSHU ON WORLD DEBT AND POVERTY, Japan
 Kiko Network, Japan
 Kyoto Mizu to Midori wo Mamoru-Kai (Liaison group for Preservation of Water and Green in
 Kyoto), Japan
 NAGOYA CENTER FOR PHILIPPINE CONCERNS, Japan
 Network for Indonesian Democracy, Japan (NINDJA), Japan
 Pacific Asia Resource Center (PARC), Japan
 People to People Aid, Japan
 WWF Japan, Japan
 Institute for Climate Change Action, Korea
 Korea Federation for Environmental Movement (KFEM) - Friends of the Earth Korea
 Ecodev, Myanmar
 Both ENDS, The Netherlands
 Environmental Rights Action - Friends of the Earth Nigeria
 Norges Naturvernforbund - Friends of the Earth Norway, Norway
 Center for Environmental Law and Community Rights Inc (CELCOR) - Friends of the Earth Papua
 New Guinea
 Alyansa Tigil Mina (ATM), Philippines
 BAN Toxics!, Philippines
 Bohol People's Art Development Center, Philippines
 Central Visayas People's Network for Life and Environment, Philippines

Cordillera Peoples Alliance, Philippines
Farmers Development Center-Bohol, Philippines
KAPAKANAN-Bohol (Kabatan-onan Para sa Kalambuan sa Nasud), Philippines
KATRIBU Partylist, Philippines
Northern Media Information Network, Philippines
Philippine Movement for Climate Justice (PM CJ), Philippines
Visayas Primary Health Care Services-Bohol, Philippines
Women's Development Center in Bohol, Philippines
Euronatura, Portugal
groundWork - Friends of the Earth, South Africa
Taiwan Youth Climate Coalition (TWYCC), Taiwan
AIDS Access Foundation, Thailand
BIOTHAI Foundation, Thailand
Centre for Ecological Awareness Building (EAB), Thailand
Ecological Alert and Recovery - Thailand (EARTH), Thailand
Foundation for Consumers, Bangkok, Thailand
FTA Watch, Thailand
Greenpeace Southeast Asia, Thailand
Sustainable Development Foundation, Thailand
Thai Climate Justice Working Group (TCJ), Thailand
Thai Holistic Health Foundation, Thailand
The World Development Movement, UK
Accountability Counsel, US
Institute for Energy Economics and Financial Analysis, US
Montana Environmental Information Center, US
Oil Change International, US
Pacific Environment, US
Sierra Club, US

Cc: Mr. Shinzo Abe, Prime Minister, Japan
Mr. Taro Aso, Minister of Finance, Japan
Mr. Masahiro Okafuji, President & Chief Executive Officer, ITOCHU Corporation
Mr. Yasuo Maeda, Chairman, Electric Power Development Co.,Ltd. (J-POWER)
Mr. Masayoshi Kitamura, President, Electric Power Development Co.,Ltd. (J-POWER)
Mr. Takeshi Kunibe, President, Sumitomo Mitsui Banking Corporation
Mr. Yasuhiro Sato, President & CEO, Mizuho Bank, Ltd.
Mr. Nobuyuki Hirano, President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.