

March 25, 2016

Mr. Shinzo ABE, Prime Minister
Mr. Taro ASO, Minister of Finance
Mr. Hiroshi WATANABE, Governor, CEO, Japan Bank for International Cooperation

Re: JBIC must Reject Financing for the Batang Coal-fired Power Plant, Central Java, Indonesia

Dear Mr. Abe, Mr. Aso, and Mr. Watanabe:

On the occasion of Prime Minister Abe's state visit to the United States, the undersigned groups from across the world assert that we are deeply concerned about the role that Japan has been playing in encouraging coal-fired power development, especially in Indonesia. Japan has continued to slow down progress toward shifting financing away from fossil fuels towards clean and sustainable renewable energy sources, such as wind and solar. As the leader of the G7, it is especially important that Japan no longer be a laggard, but instead become a leader in encouraging the shift away from dirty energy to catalyze the necessary transition that will prevent the worst impacts of climate change.

Japan has a history of encouraging continued dependence on coal even as the science and deadly climate impacts have shown the urgent need to keep fossil fuels in the ground. From 2007 to 2014, Japan provided over US\$20 billion in coal financing abroad. Japan has often resisted any limitation on export credits for coal projects. While the United States, France and other countries have placed limitations on its financing of coal projects abroad, Japan remains the world's number one supporter of overseas coal to the detriment of the planet and people. Initiating new coal-fired power plants in 2016 risks locking in damaging carbon emissions for decades to come, at a time when the world has agreed in the Paris Agreement that every country must play their part in dramatically decreasing emissions.

One example is the Batang coal-fired power plant in Central Java, Indonesia. Even though the project owners have failed to ensure "social acceptability" for the project in an appropriate manner and have blocked landowners and farmers from the land they depend on for their livelihood without their agreement, the Japan Bank for International Cooperation (JBIC) has so far failed to reject financing for the project. Coal-fired plants cause grave damage to the climate, but they are burden local communities with millions of dollars in negative health impacts and shortened life expectancies. In light of the negative environmental, social, and climate impacts, and the human rights violations associated with the project, we strongly urge JBIC to reject financing for the project ahead of its financial closure deadline on April 6, 2016.

The project proponents and the Indonesian government have failed to implement the appropriate environmental and social considerations according to the JBIC Guidelines. Late last year, an Indonesian state-sanctioned but independent Human Rights Commission even warned the Japanese government to review human rights violations surrounding the land acquisition process.

The Japanese government and JBIC must immediately urge the project proponents to ensure free access to the unsold farmland, to prevent any unnecessary conflict and so that the farmers can maintain their livelihoods.

Local communities in Indonesia have been subject to violence, intimidation, and human rights violations. This trend is seen around the world, with tragic consequences: March 2016 has witnessed the murder of environmental defenders Berta Caceres and Nelson Garcia in Honduras, and Sikhosiphi Rhadebe in South Africa. On the occasion of Prime Minister Abe's state visit to the United States, the international community strongly asserts that intimidation and murder of local communities is unacceptable. Japan and JBIC risk enabling this behaviour if they were to move forward with financing for Batang.

The JBIC Guidelines encourage JBIC to deny financing for a project where a project proponent fails to undertake appropriate environmental and social considerations. Since clear violations of the Guidelines have occurred at Batang, JBIC should reject financing for the project ahead of the financial closure deadline for the project on April 6, 2016.

The Japanese government must refuse financing not just for the Batang coal project, but all coal projects in order to avoid the worst impacts of climate change. As the leader of the G7, Japan must end its financing for coal projects and shift toward clean and sustainable renewable projects that will increase access to electricity without polluting local air and water or contributing to climate change. We appreciate your consideration of our concerns and hope the Japanese government will choose to end its financing for domestic and international coal projects.

Cc: 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. Teisuke Kitayama, Chairman of the Board, Sumitomo Mitsui Banking Corporation
Mr. Nobuhide Hayashi, President & CEO, Mizuho Bank, Ltd.
Mr. Nobuyuki Hirano, President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.