



Greenpeace Japan  
Greenpeace East Asia  
November 2020

To:

Huan Zhao, Chairman, China Development Bank (CDB)

Xiaolian Hu, Chairman, Export-Import Bank of China (Chexim)

Lee Dong Gull, Chairman & CEO, Korea Development Bank (KDB)

Bang Moon-Kyu, Chairman & President, The Export-Import Bank of Korea (Kexim)

Shinichi Kitaoka, President, Japan International Cooperation Agency (JICA)

Tadashi Maeda, Governor, Japan Bank for International Cooperation (JBIC)

## **From carbon neutrality pledges to renewable energy powered Asia: Call for leadership at the Finance in Common Summit 2020**

Addressing you as the heads of East Asian Public Development Banks (PDB), this open letter is a call for forward-looking leadership as we approach the meeting of PDBs at the Finance in Common Summit (“the Summit”) held in Paris this November.

2020 has been a turbulent year. The COVID-19 pandemic and the climate emergency, with flooding and heavy typhoons, have cost many people across Asia their livelihoods, jobs, and health. But as a civil society organization focused on protecting both peace and our shared environment, we have recently started to see cause for hope and a rare opportunity for real change.

In a short period of time, world leaders from China, Japan, and South Korea came forward with new pledges to enhance their commitment to carbon neutrality. With Japan and South Korea aiming for net zero by 2050 and China before 2060, our region’s leading economies have made a historical promise to transform our societies so the world’s climate protection objectives can be met. This is a significant development that shows how momentum for global climate action can be revived with strong leadership.

So let us identify a significant stain on China, Japan, and South Korea’s climate commitments. Anyone who follows climate efforts in Asia quickly learns about public finance, its political relevance, and the support that PDBs of China, Japan, and South Korea provide to new coal- and gas-fired power projects outside their own borders. On the environmental impact of public finance, the science is clear, voices in the recipient countries are loud, and international investors’ advice is increasingly insistent: these short-term investments in coal have to stop now or you will violate long-term commitments to climate objectives made by your governments.

But your institutions, too, can follow the lead of other financial institutions globally and exit coal investment. We are aware of numerous statements from public and private financial

institutions, as well as the political decision makers in Asia, that signal the end of coal.<sup>1</sup> Recipient countries are increasingly conveying their disbelief in the illusion of high-efficiency coal-fired power plants and the narrative that coal is the best tool for development. Recently, it has been reported that Vietnam<sup>2</sup> and Bangladesh<sup>3</sup> are considering to no longer allow the construction of new coal plants. The Philippines has decided on a moratorium on new coal plants.<sup>4</sup>

As Asia shifts away from coal, your institutions play a crucial role in transitioning fossil fuel investment into investment for sustainable renewable energy, which would help to create economic growth, cheaper energy, employment opportunities, and a clean and healthy environment for recipient countries. Your institutions have the ability to unlock a huge market opportunity in Asia - that of solar and wind development, particularly in Southeast Asia. In our case study on Southeast Asia, our analysis suggests that the capital required to deliver a Best RE Case energy scenario by 2030 represents a US \$251 billion opportunity. This is equivalent to an investment 2.5 times the overseas coal finance market of the previous ten years.<sup>5</sup>

Change in energy finance ambition, policy, and financial instruments are central to this opportunity. As the leaders of the region's largest public financial institutions, we expect you to ensure public finance aligns with your country's Net Zero ambition inside and outside of your borders to realize carbon neutrality objectives and help the world remain under 1.5 degrees of global heating. We do not have the luxury of time to get sidetracked by extensive new gas infrastructure that will either lock countries into high emission trends or end up shuttered when they predictably overshoot carbon budgets. It will take decades to fully transition Asia's energy infrastructure, so **it is crucial that public finance institutions commit to only fueling recipient country development needs with renewable energy.**

One of the questions posed by the organizers of the Summit is: **“How to make progress towards a coherent financial system where all financial flows are directed towards climate and sustainability?”**<sup>6</sup> We suggest the following answers:

- **Commit to carrying out your country's net zero pledge in your activities abroad**  
The current overseas energy finance portfolios of your institutions are primarily supporting fossil fuels, with very few solar and wind projects, if any. Now that Net Zero pledges have been made, your institutions must propel the adoption of sustainable energy abroad. This means withdrawing support from all planned coal- and gas- fired power plants, immediately.

---

<sup>1</sup> <https://ieefa.org/finance-exiting-coal/>

<sup>2</sup> <https://vietnamnet.vn/en/business/vietnam-to-stop-new-coal-fired-thermal-power-projects-in-2020-2030-667505.html>

<sup>3</sup> <https://www.eco-business.com/news/bangladesh-may-ditch-90-of-its-planned-coal-power/>

<sup>4</sup>

<https://www.doe.gov.ph/press-releases/doe-sec-cusi-declares-moratorium-endorsements-greenfield-coal-power-plants?ckattempt=1>

<sup>5</sup>

<https://storage.googleapis.com/planet4-southeastasia-stateless/2020/09/8f7592a7-gpsea-southeast-asia-power-sector-scorecard-report-170920-fv7.pdf>

<sup>6</sup> <https://financeincommon.org/why-finance-in-common#the-declaration>

- **Make a public policy prohibiting the support for coal-fired power plants**  
The policies of your institutions are lacking in transparency and adequate climate leadership. They need to align to decarbonizing the energy supply, supporting innovations in technology, and prioritizing investment in grid development to aid the market development of solar and wind. These types of holistic lending policies are not new for PDBs (for example- the EIB), but the leadership required to deliver them in Asia is.
- **Commit to financing the shift to RE in recipient countries**  
Large-scale solar and wind have historically not been seen as “bankable,” making it difficult to increase public financing support for these projects. Your institutions have the ability to create financial instruments and lending packages that make RE an investment far more creditworthy than fossil fuels and incentivize involvement from the private sector.

In taking these steps to create better prepared climate and energy policies, you will simultaneously create new jobs in recipient country economies suffering from the impacts of the COVID-19 pandemic and bring security to our region as a whole.

The ambition put forward at the Finance in Common Summit will set the bar for COP26, to be held in the United Kingdom in 2021. We hope you will use the Summit, perhaps the most prestigious international arena in the near future, to show your institutions’ commitment to achieving Net Zero and your institutions’ regional leadership in the face of our shared climate crisis.

Respectfully,

Sam Annesley  
Executive Director  
Greenpeace Japan



Pang Cheung Sze  
Executive Director  
Greenpeace East Asia

