

November 17, 2017

Dear Chairman Hall:

We, the undersigned groups, urge the U.S. Export-Import Bank (EXIM) to reject financing for the Long Phu-1 coal plant in Vietnam. Long Phu-1 fails to comply with EXIM and international policies, including those restricting support for coal plants, establishing requirements for environmental and social assessments, and mandating intervention in cases of corruption. Therefore, Long Phu-1 is ineligible to receive support from EXIM.

An independent expert analysis demonstrates that the project sponsor's consulting firm doctored the coal plant's greenhouse gas emissions estimates to incorrectly appear compliant with international and bank policies (see attached).¹ The consulting firm inaccurately claimed 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.² 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, and thus further non-compliant. 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,³ which reaches a level of efficiency made partially possible by the availability of naturally occurring, extremely cold cooling water. Considering the tropical climate of Vietnam, it is impossible that Long Phu-1 would be able to match, let alone beat, such efficiency.

On January 1, the international community made a highly significant step in reducing support for coal by implementing restrictions on coal plant financing from most Organization of Economic Cooperation and Development (OECD) member export credit agencies.⁴ These government export credit agencies, including EXIM are collectively the largest source of public financing for coal and other fossil fuel projects abroad.⁵ Under the agreement, export credit agencies will not support lower efficiency coal-fired power plants (than ultra-supercritical) except in the poorest countries and even then only under certain circumstances. Under this OECD coal financing agreement EXIM is barred from supporting this supercritical project.

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

² 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).

³ 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>.

⁴ Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects, 27 November 2015, Participants to the Arrangement on Officially Supported Export Credits, negotiated at the Organization for Economic Cooperation and Development, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/PG\(2015\)9/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/PG(2015)9/FINAL&docLanguage=En).

⁵ Alex Doukas, et al. *Talk Is Cheap: How G20 Governments are Financing Climate Disaster* (July 2017), http://priceofoil.org/content/uploads/2017/07/talk_is_cheap_G20_report_July2017.pdf.

Long Phu-1 violates a broad set of environmental and social policies. The Long Phu-1 project sponsor's environmental documents⁶ and other independent analysis clearly demonstrated these violations. For example, even though Long Phu-1 will produce 6.3 million tonnes of carbon dioxide annually,⁷ the project sponsor failed to examine alternatives. Long Phu-1's project sponsor also fails to adhere to Vietnam's national climate and energy policy, known as the Green Growth Strategy;⁸ 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.⁹

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 dismissed on charges related to many projects and activities, including the awarding of the Long Phu-1 engineering, procurement and construction (EPC) contract.¹⁰ Other former senior PVN officials who had been involved in the signing of Long Phu-1 are reportedly under investigation.¹¹ EXIM and other OECD-member ECAs have agreed to zero-tolerance measures to combat bribery that include commitments for suspension of applications, engagement of law enforcement authorities, disbarment and other strict measures when parties involved in a proposed transaction are charged and/or are proven guilty of corruption.¹² These internationally-agreed measures must now be enforced.

Jim Kim, the President of the World Bank, has warned that the region's coal plans spell disaster for the planet.¹³ EXIM must immediately shift its support away from fossil fuels toward clean renewables. This imperative, along with the project's stark violations of environmental, social and anti-corruption policies, must compel EXIM to reject consideration of Long Phu-1, inform responsible law enforcement authorities, and hasten a shift in financing for renewable energy.

⁶ ERM (for PetroVietnam and HSBC), *Environmental and Social Due Diligence – Long Phu 1 Thermal Power Plant*, (9 Dec. 2016) (on file with author).

⁷ U.S. Export-Import Bank, Pending Projects, <https://www.exim.gov/policies/ex-im-bank-and-the-environment/pending-transactions> (last visited 28 Sept. 2017).

⁸ 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>;

⁹ Doug Norlen, *Failure to Comply: How Long Phu 1 Violates Lenders' Environmental and Social Policies* (June 2016).

¹⁰ *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>.

¹¹ *Inspection Commission Recommends Disciplining H CMC Party Chief*, VIETNAM BREAKING NEWS (28 Apr. 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>.

¹² OECD Council Recommendation on Bribery and Officially Support Export Credits, TD/ECG(2006)24, 18 Dec. 2006, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=td/ecg\(2006\)24&doclanguage=en](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=td/ecg(2006)24&doclanguage=en).

¹³ 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>.

Sincerely,

Abibiman Foundation (Ghana)
Alliance Sud – Coalition of Swiss Development Organizations (Switzerland)
Amis de la Terre (France)
Bankwatch
Centrum pro dopravu a energetiku (Czech Republic)
CESTA Amigos de la Tierra (El Salvador)
CHANGE (Vietnam)
Corporate Europe Observatory
Friends of the Earth Japan
Friends of the Earth Ghana
Friends of the Earth International
Friends of the Earth U.S.
Foundation Earth (United States)
Gender Action
Institute for Policy Studies (United States)
Japan Center for a Sustainable Environment and Society
Market Forces (Australia)
Milieudefensie (Netherlands)
Oil Change International
Re:Common (Italy)
Sierra Club (United States)
Swiss Climate Alliance (Switzerland)
Urgewald (Germany)