



Climate Change Balmain-Rozelle

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To: Mr Zhang Chun,
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Copy: Ambassador Cheng Jingye,
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Dear Sir,

We are writing to ask your company to consider very carefully any decision to provide finance to the Adani Carmichael coal mine project in Queensland. Climate Change Balmain-Rozelle is an independent community group in Sydney, Australia promoting local and national action to reduce fossil fuel use, increase the adoption of renewable energy and head off catastrophic global warming.

You will recall that millions around the world took hope in December 2015 when world leaders at COP21 in Paris committed to limit rising concentrations of atmospheric greenhouse gases in the atmosphere. This followed decades of clear, consistent scientific advice to governments that a failure to limit average global temperature rise to less than 2^oC above pre-industrial levels would prove catastrophic.

The world agreed with President Xi Jinping of China's call in Paris for a comprehensive, balanced, powerful, and binding climate change agreement to implement the UN's Framework Convention on Climate Change. And his call for stronger, guaranteed post-2020 global actions to tackle climate change and promote sustainable global development. And his call for developed countries, especially, to honour their commitments to reduce emissions and assist developing countries with climate-friendly technologies. And when he stressed that tackling climate change is a common cause for all people, who must join hands and cooperate to achieve sustainable development worldwide¹.

Now, barely two years after the Paris conference and one year after the agreement was ratified, millions of Australians are dismayed by a proposal to open a new mega coalmine in Queensland and release many millions of additional tons of carbon into the planet's atmosphere.

In 2015 the Dongsha Atoll in the South China Sea lost 40% of its coral after the sea surface temperature soared to 6^oC above average². The Carmichael mine site is next to the world heritage Great Barrier Reef which also experience widespread coral bleaching in years 2016 and 2017. Tourist operators fear for the destruction of their industry, local farmers are concerned about the mine's massive demand for fresh water.

¹ http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfccqxbhblhdhdjbbwnfjxgsfwbfnyhnsbzczzfzltfh/t1320445.shtml

² <https://www.newscientist.com/article/2125630-shock-mass-coral-die-off-in-asia-sounds-alarm-for-worlds-reefs/>

The wider threat of greenhouse gas emissions from the continued mining, transport and burning of coal impacts everyone on the planet, whether they live in Australia, India, China - or anywhere else. Adani has said that over a 60-year lifetime, the company expects to extract 2.3bn tonnes of coal. This would make it equivalent to the biggest mine in the United States. If this goes ahead the average emissions from burning this coal will amount to about 77m tonnes of CO₂ each year. At Adani's stated peak production rate of 60m tonnes a year, the mine will be responsible for more than 120m tonnes of CO₂ emissions each year. But Carmichael would be just the first mine in the massive undeveloped Galilee coal basin because its rail and other infrastructure would allow the development of at least 10 more large mines of similar scale³. **As President Xi Jinping says, this is a global problem, with global consequences, requiring a global response.**

This week, delegates from around the world meeting for COP23 in Bonn will hear that the world is losing the struggle to ensure global greenhouse gas emissions peak by 2020 and reach net-zero by 2050. These are the targets we need to meet if we are to keep average temperature rise to well below 2°C (optimally 1.5⁰) and every new coal mine in the world will literally undermine that task. We are now left with just a very small window of opportunity to make the low-carbon transition, in ways that are economically and technically manageable with the options we have today.

Now is not the time to be opening a new mega coal mine in Australia or anywhere else. Now is the time to step up our investment in clean energy. There are multiple renewable energy sources that can replace existing coal fired infrastructure as it reaches end-of-life and becomes uneconomic. Renewables are not only clean, they are now cheaper to build and operate and are transforming economies.

The Carmichael project needs \$16.5 billion of investment to get off the ground, but commercial banks have declined to support the project. Adani has therefore gone cap in hand to Australian governments which have offered public subsidies in the mistaken belief this will stimulate jobs and growth. Adani has now approached CMEC (reportedly 78% owned by China's state-owned Sinomach) to fund additional investment by loans, business concessions and equity.

Opinion polls show most Australians oppose development of the Adani Carmichael mine – only 16% say it should go ahead. Many believe that as climate disasters become more frequent and damaging, anger at the irresponsibility of continued carbon pollution will force a halt to all coal mining. Australians are increasingly aware of record summer temperatures, increased frequency and severity of forest fires, increased sea temperatures and damaging storms and floods. The Carmichael mine proposal does not currently have a social licence from the Australian community and that is most unlikely to change⁴.

Companies with exposure to fossil fuels, including major Australian energy companies, banks, anyone with an investment portfolio, are exiting coal as fast as they can and investing in renewables, because they are more profitable. Around the world, coal mines are becoming stranded assets. This is why the Carmichael mine has had few interested investors. But China knows this. It knows the age of coal is over and it leads the world in the installation, manufacture and export of renewable energy technology⁵.

As well as reputational and investment risks, China's economy has much to lose by a failure of the world community to control climate change. China has identified glacial retreat, food insecurity, infectious diseases and sea level rise as likely impacts on its people and economy from climate change. It has been estimated that a one metre rise in sea level would inundate 92,000 square kilometres of China's coast, displacing 67 million people. Shanghai is considered the most vulnerable city in the world to sea level rise and likely to be completely inundated if warming reaches 3°C.⁶ Clearly, it makes no sense for governments, their agencies and investment arms to be taking actions now to lock in these scenarios - for obvious reasons in addition to financial ones – but clearly the very real prospect of early shutdown of the Carmichael project does represent significant risk for investors both public and private.

³ <https://www.theguardian.com/business/2017/aug/16/why-adanis-planned-carmichael-coalmine-matters-to-australia-and-the-world>

⁴ <http://www.roymorgan.com/findings/7364-roy-morgan-snap-sms-survey-adani-coal-mine-october-2017-201710130323>

⁵ <https://www.scientificamerican.com/article/why-china-is-dominating-the-solar-industry/>

⁶ <https://www.theguardian.com/cities/ng-interactive/2017/nov/03/three-degree-world-cities-drowned-global-warming>

By declining to assist the opening of new coal mines like Adani Carmichael abroad China can show the kind of global leadership President Xi Jinping called for in Paris two years ago. As a major economic power, China's example will be an act of positive leadership to hasten the worldwide transition to clean energy, promote sustainable economic growth, help secure a future for life on the planet and earn the respect of the world community.

Yours sincerely,

Dominic Case

President

Climate Change Balmain-Rozelle

6th November 2017