

*\*) This English version is an interpretation of the original Indonesian version. If there are any differences in words or sentences, please refer to the Indonesian version.*

December 19, 2025

Mr. Nobumitsu Hayashi, Governor, Japan Bank for International Cooperation (JBIC)

**Protest Letter from WALHI to JBIC:  
Stop Funding the GAIA Project in Aceh that Promotes False Solutions, Strengthens  
Dependence on Fossil Fuels, and Perpetuates Injustice for Communities**

The Indonesian Forum for the Environment (WALHI) hereby submits an official protest regarding JBIC's consideration of funding for the Green Ammonia Initiative from Aceh (GAIA) Project, implemented by PT Pupuk Indonesia through its subsidiary, PT Pupuk Iskandar Muda (PIM), in collaboration with ITOCHU Corporation and Toyo Engineering. We assess that JBIC's decision to categorize this project as Category C under its official environmental guidelines, the JBIC Guidelines for Confirmation of Environmental and Social Considerations (JBIC Guidelines)—which deem the project as having no significant environmental and social impacts—is inconsistent with the realities on the ground and has the potential to cause serious consequences for communities as well as the environment surrounding the project site.

We also note that in a meeting with WALHI on September 11, 2025, JBIC stated that its financing considerations only cover the aspect of hydrogen production through the installation of electrolyzers, and do not extend to ammonia production. This is because the hydrogen to be produced through JBIC's financing will still be used in the ammonia production process at PT PIM. This creates a serious accountability gap, because although JBIC seeks to limit its responsibility administratively, the social and environmental impacts of using that hydrogen remain embedded in the entire ammonia production chain. In other words, JBIC continues to contribute to a project that risks prolonging dependence on fossil energy and poses threats to the safety of local communities.

The track record of PT PIM shows that between 2010 and 2025 there have been nine (9) incidents of ammonia leakage, which affected approximately 2,000 residents with serious health symptoms ranging from shortness of breath, nausea, vomiting, to fainting, with some requiring intensive hospital care. This fact demonstrates that the risks to community safety are very real and cannot be ignored. In the Assessment Report on the Impacts of PT PIM's Production in North Aceh and Lhokseumawe City prepared by WALHI Aceh, it was found that the existing early warning system at PT PIM does not function effectively; the sirens used are confusing as they overlap with routine factory signals, evacuation procedures are not properly communicated to the public, and emergency response relies largely on the initiative of residents themselves. Vulnerable groups such as children, the elderly, and pregnant women face more severe health risks without adequate protection.

The economic impacts on coastal communities are also very real. Small-scale fishers have lost access to the shoreline due to the conversion of coastal areas into industrial zones, traditional beach-seine fishing has disappeared, and suspected marine pollution from the company's liquid waste has reduced fish catches. The loss of fish aggregating devices (rumpon) has increased the costs of going to sea, while the compensation provided by the company is disproportionate to the losses experienced. The economic growth generated by the company's presence is uneven, as not all residents gain employment opportunities at the factory or receive direct benefits from CSR programs. Community dependence on company assistance has increased, while at the same time there are potential economic losses caused by environmental impacts felt by other groups, particularly small-scale fishers.

This situation demonstrates the weakness of chemical industry risk management in the area and shows that the claim of minimal impact, which forms the basis of JBIC's classification, has no factual foundation. Considering that the GAIA Project continues to utilize the existing ammonia plant facilities, the JBIC Guidelines require the implementation of measures to minimize and mitigate potential impacts. These measures include the provision of an early warning system, the preparation of evacuation plans, and the development of an effective grievance mechanism. All such efforts should be carried out through meaningful consultation with the affected local communities, with particular attention to vulnerable social groups. However, to date, these measures have not been implemented in the GAIA Project. Thus, the GAIA Project has failed to comply with the JBIC Guidelines.

Moreover, the claim that the GAIA Project will produce green hydrogen cannot be substantiated. The electricity used comes from the PLN Aceh grid, which to this day remains 98 percent fossil-fuel based, meaning that the hydrogen to be produced is not truly green. The Renewable Energy Certificate (REC) used as the basis for this claim does not guarantee an actual supply of renewable energy, but rather serves as a mere administrative instrument that conceals the reality that this project extends Indonesia's dependence on fossil energy. Furthermore, the existing ammonia plant continues to use grey hydrogen derived from fossil gas in its ammonia production process, resulting only in hybrid ammonia that still relies on fossil energy. In this context, although the GAIA Project claims to be a "green" project through the acquisition of international certification, it must be understood that such a "green" claim is nothing more than a façade, as evidenced by the facts outlined above. In other words, the GAIA Project risks underestimating the scale of greenhouse gas emissions, when in fact it should account for actual emissions and their impacts on climate change, which JBIC is also obliged to confirm in accordance with its Guidelines.

Furthermore, the Assessment Report on the Impacts of PT PIM's Production in North Aceh and Lhokseumawe City prepared by WALHI Aceh also shows that the GAIA Project has been carried out without transparency and meaningful participation from communities living closest to the PT PIM plant site, such as Tambon Tunong, Tambon Baroh, Paloh Gadeng, Blang Neleung Mameh, and Keude Krueng Geukueh villages in Dewantara Subdistrict, North Aceh Regency. To this day, residents in these villages have never received any official explanation regarding the GAIA development plan, even though they are the communities most vulnerable to the risks of ammonia leakage and other environmental impacts. The North Aceh local government has likewise not

received official information, learning of the project plan only through media reports. In WALHI Aceh's interview with the Regional Development Planning Agency (BAPPEDA) of North Aceh Regency, representatives stated that they had not obtained sufficient knowledge regarding the green ammonia development plan at PT PIM's facilities. This clearly violates the principle of meaningful participation and the right to information, which should form the foundation of any development project with direct impacts on communities, and demonstrates that the GAIA Project has failed to ensure "Social Acceptance" as required under the JBIC Guidelines.

Considering all these facts, we assert that JBIC's decision to continue considering funding for the GAIA Project demonstrates that JBIC lacks commitment to ecological justice, community safety, and genuine sustainability. This project is not a genuine energy transition, but rather a form of greenwashing and a false solution that risks prolonging dependence on fossil fuels, exacerbating threats to community safety, and disregarding people's rights to participation and transparency. We urge JBIC to halt its consideration of funding for the GAIA Project, which has failed to comply with JBIC's own established guidelines. This is evident from the absence of meaningful participation by affected communities and civil society organizations in the decision-making process.

We expect JBIC's consideration and prompt response.

**Signatories,**

1. National Executive of Wahana Lingkungan Hidup Indonesia (WALHI) / Friends Of The Earth Indonesia
2. Regional Executive of WALHI Aceh

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**Attachment:**

Laporan Assessment Dampak Produksi PT. PIM Di Aceh Utara Dan Kota Lhokseumawe/  
Assessment Report of PT. PIM Production Impact in North Aceh and Lhokseumawe, by WALHI Aceh, November 2025 (Indonesian Language)