

Japan's Marubeni Corporation and France's Alstom - who have together been chosen as the preferred bidding consortium for the Plomin C\* coal power plant project in Croatia - have a poor integrity record including several convictions for corruption offences which should raise alarm bells and increase vigilance among the Croatian public and potential financiers of the project, according to a new paper by CEE Bankwatch Network, published today.

<http://bankwatch.org/news-media/for-journalists/press-releases/marubeni-and-alstoms-corruption-records-cast-new-doubts-cr>

Alstom and/or its staff has been found guilty of corruption offences in relation to at least seven cases in seven years across different continents, and is under investigation for several more, including around the Sostanj 6 lignite power plant in Slovenia. Most recently, the UK Serious Fraud Office charged Alstom Network UK with paying around USD 8.5 million in bribes between 2000 and 2006 to win transport contracts in India, Poland and Tunisia. Alstom has been under observation by the Norwegian Finance Ministry since 2011 after its Council on Ethics recommended in 2010 to exclude Alstom SA from the Government Pension Fund Global. [2]

"After years of watching the Sostanj case in Slovenia, where prosecutors have been investigating Alstom for corruption deeds, it was quite shocking to see the company selected as a preferred bidder in neighbouring Croatia," said Pippa Gallop of CEE Bankwatch Network. "We can only hope that Plomin C will not turn out to be a similar debacle to Sostanj, which has ended up being a disastrous and overpriced project where many mistakes were made - mistakes which the authorities are now powerless to rewind." Marubeni, meanwhile, has been found to have been involved in two major corruption cases within three years, for which it has had to pay penalties of USD 88 million and USD 54.6 million. As a result the company has been debarred from receiving loans from the Japan International Co-operation Agency for nine months starting from March 2014. [3]

"The choice of these two companies is a giant leap of faith at best from Croatian authorities", said Pippa Gallop. "Their poor track record makes it an obligation for the Croatian public and authorities to closely monitor these companies' activities at Plomin C and for any institutions that are considering financing this new coal unit to conduct tight screening of the project." [4]

As well as the non-acceptability of new coal plants per se due to coal's climate impacts, the viability and legality of Plomin C in particular are already under scrutiny because of several issues:

The project relies on imported coal and will not help Croatia's energy import dependence. The former Director for the construction of the existing Plomin 2 power plant at the same location has calculated that the project will be economically unviable.[5]

In order to overcome this, the project promoter HEP is offering investors a long-term power purchase agreement to buy off at least 50 percent of the electricity produced for at least 25

years. According to an analysis by Hungarian law association EMLA, this agreement is likely to be illegal under EU state aid legislation.[6]

Source; Bankwatch