Data Available for Reporting Fossil Fuel Subsidies

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India's Energy Transition: Subsidies for Fossil Fuels and Renewable Energy, 2018 Update

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1. Available estimates of Fossil Fuel Subsidies (FFS)
   a. By fuel, by country
   b. Data sources – official national estimate or other?
   c. Definitions, scope, benchmarks, other assumptions

2. Some views on successful reform
Consumer subsidies by energy type ($300 billion in 2017, IEA data)

Categories of consumers: private sector, public sector, households

- IEA=most-quoted source
- ~40 developing & emerging economies
- IEA data, assumptions
- IEA definition (‘subsidies change prices’)
- Opaque calculations
- Benchmarks based on global fuel market prices
- Non-application of ‘normal’ GST/VAT is a subsidy
Consumer subsidies (at their highest in 2013, IEA data) by country

- Countries with highest subsidies = Oil & Gas Producers
- Some (strongly made) argumentation that benchmark should be production cost, not global market price

Sources: IEA (2014), p. 323
Producer subsidies ($70 billion on annual average in G20 countries) by energy type

- **Oil**: 32 billion, 46%
- **Natural gas**: 18 billion, 26%
- **Coal**: 8.5 billion, 12%
- **Electricity generation**: 8.5 billion, 12%
- **Other**: 3 billion, 4%

Sources: GSI & ODI (2017) based on OECD (n.d.)

- Basis: OECD inventory of support measures
- OECD + BRICSAM
- Producer & consumer
- Inventory drawn from assessment of individual policies & measures
- Definition ~ OECD ASCM
- Data only from govt. sources (conservative)
- Semi-official? (OECD members can object)
Countries’ own figures: G20 and APEC Peer Reviews

Both APEC and G20 leaders committed in 2009 to phase out “inefficient fossil fuel subsidies that encourage wasteful consumption”

APEC peer reviews:
• Peru, New Zealand, the Philippines, Chinese Taipei, Vietnam (completed)
• Brunei (pending)

G20 peer reviews:
• US & China (completed in 2016)
• Germany & Mexico (completed in 2017)
• Indonesia & Italy (pending)

Economies have put forward 3-20 policies for review
• “Inefficient” and “wasteful consumption” remain open, undefined
• Strong voluntary nature – whether and how to review
• Others have conducted Self reviews
• Useful first step
Civil Society Organisations and others have produced independent estimates

- Typically more detailed, include more subsidies
- Use other data sources beyond simply government data
- Governments can refer to them as they wish
- Cover selected countries – not necessarily those with highest subsidies

**Fossil Fuels – At What Cost?**

Government support for upstream oil and gas activities in Norway

JANUARY 2012

Global Subsidies Initiative

IISD
International Institute for Sustainable Development
Environmental impact: all fossil fuel subsidies act as a negative carbon tax

- Consumer subsidies (IEA 2017 estimate, only emerging & developing countries)
  - $300 billion
  - ~6-8% emissions reduction by 2050

- Producer subsidies (GSI global estimate, per year)
  - $100 billion
  - ~2% emissions reduction by 2050
Some views on successful reform

1. Get the prices right
2. Manage the impacts
3. Build support (within govt., externally)

- Consumer subsidy reform well-understood
- Electricity subsidy reform – note local and global external costs
- Producers – note jobs, tax revenue, security, etc