



EU must lead global phaseout of fossil-fuel aid, WTO ambassador says

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IN BRIEF

Phasing out fossil-fuel subsidies should be a vital part of UN efforts to tackle climate change, says New Zealand's ambassador to the World Trade Organization. Vangelis Vitalis said the EU's experience in revising subsidies means the bloc is well placed to lead efforts to cut aid for fossil-fuel generation.

Phasing out fossil-fuel subsidies should be a vital part of UN efforts to tackle climate change, says New Zealand's ambassador to the World Trade Organization.

Vangelis Vitalis said the EU's experience in revising subsidies means the bloc is well placed to lead efforts to eventually end aid for fossil-fuel generation.

"The EU's story on subsidy reform is a good one – why wouldn't you want to lead on that?" Vitalis told a conference* in Brussels yesterday.

Europe introduced new aid guidelines for the energy industry last year, after subsidies for solar and wind power were blamed for rising energy prices in the EU. (see here).

"The sums we spend on fossil-fuel subsidies are eye-popping, at more than \$600 billion annually" across the globe, Vitalis said. "In some developing countries that's the equivalent of health and education budgets combined," he added, calling the sum "frankly embarrassing."

A study carried out last year by Ecofys, a sustainable-energy consultancy, indicated that EU countries together spent between 120 billion euros and 140 billion euros (between \$137 billion and \$160 billion) on energy subsidies in 2012. Gradually ending fossil-fuel subsidies would enable the world to cut 10 percent of its global carbon output, Vitalis said.

Vitalis urged more EU countries to sign up to an alliance of governments urging world leaders to phase out the subsidies.

New Zealand, along with Costa Rica, Denmark, Ethiopia, Finland, Norway, Sweden and

Switzerland, formed the Friends of Fossil Fuel Subsidy Reform group in 2010. Government officials from these countries press leaders from the Group of 20 leading economies and the Asia-Pacific Economic Cooperation to scrap handouts for fossil fuels.

France, Morocco, the UK, and the US have since joined the lobby group.

The Friends of Fossil Fuel Subsidy Reform's agreement says that "by keeping prices artificially low, fossil-fuel subsidies encourage wasteful consumption, disadvantage renewable energy and depress investment in energy efficiency."

Dutch climate envoy Michel Rentenaar told yesterday's conference that his government plans to begin work to phase out fuel subsidies.

Vitalis said the EU plays a critical role in helping negotiators secure a legally binding global climate agreement in Paris at the end of this year.

The global deal would come into force in 2021 and supersede the Kyoto Protocol, which has been in place since 1997 and runs through 2020. The Kyoto treaty covers only 40 percent of the world's carbon output and isn't binding on major polluters such as China and the US.

But policymakers must accept that "Paris will most probably disappoint," Vitalis said. He urged governments to look beyond the UN meeting and to consider how to keep international climate policies moving.

* *"Green Growth Summit IV: New Challenges & Opportunities for EU Low Carbon Leadership," Green Growth Platform, Brussels, Sept. 17, 2015.*

Linked Case File(s)

UNFCCC Climate Change Negotiations 2015 - Paris

Subsidies and costs of EU energy

Subjects : Emissions, Energy, Regulation

Industries : Emissions, Emissions Allowances, Energy, Oil, Gas, Coal

Regulators / Courts : EU Institutions, International Institutions

Jurisdiction : EU, Europe, Cross Jurisdiction