

Ministerial Statement on the Importance of Fossil Fuel Subsidy Reform at a Time of Energy Crisis

The Friends of Fossil Fuel Subsidy Reform (Costa Rica, Denmark, Ethiopia, Finland, Netherlands, New Zealand, Norway, Sweden, Switzerland, and Uruguay)

We reflect on the urgency of phasing out inefficient fossil fuel subsidies given the current climate crisis and in an effort to limiting global average temperatures to 1.5°C above pre-industrial levels.

We recall international commitments to Fossil Fuel Subsidy Reform (FFSR) under Sustainable Development Goal 12 of the 2030 Agenda and the WTO Statement on Fossil Fuel Subsidies of June 2022.

We note the strong momentum on FFSR in both climate and trade negotiations through 2021 and 2022, in particular, the Glasgow Climate Pact call for parties to accelerate efforts towards the “phase-out of inefficient fossil fuel subsidies”, and the opportunity this provides for countries to use FFSR with increased focus as a tool for achieving the Paris Agreement goals.

We are cognizant of the current global energy crisis caused by the unlawful and unprovoked aggression of Russia against Ukraine, exposing countries’ dependency on fossil fuel energy, in turn adding greater pressure to diversify energy supply and the almost doubling of global public fossil fuels subsidies last year.

We urge all parties at COP27 to reaffirm their commitment to phasing out inefficient fossil fuel subsidies made in the Glasgow Climate Pact, and to take practical action along a clear timeline to reform fossil fuel subsidies, increase production and consumption of clean energy sources and ensure finance flows in support of lowering greenhouse gas emissions and climate resilient development.

We also urge support for less developed countries in building their capacity to upscale green energy technologies and achieve fossil fuel subsidy reform.

We remain committed to supporting FFSR globally, engaging through international meetings such as the Conference of the Parties to the UNFCCC to raise global efforts to eliminate inefficient fossil fuel subsidies.

We invite governments, businesses, and civil society organisations to join us in supporting accelerated action to eliminate inefficient fossil fuel subsidies, and by doing so, play a significant part in mitigating climate change and the current energy crisis.

[November 11, 2022]