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Measuring and monitoring fossil fuel subsidies in the region

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Subsidies and their impact

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The fossil fuel subsidies refer to government actions that lower the cost of exploration and production of fossil fuels, or their price to consumers.

The existence of fossil fuel subsidies endangers the achievement of SDG7, SDG12 and SDG13.

Subsidies skew the equilibrium towards fossil fuels.

They make the transition to zero carbon less likely.

Negative impact on public health.

Environmental pollution from extraction and infrastructure.

Activities of the Committee on Sustainable Energy

The UNECE Committee on Sustainable Energy (CSE), with its 6 subsidiary bodies, works to help member States reduce greenhouse gas emissions and the carbon footprint of their energy sectors, with an aim to facilitate energy transition and achieve decarbonisation by 20xx.

We at CSE see subsidies (to fossil fuels) and carbon pricing as two faces of the same coin. Our messages are simple. We say:

- Subsidies to fossil fuels are bad and should be reduced or eliminated altogether
- Subsidies to renewable energy are good and should be increased
- Carbon pricing is good too and should be increased to stimulate decarbonization

Unfortunately, we still do not measure and monitor fossil fuel subsidies in the region.

Seeking a mandate

The CSE has for some time recognized that something needs to be done about subsidies.

However, no clear mandate in this field.

In Nov 2020 CSE asked the Commission to give it a mandate to “continue studying how best to address efficient use of energy resources, and in this regard the impact of subsidies as well as carbon pricing options.”

In Sept 2021 CSE repeated its call for action. We discussed how to create more transparency on subsidies and GHG prices and how to understand their consequences. CSE offered to explore comprehensively three things:

- End-use consumer subsidies (present mostly in the Eastern part of our region)
- Subsidies on fossil energy (wherever fossil fuel reserves are present)
- Subsidies to support renewables (spreading slowly from West to East)

These are to be explored in the context of limiting temperature increases to 1.5-2°C.

This exploration cannot be done without resources. CSE repeatedly called on member States to provide extrabudgetary resources to that end. No commitment received; in reality, little has been achieved so far.

Subsidies to fossil fuels: Global picture

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All Products	**462,860**	**514,024**	**589,467**	**553,657**	**491,954**	**351,482**	**301,940**	**357,641**	**471,722**	**312,229**	**181,473**
Oil	203,041	263,671	304,061	299,998	262,426	147,258	110,210	153,532	195,258	134,175	90,351
Electricity	143,537	147,177	149,899	132,813	124,172	119,158	132,833	136,240	167,426	124,766	52,470
Natural Gas	113,569	100,435	132,211	119,111	104,206	83,568	56,742	65,156	106,049	51,093	36,918
Coal	2,713	3,575	3,295	1,735	1,149	1,498	2,155	2,712	2,990	2,194	1,734

In real 2020 USD, million.
Source: IEA

- Subsidies for coal possibly underreported
- 2020 slump COVID related
- Effects of 24 Feb crisis yet to be felt

3 indicators for selected countries

Country	Average subsidisation rate	Subsidy per capita ($/person)	Total subsidy as share of GDP
Libya	75%	480	15.1%
Iran	55%	353	4.7%
Venezuela	54%	167	6.8%
Angola	54%	46	2.4%
Algeria	52%	191	5.8%
Uzbekistan	44%	112	6.6%
Iraq	38%	110	2.6%
Saudi Arabia	36%	488	2.4%
Kazakhstan	35%	228	2.6%
Kuwait	35%	567	2.2%
Trinidad and Tobago	33%	229	1.5%
Egypt	29%	77	2.2%
Turkmenistan	28%	251	3.2%
United Arab Emirates	28%	567	1.6%
Azerbaijan	28%	101	2.4%
Argentina	19%	85	1.0%
Qatar	18%	176	0.3%
Brunei	15%	142	0.5%
Indonesia	15%	25	0.6%
Russia	12%	101	1.0%
Bahrain	11%	185	0.9%
Ukraine	11%	44	1.3%

Source: IEA

Thank you for your attention!

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