

## 11. Energy: Fossil Fuel Subsidies

### Commitment [#96]

“We reaffirm our commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term while providing targeted support for the poorest.”

*Los Cabos Summit Final Declaration*

### Assessment

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada		0	
China			+1
France			+1
Germany		0	
India			+1
Indonesia		0	
Italy		0	
Japan		0	
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia		n/a	
South Africa			+1
Turkey		0	
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.58	

### Background

At the most recent Summit in Los Cabos, G20 Leaders reiterated their commitment to rationalize and phase-out, over the medium term, inefficient fossil fuel subsidies that encourage wasteful consumption.

At the Toronto Summit in 2010, Finance and Energy ministers completed a comprehensive review of fossil fuel subsidy programs for their respective countries in which they discussed the various ways to address social and economic impacts of possible reforms.<sup>2724</sup> Among the members invited to submit progress reports in 2011, eleven members failed to report any fossil fuel subsidies. Other members however, reported continued progress and notable progress is being made with regards to implementation of strategies that will phase out fossil fuel

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<sup>2724</sup> Summary of Progress Reports to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies. Date of Access: 8 December 2012. [www.g20.org/load/780979315](http://www.g20.org/load/780979315)

subsidies.<sup>2725</sup> Because such statements are declarative and not supported by material evidence, this report will not consider them as credible sources. Thus, they will not be taken into account towards the setting of G20 members' scores.

G20 members continue their discussion of possible next steps in the second-half of 2012 and beyond. Firstly, the possibility to have a peer-review process whereby a member could invite another member to assess its fossil fuel subsidy reform progress. Secondly, improvement will be made in defining fossil fuel subsidies whilst finding a way to standardize reporting from G20 countries.<sup>2726</sup> G20 Finance Ministers agreed at their February 15-16 2013 meeting to undertake a voluntary peer review process for fossil fuel subsidies and report outcomes to Leaders in St. Petersburg in 2013.

### **Commitment Features**

This commitment requires G20 members to rationalize and phase-out, over the medium term, inefficient fossil fuel subsidies according to their own circumstances while providing support for the poorest. The Los Cabos communiqué requested a progress report to be presented at the next summit and asked members to “explore options for a voluntary peer review process for G20 members by the next meeting, while welcoming a dialogue on fossil fuel subsidies with other groups already engaged in this work.”<sup>2727</sup> However, the Los Cabos communiqué did not specify a deadline or interim benchmarks, nor did the leaders provide specific guidance as to which subsidies should be included.<sup>2728</sup>

The compliance of each G20 member will be assessed with regards to its own implementation strategy and recent progress. Members that have declared not having inefficient fossil fuel subsidies cannot be evaluated on such efforts and will thus be subject to a different set of criteria. These members will therefore be evaluated on their efforts to provide support to national vulnerable groups that do not have access to subsidized fossil fuels.

Table 11-1 describes member-specific implementation strategies.<sup>2729</sup>

Table 11-2 provides the progress reports submitted by G20 members.<sup>2730</sup>

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<sup>2725</sup> Summary of Progress Reports to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies. Date of Access 8 December 2012. [www.g20.org/load/780979315](http://www.g20.org/load/780979315)

<sup>2726</sup> Summary of Progress Reports to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies. Date of Access 8 December 2012. [www.g20.org/load/780979315](http://www.g20.org/load/780979315)

<sup>2727</sup> G20 Leaders Declaration, Los Cabos, Mexico 19 June 2012. Date of Access 8 December 2012. <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>

<sup>2728</sup> The Shortcomings of the G20 Los Cabos Summit, G20 Research Group 27 June 2012. Date of Access 8 December 2012. <http://www.g20.utoronto.ca/analysis/120627-kirton-kulik-shortcomings.html>

<sup>2729</sup> Annex: G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies. Date of Access 8 December 2012. [www.g20.org/load/780976742](http://www.g20.org/load/780976742)

<sup>2730</sup> Summary of Progress Reports to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies. Date of Access 8 December 2012. [www.g20.org/load/780979315](http://www.g20.org/load/780979315)

**Table 11-1 Member-Specific Implementation Strategies**

G20 Member with Fossil Fuel Subsidies	Implementation Strategy
Canada	Proposes to implement recently released draft legislation to phase out the accelerated capital cost allowance for oil sands assets over the 2011-15 period. Previously phased out other tax preferences applying to fossil fuel producers.
Germany	Proposes to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018.
Russia	Proposes to implement the commitment to rationalize and phase out inefficient fossil fuel subsidies through national economic and energy policy, within the framework of its Energy Strategy 2030 and the Concept of Long-Term Social and Economic Development, as well as in the context of its joining the WTO.
Argentina	Proposes to reduce household subsidy for propane gas consumption as natural gas access is expanded.
China	Proposes to gradually reduce the urban land use tax relief for fossil fuel producers
India	Proposes to work out implementation strategies and timetables for rationalizing and phasing out inefficient fossil fuel subsidies based on the recommendation of the Empowered Group of Ministers that has been constituted.
Indonesia	Proposes to phase out inefficient fossil fuel subsidies in a gradual manner in parallel through managing the demand side by adopting measures that will reduce fossil fuel energy consumption and by gradually narrowing the gap between domestic and international prices.
Italy	Proposes to continue with planned expiration of subsidy for certain cogeneration plants, and negotiate on a voluntary basis with private operators of these plants on the timing of their recess from the subsidy scheme.
Korea	Proposes to phase out subsidies to anthracite coal and briquette producers.
Mexico	By continuing current policies and based on current market conditions, subsidies to gasoline, diesel and LP gas are expected to disappear in the medium term.
Turkey	Proposes to work on a restructuring plan to rationalize the inefficient producer subsidies transferred to a state-owned hard coal producing enterprise.
United States	Proposes to pass legislation to eliminate twelve preferential tax provisions related to the production of coal, oil, and natural gas.

**Table 11-2 Summary of Member-Specific Progress Reports Submitted in First-half 2012**

Member	Summary of Progress Report
Argentina	Proposing a natural gas pipeline project, currently at tender process, that will in the future allow the country to begin reducing butane and LPG subsidies. Launched a plan in December 2011 to gradually reduce subsidies on natural gas and electricity consumption (not an inefficient fossil fuel subsidy, but a reform to energy markets).
Australia	As in 2011, Australia reported no measures that fall within scope of commitment.
Brazil	As in 2011, Brazil has not identified any inefficient subsidies related to either the production or consumption of fossil fuels. Expects to be able to substantially reduce energy aid to consumers in remote regions when that aid is obviated by expansion of national electricity grid to these remote areas.
Canada	Phasing out over 2011-2015 the accelerated capital cost allowance for investment in oil sands projects. As announced in Budget 2011, also reducing deduction rates for intangible capital expenses in oil sands projects to better align these with rates applicable in conventional oil and gas sector. Announced in Budget 2012 the phase-out of Atlantic Investment Tax Credit for investments in oil & gas and mining sectors.
China	As in 2011, China reports it does not have any inefficient fossil fuel subsidies that encourage wasteful consumption. However, China is pursuing a policy of adjusting the urban land use tax relief to fossil fuel producers as appropriate, gradually reducing the preferential tax treatment and phasing out the policy over medium and long term.
European Union	Council Decision 2010/787/EU stipulates the phase-out of subsidies for the production of coal from uncompetitive mines by end of 2018. Europe 2020 strategy, adopted in 2010, includes a call to Member States “to phase out environmentally harmful subsidies (EHS), limiting exceptions to people with social needs.”
France	France does not have subsidies that lower the price of fossil fuels below international market price levels. France taxes fossil fuels consumption by means of energy (excise) taxes, levied on the quantity of energy products once these are released for consumption. Such taxes help raise revenues, but also contribute to reducing fossil fuel consumption by raising the price of energy and energy-using goods and services. Thus support in a general way the goals of improving energy efficiency, fighting climate change and contributing to energy security. The level of taxation levied on gasoline is very high in France with respect to international standards.
Germany	German federal government, the state of North Rhine-Westphalia, Saarland, RAG AG and the Mining, Chemical and Energy Industrial Union (IG BCE) agreed to discontinue subsidized German coal mining in a socially acceptable manner by the end of 2018. After 2019, subsidized coal will no longer be produced in Germany. By end of 2012, another two hard coal mines will be closed and only three such mines will be left.
India	Government decided in June 2010 to make the prices of petrol and diesel market-determined, both at the refinery gate and the retail level. India will maintain subsidies on PDS kerosene and domestic LPG in order to keep such household fuels affordable, especially for the poor and vulnerable consumer.

Indonesia	Government has committed to continue rationalizing the domestic prices of both fuel and electricity. Has significantly reduced kerosene subsidies with its kerosene-to- LPG conversion program; will gradually continue the utilization of alternative energy and conversion program from fossil fuel to gas. Has committed to a framework to alleviate gradually all fuel subsidies through promoting greater use of Pertamina (market price-based fuel), improving distribution to the targeted subsidy recipient. As of June 2012, government vehicles are prohibited from using subsidized fuel; moreover, policy also applies to operational vehicles of mining and plantation companies.
Italy	Italy does not have subsidies that lower the price of fossil fuels below international market price levels. Nonetheless, Italy has abolished a scheme (CIP6) that targeted the development of renewable energy production capacity but inadvertently subsidized non-renewables at facilities where cogeneration capacity was based on fossil fuels. Government has achieved an accelerated phasing-out process for existing contracts with private operators of non-renewable plants.
Japan	As in 2011, Japan reports that it has no inefficient fossil fuel subsidies.
Korea	Completely phased out stable coal production subsidy in 2011 — twelve development projects are aimed at revitalizing economic activity in affected areas. Briquette production subsidy in place (helps low-income families afford traditional cooking fuel); hope to raise fixed price on briquettes in 2012 to reduce subsidy expenditure.
Mexico	State-controlled price-setting mechanism was modified such that gasoline, diesel, and LPG prices increase incrementally on a monthly basis at a constant rate, with the goal of gradually eliminating subsidies.
Russia	As in 2011, Russia has not identified any inefficient fossil fuel subsidies. A resolution was adopted that provides for the preparation of proposals on the transition from the state regulation of wholesale gas prices to the state regulation of tariffs for gas transportation services by 2015. Another program aims to decrease the energy intensity of Russia’s GDP by not less than 13.5% of 2007 levels (total decrease of energy intensity for the stated period should equal 40%).
Saudi Arabia	Saudi Arabia reported that it did not implement any inefficient fossil fuel subsidies.
South Africa	South Africa reports having no inefficient fossil fuel subsidy to phase out at this stage.
Spain	National plan for strategic coal reserve has reduced coal production in steps over the past six years. Public aid is being used to facilitate the gradual closure of uncompetitive coal mines through December 2018.
Turkey	Treasury and other related Ministries are working on a restructuring plan for state-owned hard coal mining company (TTK) so that the need for monetary transfers to TTK is minimized.
United Kingdom	UK reports that it has no inefficient fossil subsidies.
United States	As reported in 2011, U.S. Congress must pass legislation to eliminate twelve preferential tax provisions related to the production of coal, oil, and natural gas.

Because these summaries only briefly describe G20 members’ declared strategies and progress pertaining to the progressive phase-out of inefficient fossil fuel subsidies “as-is,” and are not supported by material evidence, they will not be used to establish members’ compliance scores. They are provided for informative purposes only.

## Scoring Guidelines

Scoring Guidelines for members that have specified having no inefficient fossil fuel subsidies:

-1	Member does not provide any form of support that facilitates access to the subsidized fossil fuels, or provides support to non-vulnerable groups.
0	Member provides indiscriminate support to facilitate access to subsidized fossil fuels.
+1	Member provides targeted support to the national vulnerable groups who do not have access to the subsidized fossil fuels.

Scoring Guidelines for other members

-1	Member takes no action to phase-out inefficient fossil fuel subsidies or takes actions that go against the proposed implementation strategy AND doesn't provide support to the national vulnerable groups who do not have access to the subsidized fossil fuels.
0	Member takes actions to phase-out inefficient fossil fuel subsidies but doesn't provide support to the national vulnerable groups who do not have access to the subsidized fossil fuels OR member doesn't take actions to phase-out inefficient fossil fuel subsidies but provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels.
+1	Member takes actions to phase-out inefficient fossil fuel subsidies AND provides support to the national vulnerable groups who do not have access to the subsidized fossil fuels.

*Lead Analyst: Germán Cairo*

## Argentina: 0

Argentina has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term, while providing targeted support to the nation's vulnerable groups.

On 23 November 2012, due to the lack of private investment and the surging demand for energy, the Argentine government announced that electricity tariffs for residential customers would rise from 0.4 per cent up to 72 per cent.<sup>2731</sup> Deputy Economy Minister Axel Kicillof was quoted saying "This isn't going to end up with the companies. It's going to appear on consumers' bills (and) it's going to constitute a fund for electricity and a fund for natural gas, which will be used solely to improve infrastructure in both sectors."<sup>2732</sup>

On 19 January 2013, Argentina experienced another blackout, which have become quite frequent within the nation due to the energy policies that boost electricity but hinder investment.<sup>2733</sup>

Argentina generates only 60 million kWh of electricity from clean resources, but have recently started to explore the industries of wind and solar and plans to incentivize them in the future.<sup>2734</sup>

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<sup>2731</sup> Argentina raising energy tariffs to fund investment, Reuters 23 November 2012. Date of Access 28 January 2013. <http://www.reuters.com/article/2012/11/23/us-argentina-electricity-tariffs-idUSBRE8AM0NI20121123>

<sup>2732</sup> Argentina raising energy tariffs to fund investment, Reuters 23 November 2012. Date of Access 28 January 2013. <http://www.reuters.com/article/2012/11/23/us-argentina-electricity-tariffs-idUSBRE8AM0NI20121123>

<sup>2733</sup> Energy in Argentina: Sparks in the dark, The Economist 19 June 2012. Date of Access 28 January 2013. <http://www.economist.com/news/americas/21569705-half-hearted-policy-retreat-sparks-dark>

Argentina has implemented tariffs with regards to inefficient fossil fuel subsidies but have not provided any support to the nation's vulnerable groups, thus it has received a score of 0.

*Analysts: Fayruz El Assaad & German Cairo*

### **Australia: +1**

Australia has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term while providing targeted support to the nation's vulnerable groups.

On 30 June 2012, the AUD500 million National Clean Coal Fund that was established in 2008 to support research, technology development, demonstration projects, and infrastructure in relation to clean coal, came to an end.<sup>2735</sup>

On 1 July 2012, Australia implemented a carbon price that is applied to certain emission sources in Australia such as the stationary energy sector and new large landfill waste facilities.<sup>2736</sup> The tax will provide assistance to vulnerable households and industries, as well as supporting various development and research projects.<sup>2737</sup> The government also implemented a new Mineral Resource Rent Tax (MRRT) that will apply a 30 per cent tax rate on all profits from iron-ore and coal projects.<sup>2738</sup>

As at 3 December 2012, Australia paid \$8.4 billion in subsidies, in comparison Germany and the U.K. paid \$6.6 billion each.<sup>2739</sup> Although a substantial amount of money was given to very large energy corporations — Australia financed several vulnerable countries with \$204 million.<sup>2740</sup> Although a small figure in comparison, Australia has the highest ratio of fossil fuel subsidies compared to climate finance.<sup>2741</sup>

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<sup>2734</sup> 5 Countries on the naughty list for dirty energy, Care2 16 December 2012. Date of Access 23 January 2013 [http://www.care2.com/causes/5-countries-on-the-naughty-list-for-dirty-energy.html#ixzz2HdMCnoSr%201http://www.worldenergyoutlook.org/media/weowebiste/energydevelopment/2012updates/Measuringprogressstowardsenergyforall\\_WEO2012.pdf](http://www.care2.com/causes/5-countries-on-the-naughty-list-for-dirty-energy.html#ixzz2HdMCnoSr%201http://www.worldenergyoutlook.org/media/weowebiste/energydevelopment/2012updates/Measuringprogressstowardsenergyforall_WEO2012.pdf)

<sup>2735</sup> Australia: Inventory of estimated budgetary support and tax expenditures for Fossil-Fuels 2013, Organisation for economic co-operation and development 1 January 2013. Date of Access 2 January 2013. <http://www.oecd.org/site/tadffss/AUS.pdf>

<sup>2736</sup> Australia: Inventory of estimated budgetary support and tax expenditures for Fossil-Fuels 2013, Organisation for economic co-operation and development 1 January 2013. Date of Access 2 January 2013. <http://www.oecd.org/site/tadffss/AUS.pdf>

<sup>2737</sup> Australia: Inventory of estimated budgetary support and tax expenditures for Fossil-Fuels 2013, Organisation for economic co-operation and development 1 January 2013. Date of Access 2 January 2013. <http://www.oecd.org/site/tadffss/AUS.pdf>

<sup>2738</sup> Australia: Inventory of estimated budgetary support and tax expenditures for Fossil-Fuels 2013, Organisation for economic co-operation and development 1 January 2013. Date of Access 2 January 2013. <http://www.oecd.org/site/tadffss/AUS.pdf>

<sup>2739</sup> Fossil-Fuel Subsidies of Rich Nations Five Times Climate Aid, Bloomberg 3 December 2012. Date of Access 2 January 2013. <http://www.bloomberg.com/news/2012-12-03/fossil-fuel-subsidies-of-rich-nations-are-five-times-climate-aid.html>

<sup>2740</sup> Australia: Funding climate change with fossil fuels, The adopt a negotiator project 3 December 2012. Date of Access 3 January 2013. <http://adoptanegotiator.org/2012/12/04/australia-funding-climate-change-through-fossil-fuels/>

<sup>2741</sup> Australia: Funding climate change with fossil fuels, The Adopt a Negotiator Project 3 December 2012. Date of Access 3 January 2013. <http://adoptanegotiator.org/2012/12/04/australia-funding-climate-change-through-fossil-fuels/>

Australia has fully complied with its commitment with regards inefficient fossil fuel subsidies and has provided targeted support to the national vulnerable groups thus it has been awarded a score of +1.

*Lead Analyst: Germán Cairo*

### **Brazil: +1**

Brazil has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies while providing targeted support for the poorest.

On 25 September 2012, in a speech to the United Nations General Assembly President Dilma Rousseff reaffirmed Brazil's commitment to sustainable development and to the sustainable development goals outlined at the Rio+20 Conference held in June 2012.<sup>2742</sup> She stated, "the outcome document that we approved by consensus in Rio...sets the starting point for a sustainable development agenda for the 21<sup>st</sup> century, with a focus on the eradication of poverty, on the conscientious use of natural resources and on sustainable patterns of production and consumption."<sup>2743</sup>

Brazil has taken steps to provide energy to the most vulnerable groups in the country as well as to those living in remote areas. Since 2003, the Brazilian government has invest BRL20 billion in the Luz para todos (Light for All) program, with the goal of bringing access to electricity to more than ten million rural people.<sup>2744</sup> Brazil has also announced the investment of BRL2-3 billion to ensure the reduction of energy bills.<sup>2745,2746</sup>

In order to ensure sustainable development and the security of electricity supply while assuring the inclusion of the majority of the population, Brazil has undertaken several energy projects. This includes the investment of BRL22.5 billion to build the Belo Monte Hydroelectric Plant<sup>2747</sup> and the planned construction of the Angra 3 nuclear power plant.<sup>2748</sup> In addition, Brazil has

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<sup>2742</sup> Address by President Dilma Rousseff at the United Nations General Assembly, UN News Centre (New York) 25 September 2012. Date of Access: 6 January 2013.

<http://www.un.org/apps/news/story.asp?NewsID=42992&Cr=general+debate&Cr1#.UOos4Y4RbzI>  
Statement by Dilma Rousseff at 67th UN General Assembly, Voltaire Network (New York) 25 September 2012. Date of Access: 6 January 2013. <http://www.voltairenet.org/article175999.html>

<sup>2743</sup> Statement by Dilma Rousseff at 67th UN General Assembly, Voltaire Network (New York) 25 September 2012. Date of Access: 6 January 2013. <http://www.voltairenet.org/article175999.html>

<sup>2744</sup> Programa Luz para Todos, Ministry of Mines and Energy (Brazil). Date of Access: 6 January 2013. [http://luzparatodos.mme.gov.br/luzparatodos/Asp/o\\_programa.asp](http://luzparatodos.mme.gov.br/luzparatodos/Asp/o_programa.asp)

Brazil still has one million homes without electricity, Folha de S.Paulo (Brazil) 27 December 2012. Date of Access: 6 January 2013. <http://www1.folha.uol.com.br/internacional/en/finance/1206917-brazil-still-has-one-million-homes-without-electricity.shtml>

<sup>2745</sup> About \$3 billion will be spent to ensure the reduction in energy bills in 2013, Brazil Portal, Federal Government of Brazil (Brazil) 19 December 2012. Date of Access: 6 January 2013. <http://www.brasil.gov.br/noticias/arquivos/2012/12/19/cerca-de-r-3-bilhoes-serao-gastos-para-garantir-a-reducao-na-conta-de-energia-em-2013/print>

<sup>2746</sup> Electricity Concessions, Ministry of Mines and Energy (Brazil) 1 November 2012. Date of Access: 6 January 2013. <http://www.mme.gov.br/mme/menu/concessoes.html>

<sup>2747</sup> BNDES approves R\$22.5 billion in funding for Belo Monte, Brazil Portal, Federal Government of Brazil (Brazil) 28 November 2012. Date of Access: 6 January 2013. [http://www.brasil.gov.br/news/history/2012/11/28/bndes-approves-r-22.5-billion-in-funding-for-belo-monte/newsitem\\_view?set\\_language=en](http://www.brasil.gov.br/news/history/2012/11/28/bndes-approves-r-22.5-billion-in-funding-for-belo-monte/newsitem_view?set_language=en)

<sup>2748</sup> Angra 3, Brazil Portal, Federal Government of Brazil (Brazil). Date of Access: 6 January 2013.

allocated BRL16 billion in funding for the construction of 141 new wind energy projects, to be delivered between 2012 and 2013.<sup>2749</sup>

Thus, Brazil received a score of +1 because of its sustainable development initiatives and for providing support to vulnerable groups.

*Analyst: Harry Malhi*

### **Canada: 0**

Canada has partially complied with its commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Canada's Federal Budget 2012 included a provision for the phasing-out of the Atlantic Investment Tax Credit (AITC) in the mining and oil and gas sectors.<sup>2750</sup>

On 15 October 2012, Jim Flaherty tabled a motion in the House of Commons to implement the phasing-out of the Atlantic Investment Tax Credit (AITC) and the Corporate Mineral Exploration and Development Tax Credit, as well as "expanding the eligibility for the accelerated capital cost allowance for clean energy generation equipment to include a broader range of bio-energy equipment."<sup>2751</sup>

On 18 October 2012, Bill C-45, which contains legislation on the implementation of the phase-out of the AITC, was tabled in the House of Commons.<sup>2752</sup> The Bill achieved Royal Assent on 14 December 2012.<sup>2753</sup>

On 21 April 2013, Canada signed the resolution of the Meeting of APEC Ministers Responsible for Trade recognizing the "role for APEC member economies to show leadership towards rationalizing and phasing out inefficient fossil fuel subsidies that encourage wasteful consumption, fulfilling the commitment in reducing fossil fuel energy consumption as outlined in the 2011 Leaders' Declaration."<sup>2754</sup>

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<http://www.brasil.gov.br/energia-en/works-and-projects/angra-3>

<sup>2749</sup> Wind Power, Brazil Portal, Federal Government of Brazil (Brazil). Date of Access: 6 January 2013.

<http://www.brasil.gov.br/energia-en/energy-matrix/wind-power>

<sup>2750</sup> Canada's Economic Action Plan 2012, Government of Canada 29 March 2012. Date of Access: 3 January 2013. <http://www.budget.gc.ca/2012/plan/pdf/Plan2012-eng.pdf>

<sup>2751</sup> Minister Flaherty Tables Notice of Ways and Means Motion to Implement Tax Provisions in Economic Action Plan 2012 and other Tax Measures, Department of Finance (Ottawa) 15 October 2012. Date of Access: 3 January 2013.

<http://www.fin.gc.ca/n12/12-124-eng.asp>

<sup>2752</sup> Bill C-45, Parliament of Canada (Ottawa) 18 October 2012. Date of Access: 3 January, 2013.

<http://parl.gc.ca/HousePublications/Publication.aspx?DocId=5765988&Language=E&Mode=1>

<sup>2753</sup> House of Government Bill, Parliament of Canada (Ottawa) 14 December 2012. Date of Access: January 3, 2013.

<http://parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=5942521>

<sup>2754</sup> 2013 Meeting of APEC Ministers Responsible for Trade, Foreign Affairs, Trade and Development Canada (Ottawa) 22 April 2013. Date of Access: 20 June 2013.

[http://www.international.gc.ca/apec/apec\\_2013\\_statement\\_a.aspx?lang=eng](http://www.international.gc.ca/apec/apec_2013_statement_a.aspx?lang=eng)

Canada has made progress in the commitment to rationalize and phase-out fossil fuel subsidies over the medium-term but has failed to make progress in the support for the vulnerable. Thus Canada has been awarded a score of 0.

*Analyst: Caitlin Gillespie*

### **China: +1**

China has fully complied with its commitment to phase out inefficient fossil fuel subsidies and provide targeted support for vulnerable groups

On 10 September 2012, the National Development and Reform Commission (NDRC) announced that it would raise the cost of fuel by six per cent. This marks the fourth increase in fuel prices in 2012.<sup>2755</sup>

According to the information from Joint Report “The Scope of Fossil-Fuel Subsidies in 2009 and a Roadmap for Phasing out Fossil- Subsidies,” prepared by the International Energy Agency, the Organisation for Economic Co-Operation and Development, and the World Bank, increases in the price of fossil fuels can be treated as fulfillment of this commitment.<sup>2756</sup>

On 19 September 2012, China pledged to reduce energy per unit by 16 per cent of GDP of 2011 levels by 2015.<sup>2757</sup>

On 19 December 2012, Chinese Ministry of Finance statement announced that China would pledge 5.9 billion Yuan for wind power, 2 billion Yuan for biomass — energy power and an additional 700,000 Yuan to subsidies wind farms.<sup>2758</sup>

China has shown support for vulnerable groups by providing record subsidies for the fishing industry. Ministry of Agriculture documents suggest that CNY20 billion (US\$3.2 billion) will be used to subsidize fuel costs to the fishing industry.<sup>2759</sup>

China has fully complied with its commitment of phasing out inefficient fossil fuel subsidies and provides incentives to use clean energy. China therefore receives a score of +1 for its commitment to provided support for vulnerable groups.

*Analyst: Luke Doherty*

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<sup>2755</sup> NDRC raises fuel prices, China Daily 11 September 2012. Date of Access: 26 January 2013.

[http://www.chinadaily.com.cn/bizchina/2012-09/11/content\\_15748829.htm](http://www.chinadaily.com.cn/bizchina/2012-09/11/content_15748829.htm)

<sup>2756</sup> The Scope of Fossil-Fuel Subsidies in 2009 and a Roadmap for Phasing out Fossil- Subsidies, IEA, OECD, World Bank Joint Report November 2010. Date of Access: 28 January 2013.

[http://www.iea.org/weo/docs/second\\_joint\\_report.pdf](http://www.iea.org/weo/docs/second_joint_report.pdf)

<sup>2757</sup> China to introduce National Low-carbon Day, China Daily 19 September 2012. Date of Access: 26 January 2013

[http://www.chinadaily.com.cn/china/2012-09/19/content\\_15769376.htm](http://www.chinadaily.com.cn/china/2012-09/19/content_15769376.htm)

<sup>2758</sup> China to Pay \$1.4 Billion in Subsidies for Renewable Energy, Bloomberg 18 December 2012. Date of Access: 27 January 2013.

<http://www.bloomberg.com/news/2012-12-19/china-to-pay-1-4-billion-in-subsidies-for-renewable-energy.html>

<sup>2759</sup> China’s fishing sector benefits from cash splurge, Seafood News Supply & Trade 30 November 2012. Date of Access: 30 January 2013. <http://www.seafoodsource.com/newsarticledetail.aspx?id=18695>

## France: +1

France has complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies, with targeted support for the national vulnerable groups.

On 12 September 2012, the French cabinet proposes to cap the usage of crop-based biofuels at seven per cent, which is the current level, in response to the “increasing body of scientific evidence arguing that crop-based have a limited ability to reduce greenhouse gas emissions and do so at a high cost.”<sup>2760</sup> In this perspective, France reacts to a study published in June 2012 by the Global Subsidies Initiative, which “concluded that governments ought to reform subsidy policies that promote the production and consumption of biofuels that compete with food crops or negatively impact the environment.”<sup>2761</sup> In addition, France commits “to mobilizing G-20 channels to ensure good policy coordination between large, producing countries on agricultural issues.”<sup>2762</sup>

On 6 December 2012, the Carbon Dioxide Information Analysis Center confirms that France has reached an all time low fossil fuel-related CO<sub>2</sub> emissions “to nearly 1.7 metric tons per French person.”<sup>2763</sup>

On 26 December 2012, Delphine Batho issued a report to extend social tariffs to aid recipients to pay a supplementary health insurance, known as ACS.<sup>2764</sup> In addition, Batho issues a report to increase the current assistance provided by the Couverture Maladie Universelle Complémentaire (CMUC) by 35 per cent from EUR7 934 to EUR10,711 per year for a single individual.<sup>2765</sup> Presently, 1.8 million people in France are entitled to benefit from the Couverture Maladie Universelle Complémentaire to afford basic electricity. Approximately 400,000 households (or 830,000 individuals) are currently benefiting from the ACS social assistance and, in combination with the Couverture Maladie Universelle Complémentaire, beneficiaries are entitled to an assistance of EUR200 per year to households who heat with gas and EUR90 per year to those

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<sup>2760</sup> France takes a U-turn on Biofuel Subsidies, International Institute for Sustainable Development (Geneva) 13 September 2012. Date Access 02 January 2012. <http://www.iisd.org/gsi/news/france-takes-u-turn-biofuel-subsidies>

<sup>2761</sup> France takes a U-turn on Biofuel Subsidies, International Institute for Sustainable Development (Geneva) 13 September 2012. Date Access 02 January 2012. <http://www.iisd.org/gsi/news/france-takes-u-turn-biofuel-subsidies>

<sup>2762</sup> France takes a U-turn on Biofuel Subsidies, International Institute for Sustainable Development (Geneva) 13 September 2012. Date Access 02 January 2012. <http://www.iisd.org/gsi/news/france-takes-u-turn-biofuel-subsidies>

<sup>2763</sup> Trends, Carbon Dioxide Information Analysis Center, (Tennessee) 6 December 2012. Date Access 02 January 2012. [http://cdiac.ornl.gov/trends/emis/tre\\_fra.html](http://cdiac.ornl.gov/trends/emis/tre_fra.html)

<sup>2764</sup> L'extension des tarifs sociaux l'électricité et du gaz entre en vigueur, Ministère de l'Écologie, du Développement durable et de l'Énergie, 26 December 2012. Date of Access: 02 January 2012. [http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=30491](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=30491)

<sup>2765</sup> L'extension des tarifs sociaux l'électricité et du gaz entre en vigueur, Ministère de l'Écologie, du Développement durable et de l'Énergie, 26 December 2012. Date of Access: 02 January 2012. [http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=30491](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=30491)

who use other means of heating such as electricity.<sup>2766</sup> The French government aims to increase the number of recipients of this aid to 8 million people, or 4 million households.<sup>2767</sup>

On 28 December 2012, the French government announces that the cost of gas prices of GDF-Suez for households will increase by 2.4 per cent by 1 January 2013 due to the increase in costs of transportation, distribution and storage and the liabilities left by the former Government.<sup>2768</sup> Another factor contributing to the escalating price of gas prices is the consistent state of long-term contract negotiations between the GDF-Suez and key suppliers. Pierre Moscovici, Minister of Economy and Finance and Delphine Batho, Minister for Ecology, Sustainable Development and Energy remain concerned with the changes in gas prices and its impact on the purchasing power of citizens. Delphine Batho proposes to develop a Safeguard clause to fix the price of gas as to protect the purchasing power of consumers and also to put an end to repeated litigation. A decree is being prepared and it will be in consultation in the near future for the stakeholders.<sup>2769</sup>

By 11 June 2013, the decree created in December is recognized as being successfully implemented as it has extended the benefit of social tariffs for electricity and gas to 1.9 million households compared to only 600 000 households in 2012. Since 14 May, the extension of the benefit of social tariffs for electricity and gas became automatic for all persons receiving l'Aide pour un Complémentaire Santé (CRE) and 70 per cent of its target is reached so far. Nonetheless, the French government notes that 8 million French can benefit from social tariffs for electricity and gas and should be able to do so by next winter. To this end, the draft decree under the law of 15 April 2013 is ready and should be published by 15 July 2013.<sup>2770</sup> The law of 15 April is created to prepare the transition to a low-energy system. Meanwhile the French government is requesting the Commission de Régulation de l'énergie (CRE) to strengthen its program on cost control.<sup>2771</sup>

On 18 April 2013, Delphine Batho confirms the government's desire to keep regulated tariffs for gas and electricity for households. Batho also indicates these regulated tariffs will not prevent consumers from seeking competitive offering if they are cheaper.<sup>2772</sup>

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<sup>2766</sup> L'extension des tarifs sociaux l'électricité et du gaz entre en vigueur, Ministère de l'Écologie, du Développement durable et de l'Énergie, 26 December 2012. Date of Access: 02 January 2012.

[http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=30491](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=30491)

<sup>2767</sup> L'extension des tarifs sociaux l'électricité et du gaz entre en vigueur Ministère de l'Écologie, du Développement durable et de l'Énergie., 26 December 2012. Date of Access: 02 January 2012.

[http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=30491](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=30491)

<sup>2768</sup> Tarifs réglementés du gaz (Paris), Ministère de l'Écologie, du Développement durable et de l'Énergie, 28 December 2012. Date of Access: 02 January 2012.

[http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=30507](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=30507)

<sup>2769</sup> Tarifs réglementés du gaz (Paris), Ministère de l'Écologie, du Développement durable et de l'Énergie, 28 December 2012. Date of Access: 02 January 2012.

[http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=30507](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=30507)

<sup>2770</sup> Rapport de la Commission de Régulation de l'Énergie sur les coûts d'EDF, 5 June 2013. Date of Access: 23 June 2013. [http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05\\_-\\_Rapport\\_CRE\\_Couts\\_EDF.pdf](http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05_-_Rapport_CRE_Couts_EDF.pdf)

[http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05\\_-\\_Rapport\\_CRE\\_Couts\\_EDF.pdf](http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05_-_Rapport_CRE_Couts_EDF.pdf)

<sup>2771</sup> Rapport de la Commission de Régulation de l'Énergie sur les coûts d'EDF, 5 June 2013. Date of Access: 23 June 2013. [http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05\\_-\\_Rapport\\_CRE\\_Couts\\_EDF.pdf](http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05_-_Rapport_CRE_Couts_EDF.pdf)

[http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05\\_-\\_Rapport\\_CRE\\_Couts\\_EDF.pdf](http://www.developpement-durable.gouv.fr/IMG/pdf/2013-06-05_-_Rapport_CRE_Couts_EDF.pdf)

<sup>2772</sup> Le gouvernement entend conserver les tarifs réglementés pour les ménages, 15 May 2013. Date of Access: 20 June 2013. [http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=32382](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=32382)

On 15 May 2013, Cécil Dufolt and Delphine Bathos par-took in the first steering committee created for the implementation of terms to renovate energy efficient housing. The ministers reaffirm the government's plan to renovate 500,000 housing units per year until 2017 in order to achieve a 38 per cent reduction of energy consumption by 2020.<sup>2773</sup>

On 17 May 2013, the decree with reforms to the regulated tariffs on gas is officially published. Pierre Moscovici, minister of finance and economics, and Delphine Batho, minister of ecology and development of sustainable energy, announce the reforms as incorporating four main objectives. First, there will be an annual audit for the costs of supply and non-supply of suppliers by the commission of energy regulation. This audit will take place every year on the 15 May and its findings will be available to the public. Second, on 1 July each year the ministry of economy and energy will fix energy prices through a new formula. The commission responsible for regulating energy will also be consulted. Third, the frequency of rates based on the formula will apply monthly. Forth, there is a safeguard clause in case there is an exceptional rise in price resulting from the formula, the Prime Minister may step in, after consulting with the commission of energy regulation, and regulate the price appropriately.<sup>2774</sup>

On 20 June 2013, the French government announces the implementation of a second phase in a plan created to assist in the training 11,000 people, consisting of craftsman and professionals working for construction companies focused on energy saving methods. Accordingly, there is now a sustainable development tax credit for professionals who are certified with "Reconnu Grenelle de l'Environnement" (RGE). By 1 July 2014, this acquirement of the certification will be mandatory as it demonstrate the knowledge and competence of qualified professional in line with energy saving methods. Today 7,500 companies benefit from the quality of RGE and the government would like this figure to escalate to 30,000 in an effort to have more professionals contributing to the creating of the 500,000 household renovations that are to take place each year.<sup>2775</sup>

France has taken actions to help the poorest to cope with the increased costs that result from elimination of fossil fuel subsidies, and undertaken efforts to enhance energy efficiency. Thus, France has been awarded a score of +1 for its commitment to provide targeted support for the national vulnerable groups.

*Analyst: Atena Sadegh*

## **Germany: 0**

Germany has partially complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies while providing support for the poorest.

On 16 July 2012, Federal Chancellor Angela Merkel made a speech on climate change. Stressing the finiteness of fossil fuels and dependency of some countries on fossil fuels, she stated "If we in

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<sup>2773</sup> Mise en œuvre de plan de rénovation énergétique de l'habitat : Cécile Duflot et Delphine Batho président le premier comité de pilotage, 15 May 2013, Date of Access: 20 June 2013 [http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=32623](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=32623)

<sup>2774</sup> Tarifs réglementés du gaz : une réforme majeure au service des consommateurs, 17 May 2013. Date of Access: 20 June 2013. [http://www.developpement-durable.gouv.fr/IMG/pdf/2013-0517\\_DP\\_tarifs\\_reglementes\\_gaz.pdf](http://www.developpement-durable.gouv.fr/IMG/pdf/2013-0517_DP_tarifs_reglementes_gaz.pdf)

<sup>2775</sup> Plan de rénovation énergétique de l'habitat : le Gouvernement annonce l'éco-conditionnalité des aides publiques. 20 June 2013. Date of Access: 25 June 2013 [http://www.developpement-durable.gouv.fr/spip.php?page=article&id\\_article=33124](http://www.developpement-durable.gouv.fr/spip.php?page=article&id_article=33124)

Germany manage — and I’m convinced we can — to shift from fossil fuels and nuclear energy supplies first by phasing out nuclear energy and then by reducing the proportion of fossil fuels in the coming decades by moving towards renewable energies, then we will make a contribution insofar as other countries can learn and benefit from these experiences.[...]In Germany we want to channel all the revenue from the auctioning of emission allowances into an energy and climate fund. The allowance prices are currently not as high as we expected. We had earmarked the revenue for international and national projects. But we’ll keep working on this. We were also one of the first countries to pledge a financial contribution to the Green Climate Fund.[...]’<sup>2776</sup>

On 7 December 2012, Andreas Kraemer, director of the Ecologic Institute in Germany, made a statement that Germany will cease mining hard coal in 2017.<sup>2777</sup> It is expected that by 2050, only 20 per cent of the country’s energy will consist of energy from non-renewable resources.

Since the Los Cabos Summit, Germany have also expanded their Energy Transition plan, called Energiewende, such that they plan to replace carbon emissions with renewable energy.<sup>2778</sup>

Despite the plans towards discontinuing coal mines and displacing energy from non-renewable resources, no progress towards providing support for the vulnerable was observed. Therefore, Germany has been awarded a score of 0.

*Analyst: Jihae Jang*

#### **India: +1**

India has fully complied with its commitment to phase out inefficient fossil fuel subsidies and provide support to the national vulnerable groups.

On 16 December 2012, Indian Prime Minister Manmohan Singh mentioned his intention to cut down oil subsidies, noting that “unsustainable” growth in oil subsidies is more than government spending on health and education.<sup>2779</sup> The 2012-2013 national budget also indicated a decrease in subsidies for petroleum compared to 2011-2012.<sup>2780</sup> Furthermore, on 27 December 2012 Prime Minister Singh further noted that petroleum products, coal, and power are underpriced due to subsidies and announced his intention for a “phased” hike in the prices of these goods.<sup>2781</sup>

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<sup>2776</sup> Speech by Federal Chancellor Angela Merkel at the Petersberg Climate Dialogue III, the German Federal Government (Berlin) 16 Jul 2012, Date of Access: 3 January 2013.

[http://www.bundesregierung.de/Content/EN/Reden/2012/2012-07-19-rede-bkin-petersberger-klimadialog\\_en.html?nn=447030](http://www.bundesregierung.de/Content/EN/Reden/2012/2012-07-19-rede-bkin-petersberger-klimadialog_en.html?nn=447030)

<sup>2777</sup> Germany plans to phase out coal, Wyofile News, 7 December 2012, Date of Access: 3 January 2013.

<http://wyofile.com/2012/12/18592/>

<sup>2778</sup> Germany’s energy transformation-Energiewende, The Economist (BERLIN AND NIEBÜLL) 28 July 2012, Date of Access: 3 January 2013.

<http://www.economist.com/node/21559667>

<sup>2779</sup> We will alter policies to accelerate growth: PM, The Financial Express 16 December 2012. Date of Access 3 January 2013. <http://www.financialexpress.com/news/we-will-alter-policies-to-accelerate-growth-pm/1045814/0>.

<sup>2780</sup> Cut in Subsidies on Certain Items, Press Information Bureau: Government of India 23 November 2012. Date of Access: 3 January 2013. <http://pib.nic.in/newsite/erelease.aspx?relid=89337>

<sup>2781</sup> More petrol, power, LPG price hikes coming soon, says PM at National Development Council to boost 12th Five Year Plan, The Financial Express 27 December 2012. Date of Access 3 January 2013.

<http://www.financialexpress.com/news/pm-for-gradual-hike-in-energy-prices-cut-in-subsidy/1050927>

In addition, the 12th Five Year Plan (2012-2017) indicated that the phasing out of subsidies on domestic LPG and PDS kerosene is one of the critical reforms required on the oil and gas sector<sup>2782</sup> and suggests “consideration should be given to converting the subsidised supply to an equivalent cash transfer targeted to those who need it.”<sup>2783</sup>

The government has also initiated several programs in order to support vulnerable groups in accessing subsidized fossil fuels. In drought-affected areas, a scheme to “offset the cost of diesel used for pumping water” has been introduced for farmers.<sup>2784</sup> The government will also increase the cap of subsidized LPG cylinders from six to nine per households a year according to Oil Minister Marpadi Veerappa Moily.<sup>2785</sup>

The government announced on 26 June 2013 that INR41 Crore has been transferred to LPG consumers in 18 districts following the Direct Benefit Transfer for LPG (DBTL) scheme launched on 1 June 2013.<sup>2786</sup> Eligible consumers under the scheme will pay for LPG cylinders at market price and receive a cash subsidy up to a maximum of 9 cylinders.<sup>2787</sup> Primary goals of the scheme are to “curb leakages and prevent black-marketing and provide subsidy to consumers in their bank accounts.”<sup>2788</sup> Separately however, a “record” INR100000 Crore will be allocated in fuel subsidy for 2012-2013, an increase from INR83500 Crore for 2011-2012.<sup>2789</sup>

India has shown that actions are undertaken to phase out inefficient fossil fuel subsidies while providing support to vulnerable groups and therefore has been awarded a score of +1.

*Analyst: Andre Sinaga*

## **Indonesia: 0**

Indonesia has partially complied with its commitment to rationalize inefficient fossil fuel subsidies that encourage wasteful consumption and aid the nation’s vulnerable groups.

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<sup>2782</sup> DRAFT Twelfth Five Year Plan 2012-17, Volume 2, Page 182, Planning Commission Government of India. Date of Access: 3 January 2013.

[http://planningcommission.gov.in/plans/planrel/12thplan/pdf/vol\\_2.pdf](http://planningcommission.gov.in/plans/planrel/12thplan/pdf/vol_2.pdf)

<sup>2783</sup> DRAFT Twelfth Five Year Plan 2012-17, Volume 2, Page 182, Planning Commission Government of India. Date of Access: 3 January 2013.

[http://planningcommission.gov.in/plans/planrel/12thplan/pdf/vol\\_2.pdf](http://planningcommission.gov.in/plans/planrel/12thplan/pdf/vol_2.pdf)

<sup>2784</sup> Diesel, seed Subsidy to Compensate Farmers for Additional Expenditure Due to Drought. Press Information Bureau: Government of India 31 August 2012. Date of Access: 3 January 2013.

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=87119>

<sup>2785</sup> Households likely to get 9 subsidized LPG cylinders a year, The Times of India 11 December 2012.

Date of Access 3 January 2013. [http://articles.timesofindia.indiatimes.com/2012-12-11/india/35748469\\_1\\_subsidized-lpg-cylinders-cap](http://articles.timesofindia.indiatimes.com/2012-12-11/india/35748469_1_subsidized-lpg-cylinders-cap)

<sup>2786</sup> Direct Benefit Transfer for LPG (DBTL) Scheme hits a MILLION TRANSACTIONS!, Press

Information Bureau: Government of India 26 June 2013. Date of Access: 27 June 2013.

<http://pib.nic.in/newsite/erelease.aspx?relid=96782>

<sup>2787</sup> What is DBTL, Ministry of Petroleum and Natural Gas: Government of India. Date of Access: 27 June 2013. <http://petroleum.nic.in/dbtl/whatis.pdf>

<sup>2788</sup> Petroleum Minister announces launch of Direct Benefit Transfer for LPG scheme in 20 Districts, Press Information Bureau: Government of India 15 May 2013. Date of Access: 27 June 2013.

<http://www.pib.nic.in/newsite/erelease.aspx?relid=96010>

<sup>2789</sup> FM pegs fuel subsidy for current fiscal at Rs 20,000 cr, The Financial Express 23 May 2013. Date of Access: 27 June 2013. <http://www.financialexpress.com/news/fm-pegs-fuel-subsidy-for-current-fiscal-at-rs-20000-cr/1119644>

On 19 September 2012, Deputy Energy and Mineral Resources Minister Rudi Rubiandini offered insight into future subsidy reform in Indonesia stating, “It’s not yet decided, but we are preparing to increase our fuel pricing.” The fuel increase would raise the cost of subsidized fuel from Rp1,500 (US16 Cents) to Rp6,000.<sup>2790</sup>

On 21 November 2012, Indonesia sent high-level policy makers to discuss “Fossil-Fuel Subsidy Reform: Challenges and Opportunities” with the goal of meeting Indonesia’s growing energy needs while reducing inefficient subsidies.<sup>2791</sup>

The Minister further suggested that a price increase would save the government Rp60 trillion (US6.45 Billion) which would be used to finance schools, infrastructure, and healthcare.<sup>2792</sup>

On 27 December 2012, the government announced plans to cut subsidised fuel to for sea-vessels in 2013.<sup>2793</sup> The government also plans to cut fuel subsidies to transport vehicles used in the plantation industry by March 2013.

On 18 January 2013, Indonesia set a quota subsidy of 46 million kilolitres of subsidized fuel for 2013 costing Rp193.8 trillion (US20.84 billion). This is an increase from the 2012 quota of 40 million kilolitres.<sup>2794</sup>

Though the 2012 quota was set at 40 million kilolitres, the Indonesia government actually increased the quota to 45 million kilolitres to meet rising demand.

On 22 January 2013, Finance Minister Agus Martowardojo said there were currently no plans to raise the subsidized fuel prices.<sup>2795</sup>

As the government has been forced to look at reducing fuel subsidies for financial reasons they have also considered applying the additional funds to the nation’s vulnerable groups. However, because only future plans have been made to cut inefficient fossil fuel subsidies Indonesia receives a score of 0 for its work in progress on fossil fuel subsidy phase-out.

*Analyst: Luke Doherty*

## **Italy: 0**

Italy has partially complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies while providing support for the poorest.

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<sup>2790</sup> Indonesia Considers Raising Subsidized-Fuel Price Next Year, Bloomberg, 19 September 2012. Date of Access: 22 January 2013

<http://www.bloomberg.com/news/2012-09-19/indonesia-considers-raising-subsidized-fuel-price-next-year-1-.html>

<sup>2791</sup> Training Workshop on Fossil-Fuel Subsidies in Indonesia, IISD, 19 October 2012. Date of Access: January 21 2013 <http://www.iisd.org/gsi/news/training-workshop-fossil-fuel-subsidies-indonesia>

<sup>2792</sup> Indonesia Energy Subsidy Update: January 2013, IISD, 18 January 2013. Date of Access: January 24 2013 <http://www.iisd.org/gsi/news/indonesia-energy-subsidy-update-january-2013>

<sup>2793</sup> Rules Restrict Subsidized Fuel January 1, Tempo, 28 December 2012. Date of Access: January 24 2013 <http://www.tempo.co/read/news/2012/12/28/090450781/Aturan-Pembatasan-BBM-Bersubsidi-1-Januari>

<sup>2794</sup> Indonesia Energy Subsidy Update: January 2013, IISD, 18 January 2013. Date of Access: January 24 2013 <http://www.iisd.org/gsi/news/indonesia-energy-subsidy-update-january-2013>

<sup>2795</sup> No Signs to Raise Subsidized Fuel Price, Jakarta Globe, 23 January 2013. Date of Access: 25 January 2013 <http://www.thejakartaglobe.com/economy/no-signs-to-raise-subsidized-fuel-price/567207>

In October 2012, the government of Italy began a consultation on its new national energy strategy, which aims to modernize the energy sector by eliminating the country's feed-in tariff plan and by encouraging the path to renewable resources.<sup>2796</sup> The strategy, which will be in effect until 2020, is intended to ensure a prosperous energy sector for Italy, and to decrease the burden on household budgets through investment in the energy sector.<sup>2797</sup>

On 27 July 2012, Guido Bortone, president of Italy's Authority for Electricity and Gas (AEEG) proposed to the government that it use a portion of the Robin Hood Tax (which applies to certain companies operating within the energy sector) in order to lower the Value Added Tax on energy bills which in fact reduce costs for families.<sup>2798</sup>

On 10 December 2012, Italian Regulatory Authority for Electricity and Gas (AEEG) met with the French Regulatory Commission of Energy to discuss "the implementation of support schemes and measures (i.e. bonus) in favour of disadvantaged customers."<sup>2799</sup>

Thus Italy has been awarded partial compliance with regards to the reduction of fossil fuel subsidies as it has shown steps in increasing access to energy supplies for the disadvantaged, but has shown little to no progress in the reduction of fossil fuel subsidies.

*Analyst: Caitlin Gillespie*

## **Japan: 0**

Japan has partially complied with its commitment on fossil fuel subsidies and the support for vulnerable groups.

At the G20 Los Cabos summit in June 2012, Japan provided no information of its fossil fuel subsidies. Japan claims that it has no inefficient fossil fuels as oil prices are deregulated<sup>2800</sup> and that it had previously phased out coal subsidies in the early 2000s.<sup>2801</sup>

The OECD report "Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels 2013" shows that Japan issues petroleum and coal tax on all oil, natural gas, and coal

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<sup>2796</sup> Italy Launches Consultation on New Energy Strategy, Government of Italy (Rome) 26 October 2012. Date of Access: 4 January 2013.

[http://www.governo.it/GovernoInforma/eng/documents/Italy\\_launches\\_consultation\\_newenergy\\_strategy.pdf](http://www.governo.it/GovernoInforma/eng/documents/Italy_launches_consultation_newenergy_strategy.pdf)

<sup>2797</sup> Italy Launches Consultation on New Energy Strategy, Government of Italy (Rome) 26 October 2012. Date of Access: 4 January 2013.

[http://www.governo.it/GovernoInforma/eng/documents/Italy\\_launches\\_consultation\\_newenergy\\_strategy.pdf](http://www.governo.it/GovernoInforma/eng/documents/Italy_launches_consultation_newenergy_strategy.pdf)

<sup>2798</sup> Annual Report on the State of Services and Regulatory Activities, The Italian Regulatory Authority for Electricity and Gas (Rome) 27 June 2012. Date of Access: 4 January 2013.

[http://www.autorita.energia.it/allegati/relaz\\_ann/12/Annau%20Report%202012.pdf](http://www.autorita.energia.it/allegati/relaz_ann/12/Annau%20Report%202012.pdf)

<sup>2799</sup> Meetings, L'Autorità per l'Energia Elettrica e il Gas (Milan). Date of Access: 4 January 2013.

<http://www.autorita.energia.it/it/inglese/riunioni.htm>

<sup>2800</sup> Japan: Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels, OECD, October 2010. Date of Access: 26 January 2013

<http://www.oecd.org/dataoecd/55/50/48786349.pdf>

<sup>2801</sup> OECD Environmental Performance Reviews: Japan 2010, OECD. Date of Access: 27 January 2013

[http://www.oecd.org/document/24/0,3746,en\\_2649\\_34307\\_46265112\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/24/0,3746,en_2649_34307_46265112_1_1_1_1,00.html)

products. Furthermore, the report indicated that the tax revenue received is used to support road construction and maintenance.<sup>2802</sup>

Japan has shown some support for vulnerable groups as it has provided exemptions on fossil fuel tax for agriculture, forestry, fishing and mining industries.<sup>2803</sup>

Japan claimed to have no inefficient fossil fuel subsidies. As limited facts of government support towards vulnerable groups have been released during the monitoring cycle Japan receives a score of 0 for partial compliance.

*Analyst: Luke Doherty*

### **Korea: +1**

Korea has fully complied with its commitment to phase out subsidies to anthracite coal and briquette producers while providing support to national vulnerable groups.

On 14 September 2012, the Ministry of Knowledge Economy released a notice indicating that the government has set the subsidy for briquette producers at 273.75 Won per 3.6 kilogram of briquette.<sup>2804</sup> This is in comparison to the subsidy of 373.5 Won in 2011.<sup>2805</sup> The subsidy is aimed at helping low-income families afford traditional cooking fuel.<sup>2806</sup> Thus, the amount of subsidy received by coal and briquette producers has been decreasing over recent years.

The small number of subsidized briquette producers and their low profitability however has meant that the supply of briquette has remained “tight,” causing an increase in the price of briquette over the 2012 winter period.<sup>2807</sup> This negatively affects low-income households, as briquette is the primary source of heating fuel.<sup>2808</sup> Korea’s state-run electricity supplier also increased electricity prices in August 2012.<sup>2809</sup>

Ultimately, Korea has shown that it is phasing out subsidies to anthracite coal and briquette producers while providing support to vulnerable national groups such as low-income families. Thus Korea has been given a score of +1.

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<sup>2802</sup> Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels 2013, OECD, January 2013. Date of Access: 29 January 2013  
[http://www.oecd-ilibrary.org/environment/inventory-of-estimated-budgetary-support-and-tax-expenditures-for-fossil-fuels-2013\\_9789264187610-en](http://www.oecd-ilibrary.org/environment/inventory-of-estimated-budgetary-support-and-tax-expenditures-for-fossil-fuels-2013_9789264187610-en)

<sup>2803</sup> Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels 2013, OECD, January 2013. Date of Access: 29 January 2013  
[http://www.oecd-ilibrary.org/environment/inventory-of-estimated-budgetary-support-and-tax-expenditures-for-fossil-fuels-2013\\_9789264187610-en](http://www.oecd-ilibrary.org/environment/inventory-of-estimated-budgetary-support-and-tax-expenditures-for-fossil-fuels-2013_9789264187610-en)

<sup>2804</sup> 무연탄 및 연탄의 최고판매가격 지정에 관한 고시, Ministry of Knowledge Economy 14 September 2012. Date of Access: 5 January 2013. [http://www.mke.go.kr/mke/brd1\\_view.jsp?pCtx=1&seq=60833](http://www.mke.go.kr/mke/brd1_view.jsp?pCtx=1&seq=60833).

<sup>2805</sup> 올해 연탄가격 동결, Chosun 4 October 2011. Date of Access: 5 January 2013.  
[http://biz.chosun.com/site/data/html\\_dir/2011/10/04/2011100400690.html](http://biz.chosun.com/site/data/html_dir/2011/10/04/2011100400690.html)

<sup>2806</sup> Annex: G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies. Date of Access: 5 January 2013. [www.g20.org/load/780976742](http://www.g20.org/load/780976742)

<sup>2807</sup> Demand soaring for coal briquettes, The Korea Times December 19 2012. Date of Access: 5 January 2013. [http://koreatimes.co.kr/www/news/biz/2012/12/602\\_127257.html](http://koreatimes.co.kr/www/news/biz/2012/12/602_127257.html)

<sup>2808</sup> Demand soaring for coal briquettes, The Korea Times December 19 2012. Date of Access: 5 January 2013. [http://koreatimes.co.kr/www/news/biz/2012/12/602\\_127257.html](http://koreatimes.co.kr/www/news/biz/2012/12/602_127257.html)

<sup>2809</sup> KEPCO to raise utility bills by 4.9%, The Korea Times 3 August 2012. Date of Access: 5 January 2013. [http://koreatimes.co.kr/www/news/biz/2012/08/602\\_116580.html](http://koreatimes.co.kr/www/news/biz/2012/08/602_116580.html)

## Mexico: +1

Mexico has fully complied with its commitment to phase-out fossil fuel subsidies in the medium term with targeted support to assist the nations most vulnerable groups.

On 6 September 2012, the United Nations awarded the 2012 World Habitat Award to the Mexican Federal Housing Fund for its Infonavit's Green Mortgage program which provides low-income households with energy-saving technology to enable them to save energy and money. The Infonavit's Green Mortgage program is recognized to formalize "900,000 credits benefiting more than 3,000,000 people, mainly through savings on water and energy bills."<sup>2810</sup> The Infonavit Green Mortgage is "complemented with other initiatives focused on promoting green housing such as tax incentives offered by Mexico City's government for the use of eco-technologies."<sup>2811</sup>

On 16 September 2012, President Enrique Peña Nieto does not mention the importance of investing in renewable energy during a speech addressing the national energy sector and he focuses predominantly on Pemex and the oil and gas sector.<sup>2812</sup>

On 26 September 2012, the Carbon Dioxide Information Analysis Center reports that the consumption of natural gas in Mexico account for 23.6 per cent of fossil fuel CO<sub>2</sub> emissions.<sup>2813</sup> The per capita emission of CO<sub>2</sub> resulting from fossil fuel usage in Mexico is less than the global average.<sup>2814</sup> Despite taking initiatives to reduce fossil fuel subsidies it is reported, "every year the Mexican government spends nearly USD30 billion on energy subsidies- mainly fossil fuels- that could instead be allocated to the research and development of renewable energy and green technology industries."<sup>2815</sup>

On 8 November 2012, the president announces that in the first half of 2013 he will put forward a bill to amend the Mexican Constitution to allow private investment to break the current state monopoly of Pemex.<sup>2816</sup>

On 1 May 2013, the Mexican government implements the Large-scale Renewable Energy Development Project (PERGE) which had been promulgate in November of 2008. This project essentially "aims to develop initial experience in commercial grid-connected renewable energy applications by supporting the construction of 101 MW Independent Power Producing wind farm, while building institutional capacity to value, acquire, and manage such resources on a replicable

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<sup>2810</sup> Mexican Green Mortgages (Mexico City) 11 October 2012. Date of Access: 03 January 2012. <http://www.ukti.gov.uk/export/countries/americas/northamerica/mexico/premiumcontent/387940.html>

<sup>2811</sup> Mexican Green Mortgages (Mexico City) 11 October 2012. Date of Access: 03 January 2012. <http://www.ukti.gov.uk/export/countries/americas/northamerica/mexico/premiumcontent/387940.html>

<sup>2812</sup> Working towards the elimination of government subsidies for fossil fuels, 5 October 2012. Date of Access: 01 January 2012. <http://www.renewableenergymexico.com/?tag=fossil-fuels-subsidies-mexico>

<sup>2813</sup> Trends, Carbon Dioxide Information Analysis Center (Tennessee) 26 September 2012. Date Access: 04 January 2012. [http://cdiac.ornl.gov/trends/emis/tre\\_mex.html](http://cdiac.ornl.gov/trends/emis/tre_mex.html)

<sup>2814</sup> Trends, Carbon Dioxide Information Analysis Center (Tennessee) 26 September 2012. Date Access: 04 January 2012. [http://cdiac.ornl.gov/trends/emis/tre\\_mex.html](http://cdiac.ornl.gov/trends/emis/tre_mex.html)

<sup>2815</sup> Working towards the elimination of government subsidies for fossil fuels, 5 October 2012. Date of Access: 01 January 2012. <http://www.renewableenergymexico.com/?tag=fossil-fuels-subsidies-mexico>

<sup>2816</sup> Sweeping Mexico energy reform may stumble in Congress (Mexico City), 8 November 2012. Date of Access: 06 January 2012. Working towards the elimination of government subsidies for fossil fuels, 5 October 2012. Date of Access: 01 January 2012. <http://www.renewableenergymexico.com/?tag=fossil-fuels-subsidies-mexico>

basis.”<sup>2817</sup> Moreover, the Mexican government also implements a law for the Development of Renewable Energy Transition Financing (LAERTE). This new law makes it “mandatory for the Energy Secretariat to develop a National Renewable Energy Inventory to provide private and public actor[s], and the society in general, with reliable information on renewable resources in Mexico.”<sup>2818</sup>

Mexico demonstrates full compliance with the commitment it has made on continuing with policies that promote clean energy and provide targeted support to the nations poorest group. Mexico is therefore awarded a score of +1.

*Analyst: Atena Sadegh*

### **Russia: +1**

Russia has fully complied with its commitment on energy.

In the last Progress Report to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies, submitted in 2012, Russia stated that it did not have any inefficient fossil fuel subsidies.<sup>2819</sup> Thus it is evaluated on the efforts to provide support to national vulnerable groups that do not have access to subsidized fossil fuels.

Russia provides support to the consumers of energy derived from fossil fuels through subsidies on electricity consumption. According to the Energy Strategy for the Period until 2030, the government is going to pursue social targets in its energy policy by regulating retail prices on energy and providing targeted social support to the household consumers.<sup>2820</sup>

Russia provides targeted support to national vulnerable groups. Thus, it is awarded a score of +1.

*Analyst: Andrei Sakharov*

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<sup>2817</sup> Large-scale renewable energy development project (PERGE), International Energy Agency (Paris), 04 June 2013. Date of Access: 24 June 2013.

2013. <http://www.iea.org/policiesandmeasures/pams/mexico/name%2c38704%2cen.php?s=dHlwZT1yZSZzdGF0dXM9T2s%2c&return=PGRpdiBjbGFzc0ic3ViTWVudSI-PGRpdiBjbGFzc0iYnJlYWVjcnVtYnMiPjxhIGhyZWY9Ii8iPkhvbWU8L2E-Jm5ic3A7Jmd0OyZuYnNwOzxlIGhyZWY9Ii9wb2xpY2llc2FuZG1lYXN1cmVzLyI-UG9saWNpZXMgYW5kIE1lYXN1cmVzPC9hPiZuYnNwOyZndDs8YSBocmVmPSIvcG9saWNpZXRhbmRtZWZkdXJlcy9yZW5ld2FibGVlbnVyZ3kvaW5kZXgucGhwIj4mbmJzcDdtSZW5ld2FibGUgRW5lcm d5PC9hPiZuYnNwOyZndDsmbmJzcDdtZWZyY2ggUmVzdWx0PC9kaXY-PC9kaXY->

<sup>2818</sup> National renewable energy inventory, International Energy Agency (Paris), 05 June 2013. Date of Access: 24 June 2013.

<http://www.iea.org/policiesandmeasures/pams/mexico/name%2c38706%2cen.php?s=dHlwZT1yZSZzdGF0dXM9T2s%2c&return=PGRpdiBjbGFzc0ic3ViTWVudSI-PGRpdiBjbGFzc0iYnJlYWVjcnVtYnMiPjxhIGhyZWY9Ii8iPkhvbWU8L2E-Jm5ic3A7Jmd0OyZuYnNwOzxlIGhyZWY9Ii9wb2xpY2llc2FuZG1lYXN1cmVzLyI-UG9saWNpZXMgYW5kIE1lYXN1cmVzPC9hPiZuYnNwOyZndDs8YSBocmVmPSIvcG9saWNpZXRhbmRtZWZkdXJlcy9yZW5ld2FibGVlbnVyZ3kvaW5kZXgucGhwIj4mbmJzcDdtSZW5ld2FibGUgRW5lcm d5PC9hPiZuYnNwOyZndDsmbmJzcDdtZWZyY2ggUmVzdWx0PC9kaXY-PC9kaXY->

<sup>2819</sup> Summary of Progress Reports to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies. Date of Access 8 December 2012. [www.g20.org/load/780979315](http://www.g20.org/load/780979315)

<sup>2820</sup> Roadmap of energy policy actions in pursuance of the Energy Strategy for the Period until 2030, Russian Ministry of Energy. Date of Access: 27 March 2013.

[http://minenergo.gov.ru/activity/energostrategy/pr\\_5.php?sphrase\\_id=296610](http://minenergo.gov.ru/activity/energostrategy/pr_5.php?sphrase_id=296610).

### **Saudi Arabia: n/a**

According to Annex to the IEA, OPEC, OECD, World Bank report “Analysis of the Scope of Energy Subsidies and Suggestions for the G-20 Initiative” prepared for the G20 Toronto Summit in 2010 Saudi Arabia “is not implementing any measures that fit the criteria for inefficient fossil fuel subsidies” and “the G20 proposal for phasing out inefficient fossil fuel subsidies does not ... apply to Saudi Arabia.”<sup>2821</sup>

However, according to the analysis by IEA, the subsidisation rate in Saudi Arabia is one of the highest in the world equalling 75.8% of the full cost of supply.<sup>2822</sup>

As Saudi Arabia claimed that this commitment could not be applied to this country as it did not have any inefficient subsidies and, thus, did not eliminate any of them, there is no need to compensate for their removal by providing targeted support to national vulnerable groups. Thus, Saudi-Arabia cannot be assessed for compliance with this commitment and has been awarded no score.

*Analyst: Alexey Mironov*

### **South Africa: +1**

South Africa has provided targeted support to national vulnerable groups who do not have access to subsidized fossil fuels.

In its progress report, South Africa reported that it does not have inefficient fossil fuel subsidies to phase out.<sup>2823</sup> Targeted support for low-income households without access to subsidized fossil fuels is present however in the form of free basic electricity.<sup>2824</sup> Funding for free basic services, including electricity, to the municipalities are distributed through a formula, which will be reviewed.<sup>2825</sup> A formula featuring a revenue-adjustment factor that reflects municipalities’ ability to generate their own revenue is proposed and the final formula will be released in the 2013 Budget.<sup>2826</sup>

South Africa’s state-owned electricity company Eskom has also proposed annual increases of electricity prices by 16 per cent every year until 2018.<sup>2827</sup> There will be continued targeted

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<sup>2821</sup> Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group 11 June 2010. Date of Access: 2 April 2012. [http://www.hse.ru/data/2012/04/17/1250180042/Annexes\\_of\\_Report\\_to\\_Leaders\\_G20\\_Inefficient\\_Fossil\\_Fuel\\_Subsidies.pdf](http://www.hse.ru/data/2012/04/17/1250180042/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf)

<sup>2822</sup> Fossil Fuel Consumption Subsidy Rates as a Proportion of the Full Cost of Supply, IEA October 2011. Date of Access: 20 April 2012. <http://www.iea.org/subsidy/index.html>

<sup>2823</sup> Summary of Progress Reports to G-20 Leaders on the Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies. Date of Access: 5 January 2013. [www.g20.org/load/780979315](http://www.g20.org/load/780979315)

<sup>2824</sup> Free Basic Electricity, Department of Energy. Date of Access: 5 January 2013. [http://www.energy.gov.za/files/faqs\\_frame.html](http://www.energy.gov.za/files/faqs_frame.html)

<sup>2825</sup> Development cash linked to delivery, Mail and Guardian 25 October 2012. Date of Access: 5 January 2013. <http://mg.co.za/article/2012-10-25-development-cash-linked-to-delivery>

<sup>2826</sup> Medium Term Budget Policy Statement 2012, Page 45-46, Department: National Treasury. Date of Access: 5 January 2013.

<http://www.treasury.gov.za/documents/mtbps/2012/mtbps/MTBPS%202012%20Full%20Document.pdf>

<sup>2827</sup> Eskom: We need to double power prices by 2018, Mail and Guardian 22 October 2012. Date of Access: 5 January 2013. <http://mg.co.za/article/2012-10-22-eskom-we-need-to-double-power-prices-again-by-2018>

protection of the poor however who would pay less than other customers.<sup>2828</sup> A proposed move away from the current Inclining Block Tariffs, for example, would see poor and small-capacity users experience a lower price increase.<sup>2829</sup>

In the 2013/2014 Municipal Budget Circular released on 12 March 2013, the government introduced a new funding formula which aims to provide “more households with a subsidy for free basic water, electricity, sanitation and refuse-removal services.”<sup>2830</sup> The threshold income for access to free basic services has in the same time increased from ZAR800 per month (2001 prices) to ZAR2300 per month (2011 prices).<sup>2831</sup>

South Africa has therefore shown that it is providing targeted support to vulnerable groups who do not have access to subsidized fossil fuels and thus has been given a score of +1.

*Analyst: Andre Sinaga*

### **Turkey: 0**

Turkey has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies while providing targeted support for the poorest.

As of 6 January 2013, the government continues to subsidize Turkish Hard-Coal Enterprises<sup>2832</sup> and no attempts to end these subsidies have been made. Nonetheless, from 20-22 June 2012 Turkey did participate and contribute to the Rio+20 Conference as well as the ‘Future We Want’ outcome document, which outlined “countries reaffirm the commitments they have made to phase out harmful and inefficient fossil fuel subsidies that encourage wasteful consumption and undermine sustainable development.”<sup>2833</sup>

At this Conference, Turkey also reaffirmed its support of implementing policies and strategies based on “renewable energy sources and other low-emission technologies, the more efficient use

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<sup>2828</sup> Eskom Multi-Year Price Determination: Eskom and NERSA briefings, Parliamentary Monitoring Group. Date of Access: 5 January 2013. <http://www.pmg.org.za/report/20121204-eskom-multi-year-price-determination-eskom-and-nersa-briefings>

<sup>2829</sup> Eskom Multi-Year Price Determination: Eskom and NERSA briefings, Parliamentary Monitoring Group. Date of Access: 5 January 2013. <http://www.pmg.org.za/report/20121204-eskom-multi-year-price-determination-eskom-and-nersa-briefings>

<sup>2830</sup> Municipal Budget Circular for the 2013/14 MTREF, Page 6, National Treasury: Republic of South Africa 12 March 2013. Date of Access: 27 June 2013. [https://www.capetown.gov.za/en/Budget/Budget%20201314%20Final/Annexure%2013%20-%20C67%20Municipal%20Budget%20Circular%20for%201314MTREF\\_%20Final.pdf](https://www.capetown.gov.za/en/Budget/Budget%20201314%20Final/Annexure%2013%20-%20C67%20Municipal%20Budget%20Circular%20for%201314MTREF_%20Final.pdf)

<sup>2831</sup> Municipal Budget Circular for the 2013/14 MTREF, Page 6, National Treasury: Republic of South Africa 12 March 2013. Date of Access: 27 June 2013. [https://www.capetown.gov.za/en/Budget/Budget%20201314%20Final/Annexure%2013%20-%20C67%20Municipal%20Budget%20Circular%20for%201314MTREF\\_%20Final.pdf](https://www.capetown.gov.za/en/Budget/Budget%20201314%20Final/Annexure%2013%20-%20C67%20Municipal%20Budget%20Circular%20for%201314MTREF_%20Final.pdf)

<sup>2832</sup> Turkey: Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil-Fuels – 2013, Organisation for Economic Co-operation and Development (Turkey) January 2013. Date of Access: 6 January 2013. <http://www.oecd.org/site/tadffs/TUR.pdf>

<sup>2833</sup> The Future We Want, United Nations Conference on Sustainable Development (Rio de Janeiro, Brazil) 22 June 2012. Date of Access: 6 January 2013. <http://www.undp.org.tr/publicationsDocuments/3.The%20FutureWeWant.pdf>

of energy, greater reliance on advanced energy technologies, including cleaner fossil fuel technologies, and the sustainable use of traditional energy resources.”<sup>2834</sup>

Furthermore, in June 2012 in a report produced by the Turkish Ministry of Development titled ‘Turkey’s Sustainable Development Report: Claiming the Future’, it was outlined that “Turkey’s energy supply based on fossil fuels and dependency on import is a critical threat for sustainable development. This threat may be overcome with increasing use of renewable energy sources.”<sup>2835</sup>

Some of the initiatives related to sustainable development outlined by Turkey include increasing the use of renewable energy to 30 per cent by 2023,<sup>2836</sup> becoming 20 per cent more energy efficient<sup>2837</sup> and encouraging energy efficiency in manufacturing and industrial establishments.<sup>2838</sup>

As of 6 January 2013, Turkey continues to invest in a program created in 2003 aimed at distributing coal for heating purposes to assist poor families.<sup>2839</sup> This program is administered by the Ministry of Energy and Natural Resources.

As of 30 May 2013, Turkey imports more than 60 per cent of its energy and much of it is in the form of fossil fuels.<sup>2840</sup> Nonetheless, Turkey has developed several energy strategies that focus on the local production of energy from wind, hydropower, and geothermal sources thus emphasizing the need for improved energy efficiency in the country.”<sup>2841</sup> As of 30 May 2013 Turkey ranks number one in the world in terms of growth rate for wind energy plants.<sup>2842</sup>

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<sup>2834</sup> The Future We Want, United Nations Conference on Sustainable Development (Rio de Janeiro, Brazil) June 2012. Date of Access: 6 January 2013.

<http://www.undp.org.tr/publicationsDocuments/3.The%20FutureWeWant.pdf>

<sup>2835</sup> Turkey's Sustainable Development Report Claiming the Future 2012, Ministry of Development (Ankara) June 2012. Date of Access: 6 January 2013.

<http://www.undp.org.tr/publicationsDocuments/1.Claiming%20the%20Future.pdf>

<sup>2836</sup> Clean Technology Fund Drives Turkey's Renewable Energy Growth, The World Bank (Turkey) 4 December 2012. Date of Access: 6 January 2013.

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTENERGY2/0,,contentMDK:23322468~pagePK:210058~piPK:210062~theSitePK:4114200,00.html>

<sup>2837</sup> Clean Technology Fund Drives Turkey's Renewable Energy Growth, The World Bank (Turkey) 4 December 2012. Date of Access: 6 January 2013.

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTENERGY2/0,,contentMDK:23322468~pagePK:210058~piPK:210062~theSitePK:4114200,00.html>

<sup>2838</sup> Turkey's Sustainable Development Report Claiming the Future 2012, Ministry of Development (Ankara) June 2012. Date of Access: 6 January 2013.

<http://www.undp.org.tr/publicationsDocuments/1.Claiming%20the%20Future.pdf>

<sup>2839</sup> Turkey: Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil-Fuels – 2013, Organisation for Economic Co-operation and Development (Turkey) January 2013. Date of Access: 6 January 2013. <http://www.oecd.org/site/tadffss/TUR.pdf>

<sup>2840</sup> Wind, Water, and Steam – a Triple Win for Turkey’s Energy Sector (Turkey) 30 May 2013. Date of Access: 27 June 2013.

<http://www.worldbank.org/en/news/feature/2013/05/30/wind-water-steam-a-triple-win-for-turkey-energy-sector>

<sup>2841</sup> Wind, Water, and Steam – a Triple Win for Turkey’s Energy Sector (Turkey) 30 May 2013. Date of Access: 27 June 2013.

<http://www.worldbank.org/en/news/feature/2013/05/30/wind-water-steam-a-triple-win-for-turkey-energy-sector>

<sup>2842</sup> Wind, Water, and Steam – a Triple Win for Turkey’s Energy Sector (Turkey) 30 May 2013. Date of Access: 27 June 2013.

Thus, Turkey received a score of 0 for failing to rationalize its inefficient fossil fuel subsidies, but reaffirming its commitment to sustainable development and for providing support to vulnerable groups.

*Analyst: Harry Malhi*

### **United Kingdom: +1**

The United Kingdom has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term while providing targeted support to the nation's vulnerable groups.

On 12 October 2012, the government of the United Kingdom updated its policy with regards to helping the vulnerable. They continue to acknowledge that energy costs are rising and they need to support those in need. Some of the actions taken by the DECC are, the Green Deal, Warm Home Discount, Winter Fuel Payment, Smart meters, Energy Company Obligation, and the Electricity Demand Reduction project.<sup>2843</sup>

On 27 December 2012, Energy Secretary Ed Davey published a “renewable energy roadmap” that targets sourcing 15 per cent of all energy from renewable sources by 2020 in order to cut climate-warming emissions.<sup>2844</sup> The DECC has identified that GBP12.7 billion has been confirmed as renewable investments by companies from 1 April 2011 to 31 July 2012.<sup>2845</sup> The government of the United Kingdom continues to have indirect subsidies that have played a major role in continuously encouraging investment in renewable energy. The United Kingdom remains with the belief that it does not have inefficient fossil fuel subsidies.

The United Kingdom has provided targeted support to the national vulnerable groups thus it has been awarded a score of +1.

*Analysts: Fayruz Al Asaad & German Cairo*

### **United States: 0**

The United States has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies while providing targeted support for the poorest.

For the fiscal year 2013 in the United States budget, provisions related to phasing out subsidies for fossil fuels were included in which the President proposed “to repeal a number of tax

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<http://www.worldbank.org/en/news/feature/2013/05/30/wind-water-steam-a-triple-win-for-turkey-energy-sector>

<sup>2843</sup> Policy: Helping households to cut their energy bills, Government UK 12 October 2012. Date of Access 28 January 2013. <https://www.gov.uk/government/policies/helping-households-to-cut-their-energy-bills>

<sup>2844</sup> UK close to green energy targets, Scotsman.com 27 December 2012. Date of Access 23 January 2013. <http://www.scotsman.com/business/management/uk-close-to-green-energy-targets-1-2707895>

<sup>2845</sup> UK on track to hit 2020 green energy targets – DECC, Reuters 26 December 2012. Date of Access 28 January 2013. <http://www.reuters.com/article/2012/12/27/us-renewables-idUSBRE8BQ00620121227>

preferences available for fossil fuels.”<sup>2846</sup> This provision would have eliminated USD4 billion annually in inefficient and outdated fossil fuel subsidies.<sup>2847</sup>

On 3 January 2013, despite the proposal of this budget to Congress, no such provision was included in the eventual tax bill that avoided the “fiscal cliff.”<sup>2848</sup> Though President Barack Obama has attempted to eliminate fossil fuel subsidies on multiple occasions, the repeated defeat by Congress of any such legislation justifies the score of 0 for the United States.<sup>2849</sup>

Nonetheless, on 3 January 2012 in the interest of sustainable development, the American Taxpayer Relief Act of 2012 did include provisions for tax breaks to the wind and biofuel industries.<sup>2850</sup> This Act also included tax credits for energy-efficient existing homes,<sup>2851</sup> for alternative fuel vehicle refueling property,<sup>2852</sup> for energy-efficient new homes,<sup>2853</sup> and for energy-efficient appliances.<sup>2854</sup>

As of 6 January 2013, to assist vulnerable groups, the U.S. Department of Health and Human Services plans to provide USD3.068 billion of funding to the Low-Income Home Energy Assistance Program.<sup>2855</sup> This program helps low-income households pay their home heating and

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<sup>2846</sup> Fiscal Year 2013 Budget of the U.S. Government, Office of Management and Budget (Washington). Date of Access: 6 January 2013.

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>

<sup>2847</sup> Fiscal Year 2013 Budget of the U.S. Government, Office of Management and Budget (Washington). Date of Access: 6 January 2013.

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>

<sup>2848</sup> An Act Entitled The American Taxpayer Relief Act of 2012, 112th Congress – U.S. Government Printing Office (Washington) 2 January 2012. Date of Access: 6 January 2013.

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8enr/pdf/BILLS-112hr8enr.pdf>

Obama has no luck getting tax proposals past Congress, PolitiFact – Tampa Bay Times (St. Petersburg) 3 January 2013. Date of Access: 6 January 2013.

<http://www.politifact.com/truth-o-meter/promises/obameter/promise/2/eliminate-all-oil-and-gas-tax-loopholes/>

<sup>2849</sup> Fossil Fuel Subsidies in the U.S., Oil Change International (United States) 2013. Date of Access: 6 January 2013. <http://priceofoil.org/fossil-fuel-subsidies/>

<sup>2850</sup> Wind, biofuels lobbies win big in fiscal cliff deal, Washington Guardian (Washington) 2 January 2013.

Date of Access: 6 January 2013. <http://www.washingtonguardian.com/wind-biofuels-lobbies-win-big-fiscal-cliff-deal>

<sup>2851</sup> An Act Entitled The American Taxpayer Relief Act of 2012, 112th Congress – U.S. Government Printing Office (Washington) 2 January 2012. Date of Access: 6 January 2013.

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8enr/pdf/BILLS-112hr8enr.pdf>

<sup>2852</sup> An Act Entitled The American Taxpayer Relief Act of 2012, 112th Congress – U.S. Government Printing Office (Washington) 2 January 2012. Date of Access: 6 January 2013.

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8enr/pdf/BILLS-112hr8enr.pdf>

<sup>2853</sup> An Act Entitled The American Taxpayer Relief Act of 2012, 112th Congress – U.S. Government Printing Office (Washington) 2 January 2012. Date of Access: 6 January 2013.

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8enr/pdf/BILLS-112hr8enr.pdf>

<sup>2854</sup> An Act Entitled The American Taxpayer Relief Act of 2012, 112th Congress – U.S. Government Printing Office (Washington) 2 January 2012. Date of Access: 6 January 2013.

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8enr/pdf/BILLS-112hr8enr.pdf>

<sup>2855</sup> LIHEAP ClearingHouse Funding, U.S. Department of Health and Human Services (Butte) 29 November 2012. Date of Access: 6 January 2013. <http://liheap.ncat.org/www.htm>

cooling bills and it operates in every state and the District of Columbia, as well as on most tribal reservations and U.S. Territories.<sup>2856</sup>

As of 6 January 2013, the United States also plans to continue to provide funding through the U.S. Department of Energy to the Weatherization Assistance Program, which enables low-income families to permanently reduce their energy bills by making their homes more energy efficient.<sup>2857</sup>

In June of 2013, President Obama released his Climate Action Plan, in which he reinforced his commitment to clean energy, including a transition to cleaner sources of energy.<sup>2858</sup> For the fiscal year 2013 in the United States budget, provisions related to phasing out subsidies for fossil fuels were included in which the President proposed “to repeal a number of tax preferences available for fossil fuels.”<sup>2859</sup> This provision would have eliminated USD4 billion annually in inefficient and outdated fossil fuel subsidies.<sup>2860</sup>

Thus, the United States received a score of 0 for failing to rationalize its inefficient fossil fuel subsidies, but reaffirming its commitment to sustainable development and for providing support to vulnerable groups.

*Analyst: Harry Malhi*

### **European Union: +1**

The European Union has fully complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies while providing support for the poorest.

On 15 November 2012, The European Commission confirmed that it “intends to actively contribute to the G20 goal to remove all environmentally harmful subsidies, including remaining direct and indirect support for fossil fuels.”<sup>2861</sup>

On 20 November 2012, the European Council and the European Parliament introduced preliminary regulatory framework on trans-European energy infrastructure, which “will help to modernize and expand Europe’s energy infrastructure in order to allow the EU to meet its core energy policy objectives of competitiveness, sustainability and security of supply.”<sup>2862</sup>

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<sup>2856</sup> LIHEAP ClearingHouse Who We Are, U.S. Department of Health and Human Services (Butte) 19 December 2012. Date of Access: 6 January 2013. <http://liheap.ncat.org/www.htm>

<sup>2857</sup> Weatherization Assistance Program, U.S. Department of Energy (United States) 2012. Date of Access: 6 January 2013. <http://www1.eere.energy.gov/wip/wap.html>

<sup>2858</sup> The President's Climate Action Plan, Executive Office of the President (Washington, United States). June 2013. Date of Access: 27 June 2013.

<http://www.whitehouse.gov/sites/default/files/image/president27sclimateactionplan.pdf>

<sup>2859</sup> Fiscal Year 2013 Budget of the U.S. Government, Office of Management and Budget (Washington). Date of Access: 6 January 2013.

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>

<sup>2860</sup> Fiscal Year 2013 Budget of the U.S. Government, Office of Management and Budget (Washington). Date of Access: 6 January 2013.

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>

<sup>2861</sup> Making the Internal Energy Market Work, European Commission (Brussels) 15 November 2012. Date of Access: 2 January 2013. [http://ec.europa.eu/energy/gas\\_electricity/doc/20121115\\_iem\\_0663\\_en.pdf](http://ec.europa.eu/energy/gas_electricity/doc/20121115_iem_0663_en.pdf)

<sup>2862</sup> The Council and the European Parliament Reach Informal Agreement on Energy Infrastructure Regulation, Council of the European Union (Brussels) 30 November 2012. Date of Access: 2 January 2013. [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/trans/133926.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/133926.pdf)

On 3 December 2012, the Council of the European Union announced that the EU recalled the need for “rationalization and the phasing out of environmentally or economically harmful subsidies, including for fossil fuels.”<sup>2863</sup> The report also stressed the importance of the use of renewable energy resources (RES) in achieving the targets outlined in the Europe 2020 Strategy.<sup>2864</sup> The European Council reiterated its commitment to an internal European energy market in providing security of supply and access to energy for all.<sup>2865</sup>

Thus the EU has been awarded a score of +1 in its attention to fossil fuel subsidies and the introduction of a framework aimed at supplying energy resources to vulnerable groups within all European Union nations.

*Analyst: Caitlin Gillespie*

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<sup>2863</sup> Council Conclusions on Renewable Energy, Council of the European Union (Brussels) 3 December 2012. Date of Access: 2 January 2013.

[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/trans/133950.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/133950.pdf)

<sup>2864</sup> Council Conclusions on Renewable Energy, Council of the European Union (Brussels) 3 December 2012. Date of Access: 2 January 2013.

[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/trans/133950.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/133950.pdf)

<sup>2865</sup> Transport, Telecommunications and Energy, Council of the European Union (Brussels) 3 December 2012. Date of Access: 2 January 2013. [http://europa.eu/rapid/press-release\\_PRES-12-500\\_en.htm](http://europa.eu/rapid/press-release_PRES-12-500_en.htm)