10. Energy: Fossil Fuels

Commitment [#127]:
"We reaffirm our commitment to rationalize and phase-out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption, with timing based on national circumstances, while providing targeted support for the poorest."

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada			+1
China	-1		
France			+1
Germany	-1		
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea		0	
Mexico			+1
Russia			+1
Saudi Arabia		0	
South Africa			+1
Turkey	-1		
United Kingdom			+1
United States		0	
European Union		n/a	
Average Score		+0.37	

Background:
The commitment to rationalize and phase out inefficient fossil fuel subsidies over the medium term was first introduced at the 2009 G20 Pittsburgh Summit. During the Pittsburgh Summit, leaders agreed that inefficient fossil fuel subsidies "encourage wasteful consumption, distort markets, impede investment in clean energy sources and undermine efforts to deal with climate change."[1364] In response, members agreed to rationalize and phase out, over the medium term, inefficient fossil fuels that encourage wasteful consumption. At the same time, the G20 members recognized the importance of providing developing countries with essential energy services through various mechanisms.

At the Pittsburgh Summit, energy and finance ministers committed to assess their respective national circumstances in order to develop implementation strategies and timeframes and to report back to the G20 leaders at the Toronto Summit. Further, G20 members asked four intergovernmental organizations (IGO-4) (the International Energy Agency [IEA], the Organization of Petroleum Exporting Countries [OPEC], the Organization for Economic Co-

[1364] G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 27 December 2010. http://www.g20.utoronto.ca/2009/2009communique0925.html operation and Development [OECD] and World Bank) to provide "analysis of the scope of energy subsidies and suggestions for the implementation of this initiative"[1365] and to report their findings during the Toronto Summit.

At the G20 Toronto Summit in June 2010, 13 of the G20 countries provided implementation strategies for phasing out selected fossil-fuel subsidies. The remaining countries (Australia, Brazil, France, Japan, Saudi Arabia, South Africa and the United Kingdom) stated that they did not have inefficient fossil-fuel subsidies. During the summit, the IGO-4 released their report, which included suggestions for G20 countries on how to implement their phasing out strategies.[1366] In response to this report, G20 members stated, "We also encourage continued and full implementation of country-specific strategies and will continue to review progress towards this commitment at upcoming summits."[1367]

At the Seoul Summit, G20 members re-committed to rationalizing and phasing-out over the medium term inefficient fossil fuel subsidies. The IGO-4 also released another report outlining data on fossil fuel consumption subsidies for 2009 and provided a strategy for phasing out fossil fuel subsidies.

Commitment Features:

This commitment requires G20 members to rationalize and phase-out over the medium term inefficient fossil fuel subsidies according to their national circumstances and to provide targeted support for the poorest.

At the G20 Toronto Summit in June 2010, 13 of the G20 countries provided outlined implementation strategies for phasing out selected fossil-fuel subsidies (see Table 10). The remaining countries (Australia, Brazil, France, Japan, Saudi Arabia, South Africa and the United Kingdom) stated that they do not have inefficient fossil-fuel subsidies and thus have not formulated implementation strategies.

Compliance will be evaluated based on individual implementation goals. Members that have specified they do not have inefficient fossil fuels subsidies will not be evaluated on their efforts to implement their implementation strategies, but they will be evaluated on their efforts to provide target support to the poorest.

[1365] G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 27 December 2010. http://www.g20.utoronto.ca/2009/2009communique0925.html
[1366] Analysis of the Scope of Energy Subsidies and Suggestions for the G20 Initiative. IEA, OPEC, OECD, World Bank Joint Report (Toronto) 16 June 2010. Date of Access: 27 December 2010. http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OPECIEA_OECDWB_Joint_Report.pdf
[1367] Draft G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Date of Access: 27 December 2010. http://www.g20.utoronto.ca/2010/to-leakedcommunique.html

Table 10: 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 stated-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.

Scoring Guidelines:

-1	Member takes no action towards the implementation of the proposed strategy or takes actions that go against the proposed strategy AND provides no support for the poorest.
0	Member takes no action towards the implementation of the proposed strategy but provides support for the poorest OR member takes action towards the implementation of the proposed strategy but does not provide support for the poorest.
+1	Member has no inefficient fossil fuel subsidies OR member takes tangible actions towards the implementation of its proposed strategy AND provides support for the poorest.

Argentina: 0

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

On 13 December 2010, Argentina's state regulatory agency, Enargas approved plans for a pipeline to transport natural gas from Bolivia to Argentina's northeast, which will reduce the country's reliance on fuel oil, diesel, and LPG. Argentine Energy Secretary Daniel Cameron stated that the creation of the pipeline would allow Argentina's northeastern provinces to use 3 million to 4 million cubic meters/day of Bolivian gas, which would reduce consumption of diesel, fuel oil, and LP.[1368]

On 21 April 2011, the Argentinean initiative to install a wind turbines plan in Chorriaca as part of the Development and Use of Neuquén Wind power Program progressed as the country accepted the tenders of two bidding companies. The initiative to install a wind farm in Chorriaca is part of the Development and Use of Neuquén Wind Resource Program, which aims to install and operate a wind farm for a 30 years term.[1369]

Thus, Argentina has been awarded a score of 0. Argentina has complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies. However, it has not provided targeted support for the poorest since the G20 Seoul Summit.

Analysts: Ivana Jankovic and Robert Schuster

Australia: +1

Australia has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 24 February 2011, Prime Minister Julia Gillard announced that the government would seek to implement a carbon tax from 1 July 2012.[1370] This carbon tax proposal is a step towards the introduction of a full emissions trading scheme.[1371] Approximately 10 per cent of the revenue collected from the proposed carbon tax would be used to fulfill Australia's commitment to the new Green Climate Fund, established at the Climate Change United Nations Framework Convention on Climate Change (UNFCCC) conference in Cancun. This fund would provide support for underdeveloped states to mitigate and adapt to climate change.[1372] The Commitment to Phase Out Fossil Fuel Subsidies recognized the need to "provide targeted support for the poorest."[1373]

On 17 December 2010, AUSAid announced that Australia would allocate AUD17.5 million to support Caribbean efforts to adapt to climate change and the impacts of natural disasters that result from it. This funding is a part of the AUD60 million package of development assistance

[1368] Pipeline would transport Bolivian gas to Argentina's northeast. Oil & Gas Financial Journal. 13 December 2010. Date of Access: 20 April 2011. http://www.ogfj.com/index/article-display/1873162109/articles/oil-gas-financial-journal/midstream-news/pipeline-would_transport.html

[1369] Wind energy in Argentina – The Chorriaca wind farm is progressing. Regulaction Eolica con Vehiculos Electricos. 21 April 2011. Date of Access: 22 April 2011. http://www.evwind.es/noticias.php?id_not=11285

[1370] Australia plans carbon tax on polluters from 2012, Associated Press (Canberra) 24 February 2011. Date of Access: 26 March 2011. http://finance.yahoo.com/news/Australia-plans-carbon-tax-on-apf-3014577049.html?x=0&.v=1.

[1371] Gillard plans FY13 carbon price, Business Spectator (Australia) 24 February 2011. Date of Access: 26 March 2011. http://www.businessspectator.com.au/bs.nsf/Article/Carbon-price-set-from-July-1-2012-Gillard-pd20110224-ED2X9?OpenDocument&src=rab.

[1372] Carbon tax billions to help poor nations, The Western Australian (Perth) 28 February 2011. Date of Access: 25 March 2011. http://au.news.yahoo.com/thewest/a/-/latest/8916664/carbon-tax-billions-to-help-poor-nations/.

[1373] The Seoul Summit Document, G20 Seoul Summit 2010 (Seoul) 12 November 2010. Date of Access: 24 March 2011. http://media.seoulsummit.kr/contents/dlobo/E2._Seoul_Summit_Document.pdf.

commitment to the Caribbean, made in November 2009. A portion of the AUD599 million climate change foreign aid program established in June 2010 will also fund this commitment.[1374]

On 9 December 2010, Minister of Foreign Affairs Kevin Rudd and Minister for Climate Change and Energy Efficiency Greg Combet announced a new allocation of AUD45 million to support Indonesia's efforts to address climate change. While AUD30 million is specifically committed to forest preservation, AUD15 million was allocated to support Indonesia's adaptation to climate change, including support for "the development and implementation of local adaptation responses."[1375] These allocation announcements are also a part of a AUD599 million climate change foreign aid program, established in June 2010.

On 14 November 2010, Australia, as a member of APEC, reaffirmed its commitments to rationalizing and phasing out inefficient fossil fuel subsidies, and providing "those in need with essential energy services, and review progress toward this goal on a voluntary basis."[1376] APEC has further prioritized the elimination of fossil fuel subsidies as a priority in 2011.[1377]

Thus, Australia has been awarded a +1. It has committed monetary aid to help underdeveloped states mitigate and adapt to climate change more broadly and has strengthened strategic coordination to provide climate change support for the poor through participation in multilateral institutions. It has also taken the first steps towards the implementation of a carbon tax system that would provide a source of revenue for fulfilling multilateral funding commitments.

Analysts: Jessica Soedirgo and Lesley Girling

Brazil: +1

Brazil has fully complied with its commitment to provide targeted support for the poorest. Brazil has not identified any inefficient subsidy regarding either the production or consumption of fossil fuels.[1378]

In March 2011, President Luiz Inácio Lula da Silva announced that the government would commit USD526 billion in public and private investments over 2011-2014. The commitment marks the second phase of the government's Growth Acceleration Program (PAC 2).[1379] PAC 2 focuses on investments to "secure reliable supply of energy through a mix of clean, renewable

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1374 Australia supports climate change action in the Caribbean, AUSAid (Canberra) 20 December 2010. Date of Access: 26 March 2011. http://www.ausaid.gov.au/hottopics/topic.cfm?ID=5932_2381_1893_4536_8051&From=HT.

1375 Strengthening Australia's Climate Change Partnership with Indonesia, Office of the Australian Minister of Foreign Affairs (Bali, Cancun) 9 December 2010. Date of Access: 26 March 2011. http://www.foreignminister.gov.au/releases/2010/kr_mr_101209.html.

1376 2010 Leaders' Declaration (Yokohama Vision), Asia-Pacific Economic Cooperation (Yokohama) 14 November 2010. Date of Access: 26 March 2011. http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

1377 APEC USA 2011: Outlook, Asia-Pacific Economic Cooperation (Washington) 28 January 2011. Date of Access: 26 March 2011. http://www.apec.org/en/Press/Features/2011/0128_usa.aspx.

1378 Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

1379 Brazil Announces Phase Two of the Growth Acceleration Program. The Secretariat for Social Communication (SECOM), Government of Brazil). 30 March 2010. Date of Access: 20 April 2011. http://blogs.worldbank.org/growth/node/8715 - secom sources" with a specific focus on electricity, oil, natural gas, shipbuilding, renewable fuels, energy efficiency, and mineral research.[1380]

In an effort to provide support to those who were negatively affected by PAC, the government established the Transnational Housing Grant Program. On 26 April 2011, Tião Viana, a Brazilian governor, provided 60 families with new houses.[1381] Acting Secretary of Housing Wolven Camargo stated, "Also in April we will deliver 88 more at Ilson Ribeiro and 19 homes in Alto Alegre. There are units to be delivered during the entire month of May, including Sena Madureira." On 29 April 2011, Tião Viana provided 107 houses to Amazonian residents. Governor Viana stated that the government would provide two thousand residences by the end of 2011. He stated, "We will work to deliver four thousand homes in the coming year."[1382] At present, at least 36 000 families are registered with the housing of the State Government.[1383]

Thus, Brazil has been awarded a score of +1 for its commitment to provide support for residents who were most vulnerable to changes to its shift to energy policies.

Analyst: Ivana Jankovic and Mina Akrami

Canada: +1

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

According to the G20 Initiative on Rationalizing and Phasing out Inefficient Fossil Fuel Subsidies, Canada will continue to phase out the Accelerated Capital Cost Allowance (CCA) for tangible oil sand assets between 2011 and 2015[1384]

The 2011 Government of Canada budget proposed the deduction of rates for intangible capital expenses in oil sands projects.[1385] According to the budget, "these changes will improve fairness and neutrality of the taxation of oil sands relative to other sectors of the economy."[1386]

[1380] Brazil Announces Phase Two of the Growth Acceleration Program. The Secretariat for Social Communication (SECOM), Government of Brazil). 30 March 2010. Date of Access: 20 April 2011. http://blogs.worldbank.org/growth/node/8715 - secom

[1381] Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011. http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

[1382] Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011. http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

[1383] Tião Viana delivers 60 houses in the residential Aroeira. State Government of Acre. 26 April 2011. Date of Access: 26 April 2011. http://www.agencia.ac.gov.br/index.php?option=com_content&task=view&id=15452&Itemid=26

[1384] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 10 October 2011 http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1385] The Next Phase of Canada's Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf

[1386] The Next Phase of Canada's Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf

Furthermore, eligibility for accelerated CCA will be expanded to promote clean energy generation and energy efficient equipment, in order to promote the use of green energy and "displace the use of fossil fuels for generation of electricity."[1387]

The Canadian government will invest CAD400 million during the 2011-2012 year in the ecoENERGY retrofit program. According to the Budget Plan, this investment will "help homeowners make their homes more energy efficient and reduce the burden of high energy costs."[1388] The program offers grants of up to $5000 per household to help Canadians make energy efficient renovations to their homes.[1389]

Additionally, between 2011 and 2013, the federal government is investing CAD78 million into providing information to Canadian homes and industries about money-saving, energy efficient tools. According to the Office of Energy Efficiency, "these efforts will contribute to a cleaner environment, reducing greenhouse gas emissions, while saving Canadians money and making the most of our natural resources."[1390]

Thus, Canada has been awarded a score of +1 for its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Analyst: Cloe Bilodeau

China: -1

China has not complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 18 January 2011, China's Minister of Science and Technology Wan Gang attended the US-China Cooperation on Clean Energy Research and Technology forum. During the forum he stated that the United States and China share common interests in regards to clean energy. Minister Gang stated, "I'm sure this is one of the best points of convergence and cooperation between our two countries, and will be one of the bright spots in our future cooperation." During the forum, officials from the United States and Chinese governments unveiled plans to continue joint research and development in clean energy, including work on electric vehicles, clean coal and energy efficient buildings through the US-China Clean Energy Research Center.[1391] However, China has not demonstrated any evidence of progress towards its original commitment to "gradually reduce the urban land use tax relief for fossil fuel producers."

[1387] The Next Phase of Canada's Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf

[1388] The Next Phase of Canada's Economic Action Plan. A Low Tax Plan for Jobs and Growth, Honourable James M. Flaherty, P.C., M.O. Minister of Finance (Ottawa), June 6 2011. Date of access 10 October 2011 http://www.budget.gc.ca/2011/plan/Budget2011-eng.pdf

[1389] Grant Table for ecoEnergy Retrofit – Homes, Natural Resources Canada, June 6 2011. Date of access 10 October 2011 http://oee.nrcan.gc.ca/residential/personal/retrofit-homes/retrofit-qualify-grant.cfm?attr=4

[1390] ecoEnergy Efficiency, Office of Energy Efficiency. September 7 2011. Date of access 10 October 2011. http://oee.nrcan.gc.ca/corporate/eeinitiative.cfm

[1391] Clean energy seen as 'bright spot' for U.S.-China relations. Reuters (Washington) 19 January 2011. Date of Access: 20 April 2011. http://www.reuters.com/article/2011/01/19/us-usa-china-energy-idUSTRE70H5WB20110119?feedType=RSS&feedName=GCA-GreenBusiness&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FUSgreenbusinessNews+%28News+%2F+US+%2F+Green+Business%29

Thus China has been awarded a score of -1.

Analysts: Ivana Jankovic and Lesley Girling

France: 0

France has partially complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies, with targeted support for the poorest. France declared that it does not have any inefficient fossil fuel subsidies and therefore does not require an implementation strategy. It has put in progress plans to provide support for the poorest to help them to cope with any increased energy costs that result from eliminating fossil fuel subsidies.[1392]

On 7 March 2011, under the Investment for the Future Program, the Minister for Ecology, Sustainable Development, Transportation and Housing, the Minister of Economy, Finance and Industry, the Minister of Agriculture, Food, Fisheries, Rural Affairs and Planning, the Minister of Economy, Finance and Industry in charge of Industry, Energy and the Digital Economy, Secretary of State for Transport, and the Commissioner General of Investment called for expressions of interest, led by Agence de l'Environnement et de la Maîtrise de l'Energie (ADEME) to support the production of advanced biofuels.[1393]In addition to helping to address fuel costs, this program reconciles the need for energy security with food security. In light of this, research focuses on obtaining biofuel from non-food crop sources, such as lignocellulosic biomass.[1394] This project provides targeted support for the poorest on two levels: it will help offset the increased cost of energy caused by the elimination of fossil fuel subsidies, and it will ensure that food security is not compromised, which may have negative effects on the underprivileged and hungry.

On 24 February 2011, the Minister for Ecology, Sustainable Development, Transportation and Housing, the Minister of Economy, Finance and Industry, the Minister of Agriculture, Food, Fisheries, Rural Affairs and Planning, and the Minister for Industry, Energy, and the Digital Economy announced a new support scheme to help consumers deal with increasing energy costs. They have taken two measures to achieve this: the first involves injecting networks of natural gas with biogas produced by anaerobic respiration.[1395] The second provides for "the purchase rate for electricity produced from biogas [to be] upgraded by the end of April, to become comparable to existing rates in Germany, The revaluation in 2020 will increase about 1 per cent of the electricity

[1392] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel _Subsidies.pdf

[1393] Investment for the Future: Launching the Call for Expressions of Interest "Advanced Biofuels," Ministère de l'Economie, des Finances et de l'Industrie (Paris) 7 March 2011. Date of Access: 25 March 2011. http://www.economie.gouv.fr/discours-presse/discours- communiques_finances.php?type=communique&id=5154&rub=1

[1394] Investment for the Future: Launching the Call for Expressions of Interest "Advanced Biofuels," Ministère de l'Economie, des Finances et de l'Industrie (Paris) 7 March 2011. Date of Access: 25 March 2011. http://www.economie.gouv.fr/discours-presse/discours- communiques_finances.php?type=communique&id=5154&rub=1

[1395] N. Kosciusko-Morizet, C. Lagarde, B. Mayor and E. Besson Specify the New Framework to Support Digestion and Binding Consultation on the New Framework, Ministère de l'Economie, des Finances et de l'Industrie (Paris) 24 February 2011. Date of Access: 26 March 2011. http://www.economie.gouv.fr/discours-presse/discours- communiques_finances.php?type=communique&id=5110&rub=1

bill of consumers, corresponding to a support of EUR 300 million year."[1396] This support will aid the poorest in dealing with their energy costs.

Thus, France has been awarded a score of 0 for its commitment to provide targeted support for the poorest. They have put into motion plans that will help consumers deal with rising energy costs, which resulted from the elimination of inefficient fossil fuels. However, these plans have yet to be fully realized.

Analyst: Emily Evangelista

Germany: -1

Germany has not complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

Germany proposed to discontinue subsidized coal mining in a socially acceptable manner by the end of 2018. However, since the 2010 G20 Seoul Summit, the German government has shown no progress towards this commitment.[1397]

Thus, Germany has been awarded a score of -1.

Analyst: Ivana Jankovic and Robert Schuster

India: 0

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

On 14 September 2011, Finance Minister Pranab Mukherjee deferred a meeting with the empowered group of ministers scheduled "to take a decision on a proposal to sell kerosene only at market prices and compensate the poor by paying cash with the help of the unique identification numbers" as part of "government plans to strictly enforce its plan to cut the USD 9 billion subsidy on kerosene and cooking gas" with the program to be launched in seven states in October 2011 and "extended to the rest of the country by April 2012."[1398]

On 5 July 2011, Finance Minister Pranab Mukherjee received the draft recommendations from the task force on direct transfer of subsidies on kerosene, liquefied petroleum gas (LPG) and fertilizer led by Nandan Nilekani, chairman, Unique Identification Authority of India which "proposed an IT-enabled core subsidy management system (CSMS) to be implemented from

[1396] N. Kosciusko-Morizet, C. Lagarde, B. Mayor and E. Besson Specify the New Framework to Support Digestion and Binding Consultation on the New Framework, Ministère de l'Economie, des Finances et de l'Industrie (Paris) 24 February 2011. Date of Access: 26 March 2011. http://www.economie.gouv.fr/discours-presse/discours- communiques_finances.php?type=communique&id=5110&rub=1

[1397] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1398] Government plans to cut $9-billion subsidy on kerosene and cooking gas, Rajeev Jayaswal, Economic Times Bureau, The Times of India (New Delhi) 14 September 2011. Date of Access 10 October 2011. http://economictimes.indiatimes.com/news/economy/policy/government-plans-to-cut-9-billion-subsidy-on-kerosene-and-cooking-gas/articleshow/9974730.cms

March 2012" with a pilot project on direct cash transfer of these subsidies already implemented in the Indian state of Hyderabad.[1399]

On 24 March 2011, the Parliament of India approved Finance Minister Pranab Mukherjee's plan to "cut petroleum subsidies on fuel" in its 2011-2012 Union Budget.[1400]

On 28 February 2011, in a speech to the Parliament of India, Minister of Finance Pranab Mukherjee presented the Union Budget for 2011-12 and announced that "the Government will move towards direct transfer of cash to people living below the poverty line in a phased manner" in order "to ensure greater efficiency, cost effectiveness and better delivery for both kerosene and fertilizers." Minister Pranab Mukherjee also announced that a "task force headed by Shri Nandan Nilekani has been set-up to work out the modalities for the proposed system of direct transfer of subsidy for kerosene, LPG and fertilizers" and that an "interim report of the task force is expected by June 2011" with the system proposed to be put in place by March 2012.[1401]

India has followed the recommendations of the Empowered Group of Ministers that was created following the Dr. Kirit Parikh Committee. Subsidies on two fossil fuels, PDS Kerosene and domestic LPG, are not included in India's country specific strategy to reduce inefficient fossil fuel subsidies in order to provide targeted support for the poor.[1402]

Thus, India has been awarded a score of 0 for partially complying with its commitment to implement its country-specific plan to reduce fossil fuel subsidies while providing targeted support for the poorest.

Analyst: Nehal Tolia

Indonesia: 0

Indonesia has partially complied with its commitment to phase out inefficient fossil fuel subsidies in a gradual manner 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.

On 2 December 2010, Ibrahim Hasyim, a committee member of petroleum regulator BPHilir Migas, announced that the government was preparing a program to limit the use of subsidized fuels from 1 January 2011.[1403] On 14 December 2010, the Indonesian House of Representatives approved a government proposal to disallow the use of subsidized fuels for private cars. Under this proposed policy, access to subsidized fuels would be limited to motorcycles, public

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[1399] Nilekani moots LPG cap, electronic monitoring, Financial Express Bureau, India Express (New Delhi) 6 July 2011. Date of Access 10 October 2011. http://www.financialexpress.com/news/nilekani-moots-lpg-cap-electronic-monitoring/813219/0

[1400] India Parliament Approves Annual Budget Seeking to Lower Taxes, Unni Krishnan, Bloomberg News (New York) 24 March 2011. Date of Access: 10 October 2011. http://www.bloomberg.com/news/2011-03-24/india-parliament-approves-annual-budget-seeking-to-lower-taxes.html

[1401] Union Budget 2011-2012 Speech by Honourable Finance Minister Pranab Mukherjee, Ministry of Finance, Government of India (Delhi) 28 February 2011. Date of Access: 10 October 2011. http://indiabudget.nic.in/bspeecha.asp

[1402] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 10 October 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1403] Indonesia Preparing Options to Limit Subsidized Fuels, Bloomberg News (Jakarta) 2 December 2010. Date of Access: 27 March 2011. http://www.bloomberg.com/news/2010-12-02/indonesia-preparing-options-to-limit-subsidized-fuels-update1-.html.

transportation vehicles and fishermen. However, arguing that the state-owned Pertamina energy firm lacked capacity, parliament delayed the start of the program in Jakarta and its surrounding suburbs from January until the end of March, with the program gradually rolled out across the rest of the country by 2013.[1404] On 21 March 2011, the House of Representatives approved a motion to indefinitely postpone the implementation to restrict access to subsidized fuels. Although feasibility studies and trials have been completed, the government stated the necessity of delaying program implementation due to the lack of infrastructure capacity and the fluctuating global oil prices due to the popular unrest in the Middle East.[1405]

On 14 February 2011, Indonesia, represented by the Director General for New Renewable Energy and Energy Conservation Luluk Sumiarso, and Finland signed a bilateral agreement to create the Energy and Environment Partnership (EEP) program. The EEP aimed to reduce greenhouse gas emissions by promoting the use of new renewable energy, targeting the provinces of Riau and West Kalimantan. This initiative is part of the government's plan to increase the utilization of renewable energy sources from the current 5 per cent of Indonesia's energy consumption to 17 per cent by the year 2025.[1406] Indonesia committed to adopt measures that would reduce fossil fuel energy consumption in order to manage demand for fossil fuels.[1407]

On 25 March 2011, Director of Energy Conservation at the Energy and Mineral Resources Ministry, Maryam Ayuni urged all high-consuming energy firms to undergo an energy audit. These calls were made to highlight a 2009 government regulation that required companies that were high-energy consumers to regularly audit their energy consumption.[1408] However, there was no mention of new resources that would facilitate audits or programs to help companies make their companies more energy efficient.[1409]

On 14 November 2010, Indonesia, as a member of APEC, reaffirmed its commitments to rationalizing and phasing out inefficient fossil fuel subsidies, and providing "those in need with essential energy services, and review progress toward this goal on a voluntary basis."[1410] APEC has further prioritized the elimination of fossil fuel subsidies as a priority in 2011.[1411]

[1404] Indonesia parliament approves fuel subsidy cuts, delays to March, Reuters (Jakarta) 14 December 2010. Date of Access: 27 March 2011. http://www.reuters.com/article/2010/12/14/indonesia-economy-fuel-idUSL3E6NE0C520101214.

[1405] House approves plan to delay fuel restriction, The Jakarta Post (Jakarta) 22 March 2011. Date of Access: 27 March 2011. http://www.thejakartapost.com/news/2011/03/22/house-approves-plan-delay-fuel-restriction.html.

[1406] Agreement signed on renewable energy, The Jakarta Post (Jakarta) 16 February 2011. Date of Access: 27 March 2011. http://www.thejakartapost.com/news/2011/02/16/agreement-signed-renewable-energy.html.

[1407] The Seoul Summit Document, G20 Seoul Summit 2010 (Seoul) 12 November 2010. Date of Access: 24 March 2011. http://media.seoulsummit.kr/contents/dlobo/E2._Seoul_Summit_Document.pdf.

[1408] Govt renews call for a reduction in rice intake, The Jakarta Post (Jakarta) 14 October 2010. Date of Access: 25 October 2010. http://www.thejakartapost.com/news/2010/10/14/govt-renews-call-a-reduction-rice-intake.html.

[1409] Energy-thirsty firms must undergo audit: Ministry, The Jakarta Post (Jakarta) 25 March 2011. Date of Access: 27 March 2011. http://www.thejakartapost.com/news/2011/03/25/energy-thirsty-firms-must-undergo-auditing-ministry.html.

[1410] 2010 Leaders' Declaration (Yokohama Vision), Asia-Pacific Economic Cooperation (Yokohama) 14 November 2010. Date of Access: 26 March 2011. http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx.

[1411] APEC USA 2011: Outlook, Asia-Pacific Economic Cooperation (Washington) 28 January 2011. Date of Access: 26 March 2011. http://www.apec.org/en/Press/Features/2011/0128_usa.aspx.

Thus, Indonesia has been awarded a 0 for its implementation and application of the principles in the Commitment to Phase Out Fossil Fuel Subsidies. It has conducted trials and feasibility studies towards implementing a program that would limit access to subsidized fuels and has strengthened strategic coordination for reducing inefficient fossil fuel subsidies through multilateral and bilateral partnerships. However, Indonesia must implement the proposed plans to narrow the gap between domestic and international fuel prices and to implement measures that would reduce fossil fuel consumption across all provinces in the archipelago to be fully in compliance.

Analysts: Jessica Soerdigo and Robert Schuster

Italy: +1

Italy has fully complied with its commitment towards eliminating its inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

In January 2011, Italy introduced a new three–year 2011-2013 Strategic Plan of the Italian Energy Regulatory Authority which outlines seven objectives including the promotion of energy efficiency and universal energy service.[1412] However, the policy does not address the issue of inefficient fossil fuel subsidies. One of the objectives of the Strategic Plan provides for the universal service and protection for consumers, however it does not outline targeted support for the poorest.

On 4 August 2011, the Minister of Economic Development Paolo Romani in concert with the Minister of the Environment Stefania Prestigiacomo announced the introduction of new criteria for high-efficiency cogeneration. This joint announcement signifies an important step towards the promotion of cogeneration.[1413]

On 9 September 2011, the Minister of Economic Development Paolo Romani introduced Italy's new cogeneration power subsidy scheme, which outlines a new regime of support for high-efficiency cogeneration electricity plants. [1414] The subsidies, in the form of White Certificates, will be distributed on the basis of the amount of energy saved in efficiency upgrades. The new subsidy scheme will support new objectives of energy savings and will provide for a positive reduction of industrial sectors that consume thermal energy and electric power, which will directly reduce the cost of energy. [1415]

[1412] Energy: the strategic plan was approved. Seven guidelines were adopted for the period 2011-2013. 10 January 2011. Date of Access28 March 2011. http://www.autorita.energia.it/it/inglese/press_releases/11/110110.htm

[1413] Efficienza Energetica:Firmato Il Decreto Su Riconoscimento Cogenerazione Ad Alto Rendimento (CAR). 9 August 2011. Date of Access 8 October 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020277

[1414] Energia:Al Via Incentivi Per La Cogenerazione Ad Alto Rendimento. 9 September 2011. Date of Access 8 October 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020503

[1415] Energia:Al Via Incentivi Per La Cogenerazione Ad Alto Rendimento. 9 September 2011. Date of Access 8 October 2011. http://www.sviluppoeconomico.gov.it/index.php?option=com_content&view=article&viewType=1&idarea1=593&idarea2=0&idarea3=0&idarea4=0&andor=AND&sectionid=0&andorcat=AND&partebassaType=0&idareaCalendario1=0&MvediT=1&showMenu=1&showCat=1&showArchiveNewsBotton=0&idmenu=2263&id=2020503

Thus, Italy has been awarded a score of +1. It has committed to the promotion of energy efficiency and universal energy service through the introduction of the Strategic Plan of the Italian Energy Regulatory Authority. It has also taken steps toward the reduction of wasteful consumption with the adoption of a new cogeneration power subsidy scheme aimed at promoting energy efficiency.

Analyst: Nadia Bucciarelli

Japan: +1

Japan has fully complied with its commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while providing targeted support for the poorest.

On 19 June 2010, during the ninth meeting of APEC Energy Ministers, Japan and other APEC countries pledged their support for energy efficient strategies and commended the Peer Review on Energy Efficiency (PREE).[1416] The report also mentions contributions made by Japan to the APEC support Fund to promote energy efficient activities.[1417] Japan has continued to pledge commitment to energy efficiency and sustainable growth but has consistently stated it does not have inefficient subsidies.[1418]

Japan has also worked to support energy efficiency initiatives in developing countries; its ODA Policy on Energy explicitly aims to address urban-rural disparities in access to energy in developing countries, while also focusing on the development of sustainable energy infrastructure. [1419] Additionally, the New Energy and Industrial Technology Development Organization (NEDO), under the Japanese Ministry of Economy, Trade, and Industry, designs and carries out projects to promote the efficient use of energy in developing countries. [1420]

Thus, Japan has received a score of +1. Japan does not have inefficient fossil fuel subsidies, and it has worked towards providing support to the poorest.

Analysts: Victoria Cho and Lesley Girling

Korea: 0

Korea has partially complied with its commitment to phase out subsidies to anthracite coal and briquette producers.

In 2007, the Ministry of Commerce, Industry and Energy (MOCIE) announced plans to phase out subsidies to briquette producers by 2011.[1421] According to the G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, Korea planned to retract its subsidy for anthracite

[1416] Fukui Declaration on Low Carbon Paths to Energy Security: Cooperative Energy Solutions for a Sustainable APEC, Ninth Meeting of APEC Energy Ministers (FUKUI) 19 June 2010. Date of Access: 31 March 2011 http://www.mofa.go.jp/policy/economy/energy/pdfs/emm_declaration201006.pdf

[1417] Fukui Declaration on Low Carbon Paths to Energy Security: Cooperative Energy Solutions for a Sustainable APEC, Ninth Meeting of APEC Energy Ministers (FUKUI) 19 June 2010. Date of Access: 31 March 2011 http://www.mofa.go.jp/policy/economy/energy/pdfs/emm_declaration201006.pdf

[1418] Annex of the G20 Initiative on Rationalizing and Phasing out Inefficient Fuel Subsidies, G20 Energy Experts Working Group (Seoul) 11 June 2010. Date of Access 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1419] ODA Policy on Energy, Ministry of Foreign Affairs of Japan (Tokyo) 19 November 2007. Date of Access 31 October 2011. http://www.mofa.go.jp/policy/oda/sector/energy/action.html

[1420] Annual Report 2011, New Energy and Industrial Technology Development Organization (Tokyo) 6 October 2011. Date of Access 31 October 2011. http://www.nedo.go.jp/content/100185546.pdf

[1421] Subsidies on Briquettes to Be Phased Out by 2011, Korea Times (Seoul) 23 May 2007. Date of Access: 31 March 2011 http://www.koreatimes.co.kr/www/news/art/2010/06/143_3379.html coal production by the end of 2010 and phase out its subsidy for briquette production by gradual price increase.[1422] According to World Energy Outlook 2010, Korea had an average subsidization rate of 0.1 per cent in 2009.[1423]

On 8 March 2011, the Ministry of Knowledge Economy released a Long-Term Coal Industry Plan (2011~2015).[1424] Government aid for briquette pricing decreased from KRW277.5 billion in 2009 to KRW186.5 billion in 2010.[1425] The Plan sets deadlines to reduce coal production from 210 million tonnes in 2010, to 200 tonnes in 2015, and finally to 150 tonnes in 2020.[1426] The reduction in supply would reduce consumption of coal and briquettes and in turn eliminate the need for government subsidies. While committing to this long-term plan, the government also intends to continue to control price and introduce subsidy cuts gradually in order to regulate demand and prevent sudden pressure on farmers and household consumers of briquettes.[1427]

Thus, Korea has been awarded a score of 0 for its partial compliance.

Analysts: Victoria Cho and Lesley Girling

Mexico: +1

Mexico has fully complied with its commitment to phase out inefficient fossil fuel subsidies over the medium term by continuing their current policies, while providing targeted support for the poorest. It has implemented and abided by policies that will eliminate inefficient fossil fuel subsidies within the target time frame. Mexico had provided targeted support for the poor in the past, but has not taken further action since the Seoul summit.

Mexico's implementation strategy requires that they continue their current financial and energy policies, which will eliminate subsidies to gasoline, diesel, and liquefied petroleum gas. At the outset of his presidency, Felipe Calderon launched Vision Mexico 2030, which includes the Energy Sector Program 2007-2012.[1428] This program has three major goals, one of which is the promotion of renewable energy sources to offset the use of fossil fuels.[1429] Within these goals, the program lists objectives for every sector, including setting prices at levels that will cover the production costs of energy, and ensuring the operation of the hydrocarbon sector complies with

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[1422] Annex of G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies, G20 Energy Experts Group. Date of Access: 29 March 2011 http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1423] Fossil-fuel consumption subsidy rates as a proportion of the full cost of supply, 2009, IEA World Energy Outlook 2010. Date of Access: 31 March 2011 http://www.iea.org/subsidy/index.html

[1424] Gradual Long-Term Increase of Coal Prices.Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011 http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454

[1425] Long-Term Coal Industry Plan ('11~'15), Ministry of Knowledge Economy (Seoul) 8 March 2011. Date of Access: 31 March 2011 http://www.kocoal.or.kr/board/download.php?table=1004&number=1211

[1426] Gradual Long-Term Increase of Coal Prices..Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011 http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454

[1427] Gradual Long-Term Increase of Coal Prices..Reduction and Elimination of Subsidies, Asia Economy (Seoul) 09 March 2011. Date of Access: 29 March 2011 http://www.asiae.co.kr/news/view.htm?idxno=2011030913484003454

[1428] Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010. http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html

[1429] Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010. http://www.energia.gob.mx/webSener/portal/programa_sectoriadal_de_energia_2007-2012.html standards of efficiency and transparency.[1430] The Energy Sector Program remains in effect until 2012.

Mexico's current energy policies involve the increase of national fossil fuel prices that are expected to phase out whatever subsidies exist in the energy market.[1431] Furthermore, the government of Mexico has begun phasing out motor fuel subsidies.[1432] These policies are in line with their commitments to the G20, and their Energy Sector Program.

Recognizing the increased burden higher energy prices place on the poorest members of society, the Mexican government conducted, "a household-level census of fuel consumption that will allow the government to implement a well-targeted support program to compensate low-income households." [1433]
This type of targeted strategy will allow the Mexican government to decrease its total expenditure on "energy support to consumers" from 2009's levels of USD629 million, while still providing necessary assistance directly to low-income households.[1434]

Thus, Mexico has been awarded a score of +1 for its compliance to its commitment to phase out inefficient fossil fuel subsidies in the medium term. Mexico's implementation strategy required that it maintain its current policies of reducing subsidies and raising domestic costs, which it has continued to do. Mexico had also embarked on an effort to provide targeted support to the poorest, but has not taken any new action.

Analyst: Emily Evangelista

Russia: +1
Russia has fully complied with the commitment on inefficient fossil fuel subsidies.

According to the Energy Strategy for the Period until 2030 by the end of the first phase of the Strategy's implementation (2013-2015) domestic gas and electricity markets will be completely liberalized. By 2030 the share of energy resources traded at exchanges is to be no less than 15-20 per cent.[1435]

[1430] Energy Sector Program 2007-2012, Secretariat of Energy and Technology Development Planning, (Mexico City) 28 November 2007. Date of Access: 26 March 2010. http://www.energia.gob.mx/webSener/portal/programa_sectorial_de_energia_2007-2012.html
[1431] Report to Leaders on the G20 Commitment to Rationalize and Phase Out Inefficient Fossil Fuel Subsidies, G20 Energy Experts Group. Date of Access: 26 March 2011. http://www.g20.org/Documents2010/expert/Report to Leaders_G20_Inefficuent _Fossil_Fuel_Subsidies.pdf
[1432] G20 Seoul Summit Fact Sheet on Energy Issues, Office of the Press Secretary (Washington) 12 November 2010. Date of Access: 26 March 2011. http://www.america.gov/st/texttrans-english/2010/November/20101112131330su0.4250256.html
[1433] G20 Seoul Summit Fact Sheet on Energy Issues, Office of the Press Secretary (Washington) 12 November 2010. Date of Access: 26 March 2011. http://www.america.gov/st/texttrans-english/2010/November/20101112131330su0.4250256.html
[1434] OECD and IEA Recommend Reforming Fossil Fuel Subsidies to Improve the Economy and the Environment (Paris) 4 October 2011. Date of Access: 6 October 2011. http://www.iea.org/press/pressdetail.asp?PRESS_REL_ID=424
[1435] Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access 3 April 2010. http://minenergo.gov.ru/activity/energostrategy

According to the Rules of the Wholesale Electric Energy Market from 1 January 2011 all Russian electric energy market, except supplies for individual consumers, was fully liberalized (unregulated price formation).[1436]

The Energy Strategy for the Period until 2030 also provides for development of mechanisms to minimize negative impacts caused by price growth on the most vulnerable groups of energy consumers, first of all, the impacts on household consumers.[1437]

On 17 February 2011, the Russian Prime Minister instructed relevant agencies to take measures to keep down price for electric power for consumers. On 1 March 2011, the Russian Ministry of Energy presented its proposals, including non-applying of adjustment for inflation to electricity payment. Another part of the proposition is lowering investments for nuclear power plants and hydropower plants for redistribution of the saved funding in favor of the households.[1438]

Russia has taken actions to implement its strategy of rationalization and phasing-out inefficient fossil fuel subsidies and to provide support for the poorest. Thus, Russia has been awarded a score of +1.

Analyst: Mark Rakhmangulov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to provide targeted energy support to the poorest, a pledge that was reaffirmed at the Seoul Summit. Saudi Arabia has pledged to increase transparency between energy producing and consuming countries, respond to potential oil shortages in the Middle East, and take part in efforts aimed at global energy efficiency. However, Saudi Arabia has not announced any unilateral plans to deliver energy support to developing countries.

On 22 February 2011, Saudi Arabia hosted the Extraordinary International Energy Forum (IEF) Ministerial Meeting in Riyadh.[1439] At the meeting, 87 ministers signed an energy charter intended to "create[…] an enhanced framework for dialogue between energy producing and energy consuming countries." IEF Secretary-General Noe van Hulst noted that increased transparency in communication is "vital to the future of energy security." Furthermore, Minister of Petroleum and Mineral Resources Ali Al-Naimi added that "the agreement strengthens cooperation in the energy sector 'for the benefit of future generations.'"[1440]

On the same day, Minister Al-Naimi also announced that "OPEC is prepared to meet any shortage of supplies due to unrest in the Middle East and that its members have spare capacity to

[1436] Government resolution No. 205 of 7 April 2007, Government of Russia 7 April 2007. Date of Access 3 April 2010. http://government.consultant.ru/page.aspx?8411;908519.
[1437] Energy Strategy for 2030, Ministry of Energy 13 November 2009. Date of Access 3 April 2010. http://minenergo.gov.ru/activity/energostrategy
[1438] Russian Ministry of Energy makes proposals to keep down price for electric power for consumers, Ministry of Energy 2 March 2011. Date of Access 3 April 2010. http://minenergo.gov.ru/press/min_news/6952.html
[1439] Extraordinary IEF Ministerial Meeting, International Energy Forum (Riyadh) 22 February 2011. Date of Access: 11 October 2011. http://www.ief.org/whatsnew/Pages/ExtraordinaryIEFMinisterialMeeting,22February2011,Riyadh.aspx.
[1440] IEF hails energy charter signed in Saudi Arabia, New Europe (Brussels) 27 February 2011. Date of Access: 11 October 2011. http://www.neurope.eu/articles/104947.php.

do so."[1441] This occurred in response to concerns over potential shortages in oil supplies in the region.[1442]

On 22 June 2011, at the IEF Energy Efficiency Symposium in Jakarta, Indonesia, Naif Mohamed Alabadi, head of the Saudi Centre for Energy Efficiency, moderated a roundtable session on "Delivering energy efficiency in developing countries." This session was aimed towards discussing the "main policy options" for promoting "energy efficiency at a wider range in developing countries," among other issues.[1443]

From 20-25 September, the OPEC Fund for International Development (OFID), of which Saudi Arabia is a member state, sent a delegation to New York and Washington for "high-level meetings" regarding "the issue of sustainable development for all." In New York, UN Secretary General Ban Ki-moon invited OHID to join a "High-level Group" aimed at "launching an initiative to ensure that everyone across the globe has access to a modern and sustainable source of energy." Furthermore, outside of the meetings, OHID Director-General Suleiman Al-Herbish "signed eight public sector loan agreements" worth USD115 million, including: USD6 million to Gambia for the expansion of electricity grids in poor areas; USD15 million to Kenya for rural electrification; USD20 million to Paraguay to "improve the reliability of electrical power supplies to poor and rural communities;" and USD12 million to Samoa to "help meet the population's basic energy needs by strengthening related infrastructure, benefiting an estimated 180,000 people."[1444]

Thus, Saudi Arabia has been awarded a score of 0 for partial compliance on its commitment to provide targeted energy support to the poorest.

Analyst: Samir Siddiqui

South Africa: +1

South Africa has fully complied with its commitment to rationalize and phase-out inefficient fossil fuel subsidies and to provide targeted support for the poorest.

On 23 March 2011, South Africa cut its proposed subsidies for renewable energy. A review paper published in March 2011 showed that the South African government revised downward subsidies for several types of energy sources by between 7 to 40 per cent.[1445]

[1441] Saudi-OPEC ready to meet any shortage supply, Middle East North Africa Financial Network (Amman) 23 February 2011. Date of Access: 11 October 2011. http://www.menafn.com/qn_news_story_s.asp?storyid=1093395220.

[1442] Saudi-OPEC ready to meet any shortage supply, Middle East North Africa Financial Network (Amman) 23 February 2011. Date of Access: 11 October 2011. http://www.menafn.com/qn_news_story_s.asp?storyid=1093395220.

[1443] Agenda for the IEF Symposium on Energy Efficiency in Developing Countries, International Energy Forum (Riyadh) 21-22 June 2011. Date of Access: 11 October 2011. http://www.ief.org/whatsnew/Documents/Agenda%20IEF%20Symposium%20on%20EE%20in%20Developing%20Countries%2018th%20June%202011.pdf.

[1444] OFID signs loan agreements with eight partner countries; Director-General attends high-level meetings in the US, OPEC Fund for International Development (Vienna) 26 September 2011. Date of Access: 11 October 2011. http://www.ofid.org/news_press/2011/pr21_2011.aspx.

[1445]South Africa cuts proposed green energy subsidies. Reuters (Johannesburg) 23 March 2011. Date of Access: 20 April 2011. http://www.reuters.com/article/2011/03/23/us-safrica-tariffs-idUSTRE72M6XS20110323

To support groups vulnerable to inflation and high-energy prices, South Africa offers free electricity of 50 kWh per household per month for the poorest households through the Free Basic Electricity Programme.[1446] However, this policy was instituted in 2003 and no new policies aimed at supporting the poorest have been established since the 2010 G20 Summit.

Thus, South Africa has been awarded a score of +1 because it has complied with its commitment to provide support for the poorest.

Analysts: Cloe Bilodeau and Ivana Jankovic

Turkey: -1

Turkey has not complied with its commitment to take action towards the implementation of its proposed strategy and has provided no support for the poorest.

Turkey's strategy includes a restructuring plan that rationalizes inefficient fossil fuel subsidies transferred to the state-owned hard coal producing enterprise, the Turkish Hard Coal Company.[1447] Turkish Hard Coal Company's work is labour intensive due to its geological location and the selling price does not cover the commercial costs.[1448] As a result, the Turkish government transfers capital to the company.[1449]The Turkish government plans to rationalize inefficient subsidies for the Turkish Hard Coal Company through a restructuring plan.[1450]

However, Turkey has not taken action to rationalize its inefficient fossil fuel subsidies for the Turkish Hard Coal Company through a restructuring plan and has not provided developing countries with essential energy services.

Thus, Turkey has been awarded a score of -1 for not rationalizing its inefficient fossil fuel subsidies and providing targeted support for the poorest.

Analyst: Mina Akrami

United Kingdom: +1

The United Kingdom has fully complied with its commitment to provide targeted energy support to the poorest, a pledge that was reaffirmed at the Seoul Summit. The UK has initiated plans to

[1446] Electricity Basic Services Support Tariff (Free Basic Electricity) Policy for the Republic of South Africa, Department of Minerals and Energy (Pretoria), 4 July 2003, Date of Access 27 March 2011, http://www.energy.gov.za/files/policies/Free%20Basic%20Electricity%20Policy%202003.pdf

[1447] Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1448] Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1449] Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf

[1450] Annex- G20 Initiative on Rationalizing and Phasing Out Inefficient Fossil Fuel Subsidies: Implementation Strategies & Timetables, (Toronto) July 2010. Date of Access: 27 March 2011. http://www.g20.org/Documents2010/expert/Annexes_of_Report_to_Leaders_G20_Inefficient_Fossil_Fuel_Subsidies.pdf deliver renewable energy in Asia and Africa, broadly committed to expand its efforts in providing clean energy to developing countries, and pledged to protect against harmful fossil fuel projects.

On 18 November 2010, International Development Secretary Andrew Mitchell announced that the UK "is working on two new public-private partnership projects to generate renewable energy in developing countries." One of the public-private partnership funds "will target low carbon and adaptation investments in Asia," and "could generate 5 gigawatts of new renewable energy" over 25 years. In addition, the project could "create 60,000 jobs while removing 150 million tonnes of carbon dioxide from the atmosphere." Furthermore, a second potential partnership fund could generate "up to 500 megawatts of new renewable energy per year" in Africa from 2015, "enough to provide electricity for over four million rural households."[1451]

In the same speech, Secretary Mitchell also announced that the "Coalition Government is committed to ensuring that UK Trade and Investment and the Export Credits Guarantee Department become champions for British companies that develop and export innovative green technologies around the world, instead of supporting investment in dirty fossil-fuel energy production."[1452] This pledge falls in line with the UK's focus on generating more efficient energy usage and achieving energy-security worldwide.[1453]

Furthermore, on 18 January 2011, Secretary Mitchell suggested that reforms be made to the Commonwealth Development Corporation (CDC) – "Britain's investment fund for developing countries" – in an attempt to better address poverty alleviation. Secretary Mitchell recommended that that the CDC "refocus its attention on development," and called for increased investment in the area of clean energy.[1454]

Moreover, on 29 June 2011, International Development Minister Stephen O'Brien stated that the UK would "continue to pressure the World Bank to improve its environmental credentials, calling on it to invest more in clean energy and avoid lending to coal-fired power plants where there are viable alternatives."[1455] This was in response to claims from British MPs that the World Bank was "lending money to developing countries to build 'dirty' power stations."[1456]

[1451] Mitchell: UK to help drive low carbon revolution in poorest countries, Department for International Development (London) 18 November 2010. Date of Access: 11 October 2011. http://www.dfid.gov.uk/Media-Room/Press-releases/2010/Mitchell-UK-to-help-drive-low-carbon-revolution-in-poorest-countries/.

[1452] Speech by Andrew Mitchell, International Development Secretary, at a Climate and Development Knowledge Network event at British Council on 18 November 2010, Department for International Development (London) 18 November 2010. Date of Access: 11 October 2011. http://www.dfid.gov.uk/Media-Room/Speeches-and-articles/2010/Climate-change/.

[1453] Speech by Andrew Mitchell, International Development Secretary, at a Climate and Development Knowledge Network event at British Council on 18 November 2010, Department for International Development (London) 18 November 2010. Date of Access: 11 October 2011. http://www.dfid.gov.uk/Media-Room/Speeches-and-articles/2010/Climate-change/.

[1454] Private sector-led reform 'key to CDC's future' says Andrew Mitchell, The Guardian (London) 19 January 2011. Date of Access: 11 October 2011. http://www.guardian.co.uk/global-development/2011/jan/19/commonwealth-development-corporation-private-sector.

[1455] UK must not support World Bank's 'dirty' power subsidies, say MPs, The Guardian (London) 29 June 2011. Date of Access: 11 October 2011. http://www.guardian.co.uk/environment/2011/jun/29/world-bank-subsidies-dirty-power.

[1456] UK must not support World Bank's 'dirty' power subsidies, say MPs, The Guardian (London) 29 June 2011. Date of Access: 11 October 2011. http://www.guardian.co.uk/environment/2011/jun/29/world-bank-subsidies-dirty-power.

Thus, the United Kingdom has been awarded a score of +1 for full compliance on its commitment to provide targeted energy support to the poorest. This fulfills the UK's pledge, reaffirmed at the Seoul Summit, as a G20 member that has no inefficient fossil-fuel subsidies.

Analyst: Samir Siddiqui

United States: 0

The United States has partially complied with its commitment to implement its country specific strategy to reduce inefficient fossil fuel subsidies that encourage wasteful consumption, while providing targeted support for the poorest.

On 18 September 2011, President Barack Obama "unveiled a plan for economic growth and deficit reduction that details how to pay for the American Jobs Act" that includes proposals "to repeal a number of tax preferences available for fossil fuels" in "accordance with the President's agreement at the G-20 Summit in Pittsburgh in December 2009 to phase out subsidies for fossil fuels."[1457] These tax preferences for oil and gas would only apply to "oil and gas activities beginning in 2013."[1458]

On 30 March 2011, President Barack Obama released "The Obama Administration's Blueprint for a Secure Energy Future" affirming its G20 commitment to reduce wasteful use of fossil fuels and "to work under the auspices of the G20 to prompt policies that increase transparency and efficiency of international gas markets."[1459] According to the Blueprint for a Secure Energy Future "in addition to phasing out inefficient fossil subsidies, the United States is also working with partners including Japan, the United Kingdom, France, and Germany, to catalyze both the use of natural gas and hybrid-diesel buses and expansion of mass transit in developing countries" and will support "transport programs in Egypt, Mexico, Philippines, Thailand, Vietnam and Colombia" as part of the "Clean Technology Fund" to "reduce demand for oil and help to catalyze similar efforts in other developing countries."[1460]

On 14 February 2011, President Barack Obama released the United State's 2012 Fiscal Year Budget. The 2012 Budget proposal includes a commitment to eliminate "inefficient fossil fuel subsidies that impede investment in clean energy sources and undermine efforts to address the threat of climate change"[1461] through elimination of USD 46 billion in tax subsidies for fossil fuel production, with President Obama proposing to use "these funds to support clean energy innovation."[1462]

[1457] President Obama: Washington Has to Live within its Means, Colleen Curtis, White House Blog (Washington) 19 September 2011. Date of Access: 10 October 2011. http://www.whitehouse.gov/blog/2011/09/19/president-obama-washington-has-live-within-its-means

[1458] President Obama: Washington Has to Live within its Means, Colleen Curtis, White House Blog (Washington) 19 September 2011. Date of Access: 10 October 2011. http://www.whitehouse.gov/blog/2011/09/19/president-obama-washington-has-live-within-its-means

[1459] The Obama Administration's Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 10 October 2011. http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future

[1460] The Obama Administration's Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 10 October 2011. http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future

[1461] Department of Energy, Office of Management and Budget (Washington) 14 February 2011. Date of Access: 10 October 2011. www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/energy.pdf

[1462] The Obama Administration's Blueprint for a Secure Energy Future, Heather Zichal, White House Blog (Washington) 30 March 2011. Date of Access: 10 October 2011. http://www.whitehouse.gov/blog/2011/03/30/obama-administration-s-blueprint-secure-energy-future

The United States has failed to maintain the level of targeted support for the poorest alongside its efforts to reduce inefficient fossil fuel subsidies through its Low Income Home Energy Assistance Program (LIHEAP) which helps "struggling families make ends meet by offsetting some of their home heating and cooling costs." The 2012 Budget included a "50 percent funding reduction" in the LIHEAP program and "does not re-propose the creation of a LIHEAP funding trigger included in previous budget requests."[1463]

The United States has partially complied with its commitment to implement its country specific strategy to reduce inefficient fossil fuel subsidies that encourage wasteful consumption. However, because proposed cuts to the Low Income Home Energy Assistance Program (LIHEAP) in the 2012 Budget removes support for the poor in meeting their energy needs, the United States has received a score of 0.

Analyst: Nehal Tolia

European Union: n/a

The European Union has been omitted from scoring for this commitment. The EU did not indicate specific fossil fuel subsidies to be suspended in the appendix to the G20 Summit Declaration.

Analysts: Ivana Jankovic and Nadia Bucciarelli

[1463] Giving a Hand Up to Low-Income Families: The Federal Budget Fiscal Year 2012, The White House, Office of Management and Budget (Washington) 14 February 2011. Date of Access: 10 October 2011. http://www.whitehouse.gov/omb/factsheet/giving-a-hand-up-to-low-income-families