

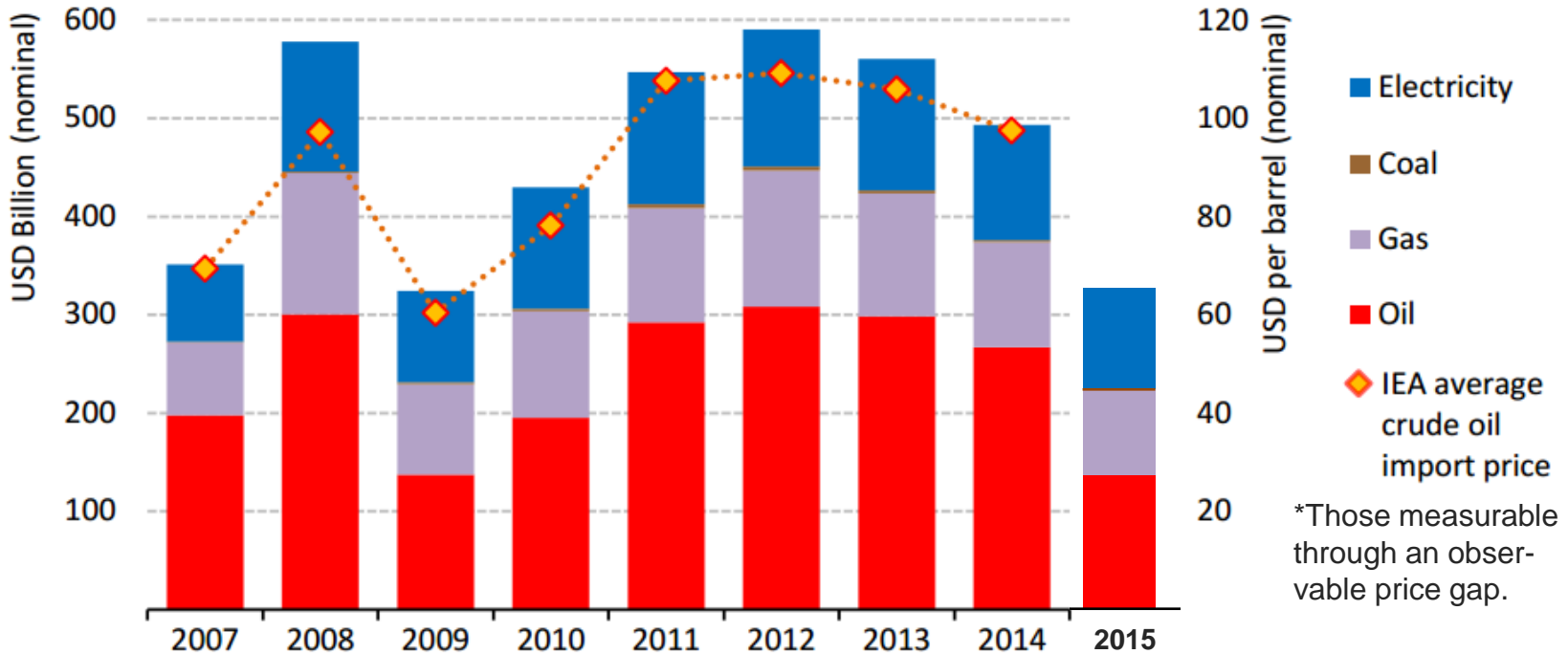


Removing EHS roundtable: Fossil fuels

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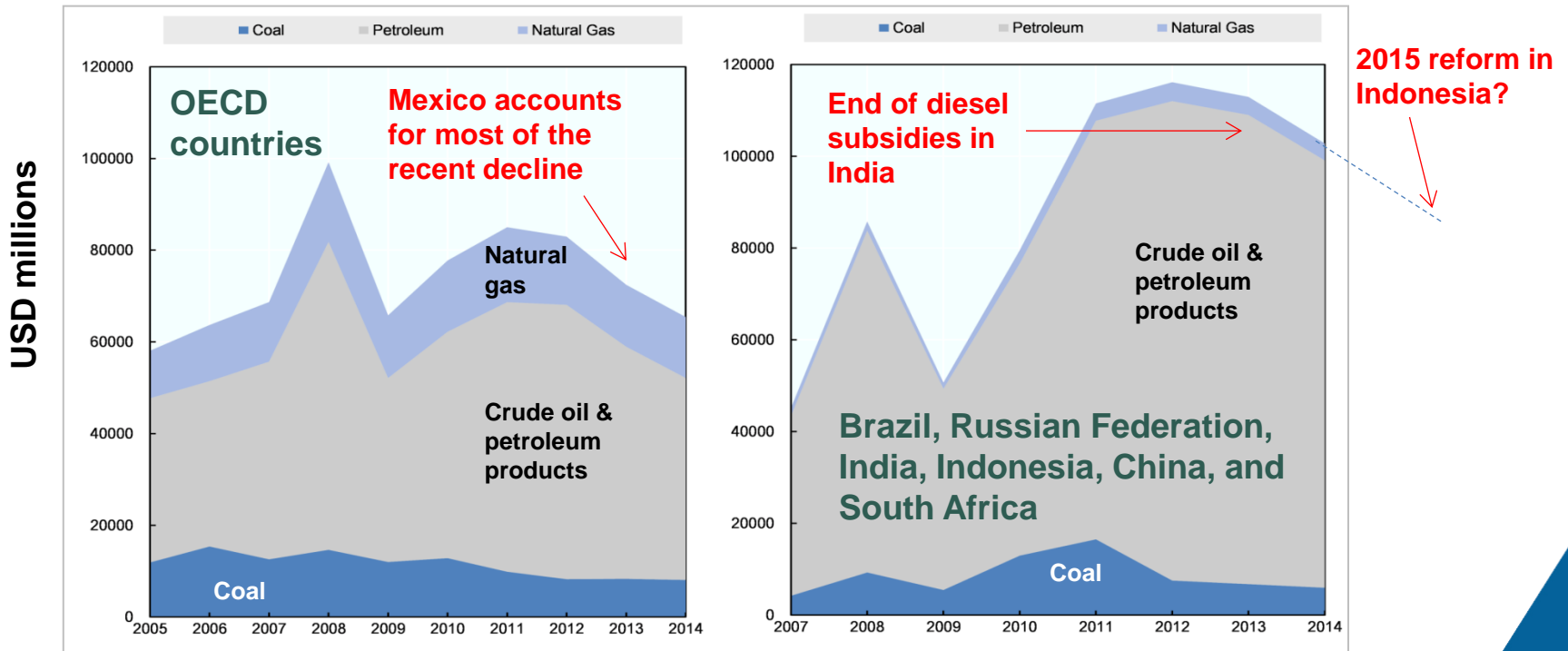
G7 Workshop on Environmentally Harmful Subsidies
and Environmental Fiscal Reforms
Rome, 14-15 March 2017

The IEA's estimates of global fossil-fuel consumption subsidies*



Sources: IEA (2015 & 2016), *World Energy Outlook*, OECD/IEA, Paris.

The OECD's estimates of fossil-fuel support in OECD countries and the BRICS



Sources: OECD (2015), *OECD Companion to the Inventory of Support Measures for Fossil Fuels 2015*, OECD Publishing, Paris.



WHAT IS HAPPENING AT THE INTERNATIONAL LEVEL?

Numerous intergovernmental initiatives

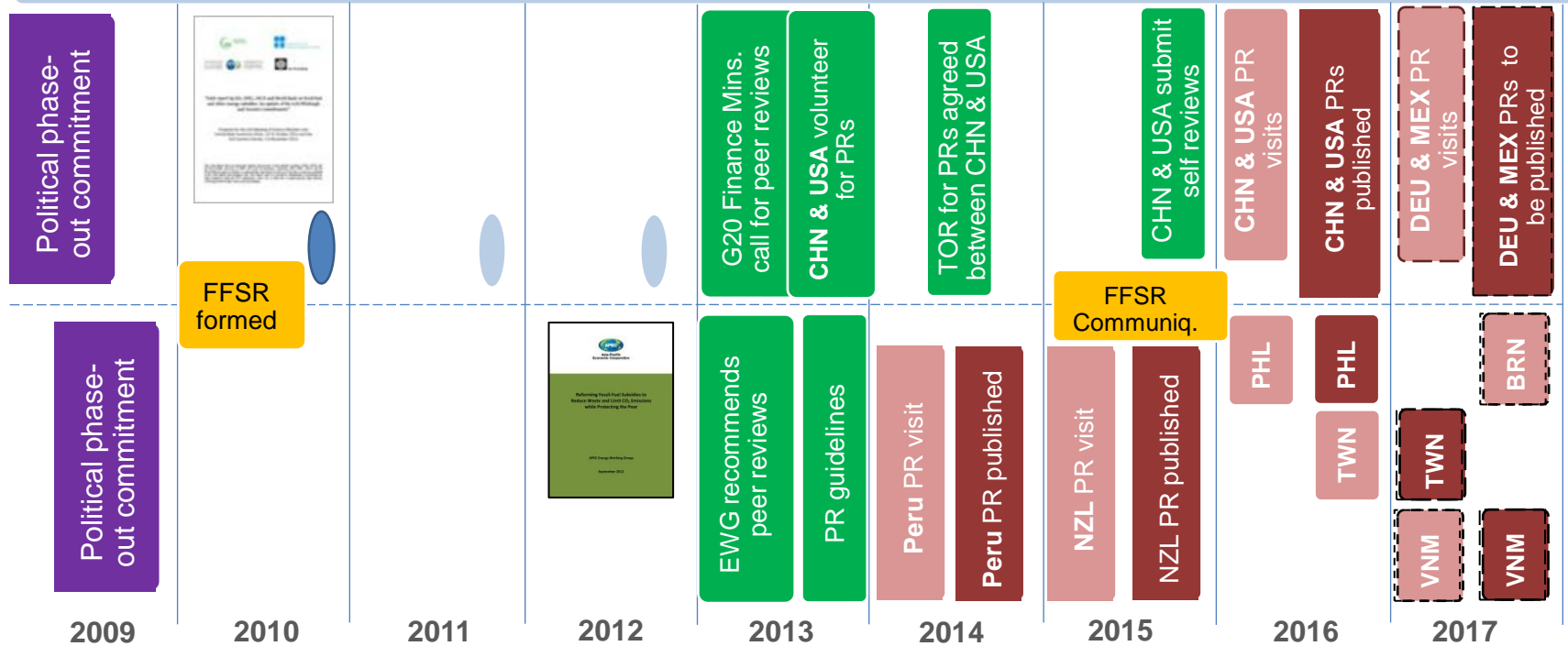
- G20, APEC, and G7
- Friends of Fossil Fuel Subsidy reform (Costa Rica, Denmark, Ethiopia, Finland, New Zealand, Norway, Sweden, Switzerland, Uruguay)
- WTO (proposed work programme by NZ)
- Several bilateral free-trade agreements (FTAs) and regional trade agreements (RTAs)
- Various activities by inter-governmental organisations
 - IEA
 - IMF
 - OECD
 - World Bank
 - Regional development banks (ADB, IDB)

The G20 and APEC voluntary peer reviews

- This led in December 2013 to a joint announcement by the People’s Republic of China and the United States of America that the two countries would undertake a reciprocal peer review of their fossil-fuel subsidies under the G20 process.
- Other countries—Germany, Mexico, and Indonesia—have since joined China and the United States in agreeing to undertake peer reviews of their own under the G20.
- A similar exercise is taking place in the context of APEC, with Peru, New Zealand, the Philippines, and Chinese Taipei each having already undergone a peer review of their subsidies between March 2014 and September 2016, and Viet Nam and Brunei Darussalam have also volunteered to undertake APEC peer reviews.

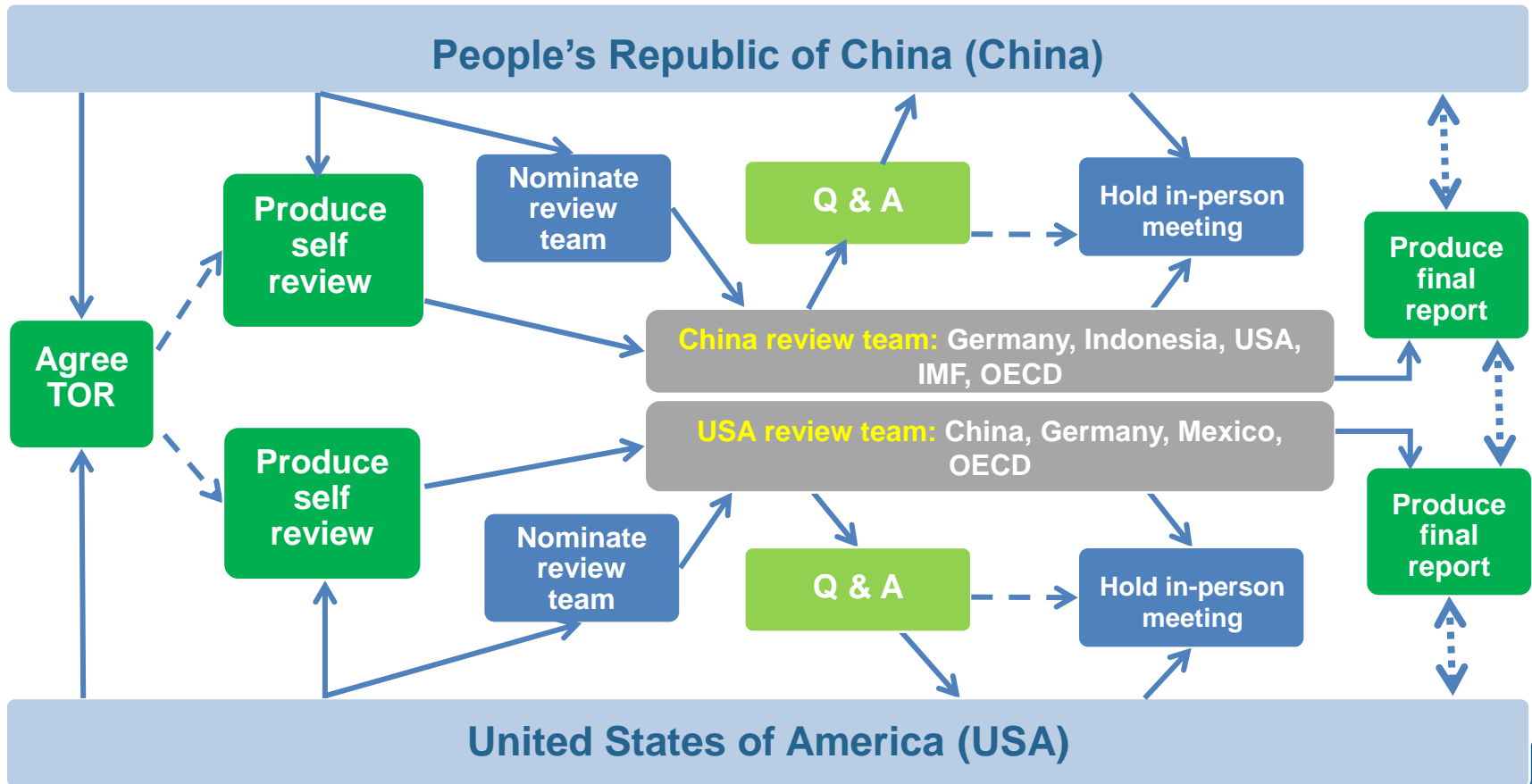
The G20 and APEC timelines to date

Group of Twenty (20)



Asia-Pacific Economic Cooperation (APEC)

The G20 voluntary peer-review of FFS process





Voluntary peer reviews: vehicles for knowledge transfer and support between G20 countries

- Participation in a peer reviews encourages a country to think about the sequencing of reform, and what it can commit to publicly.
- The self reviews, and the peer reviews themselves have been more detailed or covered more policies, or both, than the progress reports.
- Preparing for the reviews can be a salutary learning experience for both the country under review (including across ministries) and the peer reviewers.
- There has been an element of precedent-setting in both the structure and conduct of the reviews, and in what types of policies were discussed and how they were discussed.
- A common understanding of what is meant by terms like “subsidy” and “inefficient” is likely to emerge.

How to improve and build on the PR process?

- Agree a target phase-out date for “inefficient fossil-fuel subsidies”
- Consult with trade experts, in addition to experts from finance and energy ministries.
- Develop a central repository for peer-review reports and country progress reports (recently established : <http://www.oecd.org/site/tadffss/publication/>).
- Establish a mechanism for monitoring follow-up to the peer reviews.
- Establish peer-review processes for economies that are not members of either APEC or the G20.
- Develop common criteria for ranking different types of policies (or combinations of policies) for reform.



WHAT ABOUT UNILATERAL CHANGES?

» Lots of activities – examples:

- Major price reforms for petroleum products by India, Indonesia, Mexico, and for natural gas and electricity in Argentina
- Major increases in natural gas prices in Ukraine
- Most of the Gulf Cooperation States (including Saudi Arabia) have raised prices for petroleum fuels, and some also for electricity
- Recent price reforms by Algeria, Egypt, Morocco, Tunisia
- Imminent ending of hard-coal subsidies in Germany

However, more work to be done. And the durability of the reforms will be tested if and when international petroleum and natural gas prices rise significantly again.

Contact us

We look forward to answering any questions you may have!



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