



No Time to Waste: The Urgent Need for Transparency in Fossil Fuel Subsidies

In 2009, G20 leaders pledged to phase out fossil fuel subsidies. While this was an historic commitment, very little concrete action has followed. Part of the reason for this failure is that there is not clarity on how much of our money governments provide in fossil fuel subsidies. As shown below, the total, global amount of fossil fuel subsidies provided in 2012 is likely to be at least ¾ of a trillion dollars annually - \$775 Billion.

To help ensure we can reduce or eliminate these subsidies successfully, we have to know how many of them there are. Governments need to stop hiding their handouts to oil, gas and coal and come clean.

The figures below provide estimates of various groupings of subsidies, showing a range of existing subsidies from at least \$775 billion to perhaps \$1 trillion or more in 2012. Greater transparency would allow for more precise figures.

No matter how conservatively the numbers are calculated, eliminating global fossil fuel subsidies represent a tremendous opportunity for increased efficiencies in spending, reductions in global reliance on fossil fuels and greenhouse gas emissions, and sources of finance for climate-related activities and other efforts. Some countries may choose to retain some fossil fuel subsidies that they deem “efficient”. But regardless, both the subsidy and any rationale for not removing it should still be revealed.

Amount (in USD annually)	What type/from where?	Explanation and sources
\$630 Billion	Consumption Subsidies in Developing Countries	The most widely cited figure for fossil fuel subsidies, although it only covers consumption subsidies for developing countries. The International Energy Agency expects this figure to reach \$630 Billion in 2012 . This number fluctuates widely with the price of oil – it was \$409 billion in 2010 and \$557 billion in 2008.
+ \$45 billion	Consumption Subsidies in Developed Countries	Conservative accounting of fossil fuel subsidies compiled by the OECD and broken out here . \$45 billion is the 2008-2010 average of annual consumption subsidies.
+ \$100 Billion	Producer Subsidies Globally	This figure was cited in the June 2010 Report for G-20 leaders from OECD, IEA, World Bank and OPEC (Page 4), among other places. Greater transparency is certainly needed here to further refine this figure.
=====	=====	=====

\$775 BILLION in fossil fuel subsidies -- *This year, there will be \$775 Billion worth of global fossil fuel subsidies that can be reliably estimated from the current available data.*

There are many additional subsidies that support fossil fuel production and consumption around the world. Some of these additional sources are listed below:

<p>+???</p> <p><i>(estimates between \$80 and \$285 billion annually)</i></p>	<p>Production Subsidies in Developing Countries</p>	<p>While it is difficult to fully gauge the amount developing countries spend to subsidize production of fossil fuels, there are clearly a number of countries in the developing world where these subsidies exist. Countries such as Brazil, Indonesia, China, India, South Africa and elsewhere have large fossil fuel production industries, often supported heavily by governments (if not owned entirely).</p>
<p>+???</p> <p><i>(estimates from \$15 to \$150 Billion annually)</i></p>	<p>International Financial Institutions (IFIs) and National Development Banks</p>	<p>As of 2010, Oil Change International, in its “Shift the Subsidies” database, has identified over \$15 Billion in annual fossil fuel support from international, regional and bilateral public financial institutions around the world. This database does not currently include lending from Chinese and Brazilian institutions and preliminary data indicates they may add \$100 billion or more annually. It is likely that not all of this financing actually qualifies as a subsidy; however, lack of transparency prevents a more thorough analysis currently.</p>
<p>+???</p> <p><i>(estimates between \$50 and \$100 billion annually)</i></p>	<p>Export Credit Agencies (ECAs)</p>	<p>ECAs are bilateral organizations that provide financial services to support the overseas trade and investment activities of private domestic companies. While exact figures on ECA support for fossil fuel projects are difficult to obtain, ECA financing often dwarfs official development assistance and historically a large portion of projects have been fossil fuel related. Like IFIs, it is likely that not all of this financing actually qualifies as a subsidy; however, lack of transparency prevents a more thorough analysis currently.</p>
<p>+ ???</p> <p><i>(estimates between \$20 billion and \$500 billion but possibly much higher)</i></p>	<p>Securing fossil fuel supplies (Military Subsidies for Fossil Fuels)</p>	<p>The cost of protecting shipping lanes in the Middle East, defending oil pipelines, etc. is quite substantial, and not currently accounted for in standard fossil fuel subsidies reporting. From the United States alone, some estimates put the cost of defending fossil fuel supplies at \$500 billion annually. In addition, while it is likely that the US share of spending in this area is the largest slice, it can be expected that countries such as Saudi Arabia, Iran, Russia and China also would contribute substantial amounts to this figure. For more details, see “EIA Energy Subsidy Estimates: A Review of Assumptions and Omissions” (accessed here) and Defending Oil Supplies, Chapter 4 of “Fueling Global Warming: Federal Subsidies to Oil in the United States” (accessed here);</p>

=====

Approaching \$ 1 TRILLION
estimated annual global fossil fuel subsidies
These additional subsidies bring the total amount of annual global fossil fuel subsidies up to \$1 Trillion annually or even more. It is clear that greater transparency and reporting from governments is needed to arrive at a more robust accounting of total fossil fuel subsidies.

But wait! There's more! Indirect subsidies, externalities, and impacts:

There are also a number of additional costs of fossil fuels that, depending on how subsidies are defined, could be added to this calculation. For instance...

The National Academy of Sciences [estimates](#) that externalities (mainly **health costs**) attributed to the use of fossil fuels is on the order of \$120 Billion annually in the United States alone. These costs should be factored into the cost of fossil fuels, however governments have chosen to do just the opposite in subsidizing the costs of these dirty fuels. In this way, the world's governments (and hence their taxpayers) are subsidizing fossil fuel production by not including these health costs in the price of fossil fuels.

In addition, the costs associated with the [impacts of climate change](#) is in the hundreds of billions of dollars annually as well. These costs will only continue to rise if fossil fuel use continues and is subsidized at the rates at which they are currently used and subsidized.

Further thoughts on these and other indirect subsidies not often included in fossil fuel subsidy accounting are well overviewed [here](#).

For more information about fossil fuel subsidies, and what you can do to help eliminate them, please visit <http://priceofoil.org>