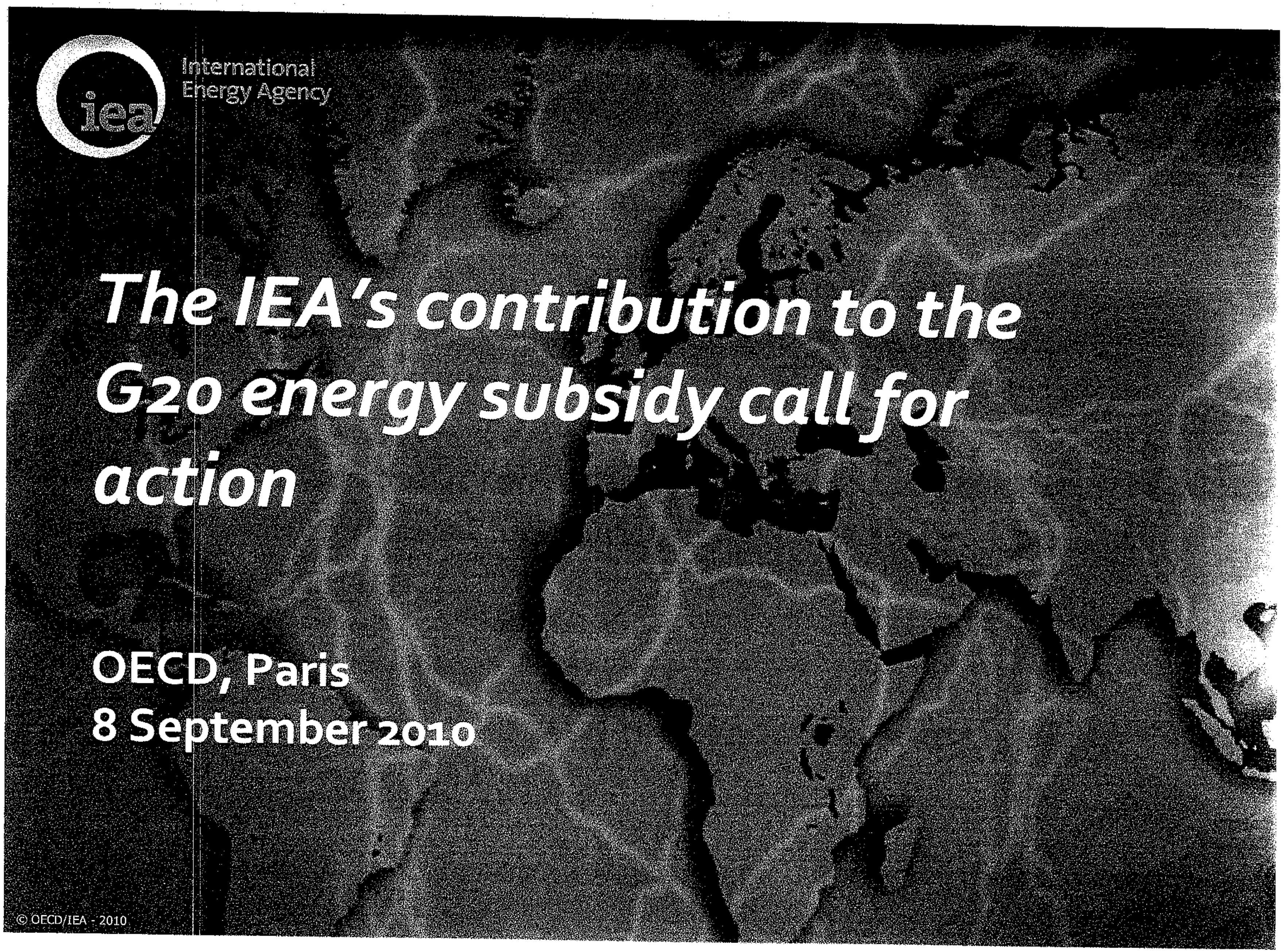
Skatteudvalget 2009-10
SAU alm. del Bilag 291
Offentligt

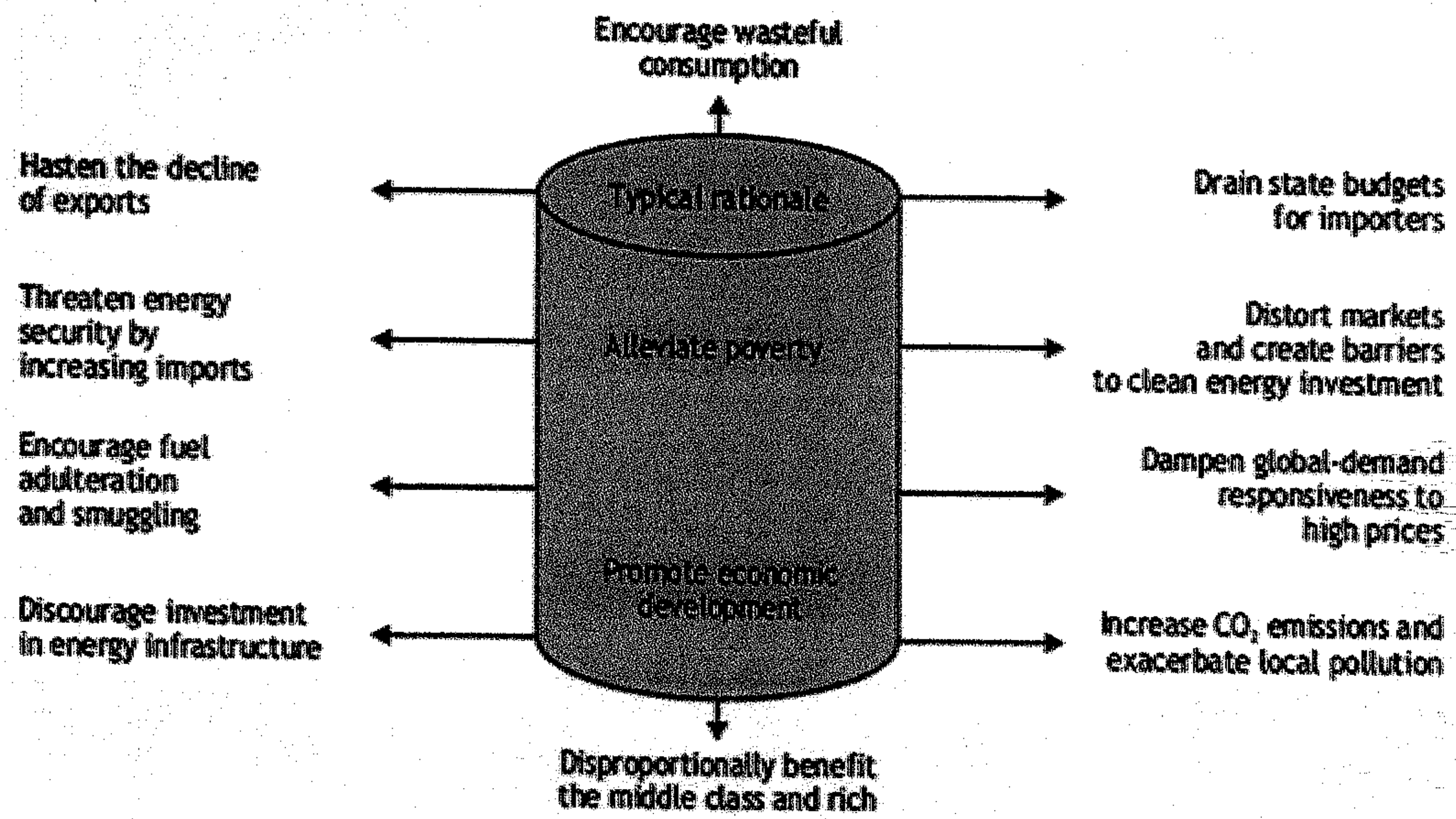


IEA input to the Joint Report to the G20

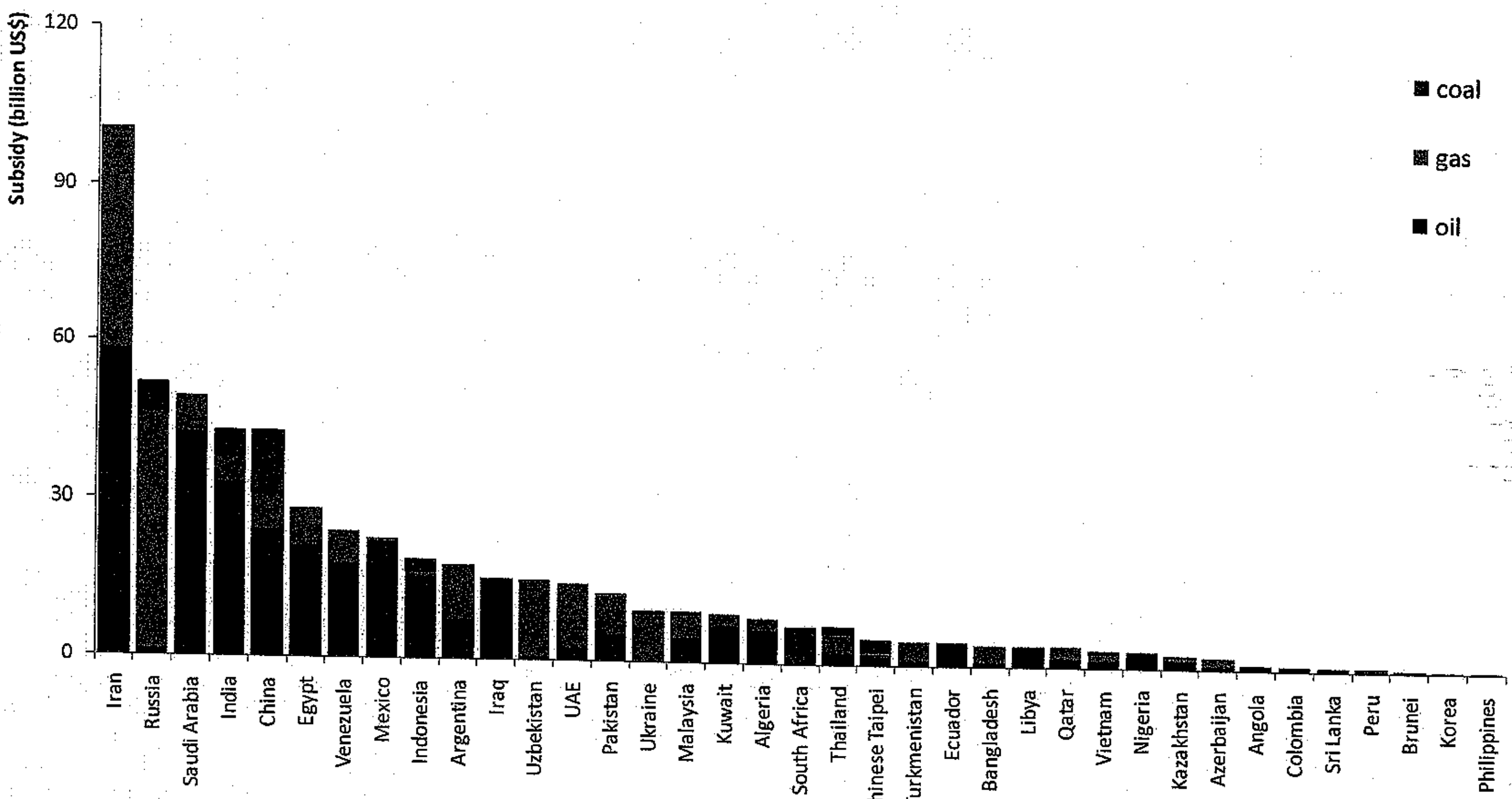
- When the G-20 Leaders met in Pittsburgh, they called on:
  > individual countries to "phase out subsidies that encourage wasteful consumption such subsidies worldwide"
  > the IEA, OPEC, OECD, and World Bank to provide an analysis of the scope of energy subsidies and suggestions for the implementation of this initiative
- The IEA analysis focuses on consumption subsidies which reduce end-use prices below those that would prevail in a competitive market
- The IEA provided the following input to the Joint Report :

1. Quantification of the cost of energy consumption subsidies globally
2. Scenario analysis to determine the implications of phasing out energy subsidies on selected parameters such as:
   - global energy demand trends
   - the outlook for energy-related CO_2 emissions
3. Analysis of the linkages between subsidies and the poor

Potential unintended effects of fossil-fuel consumption subsidies

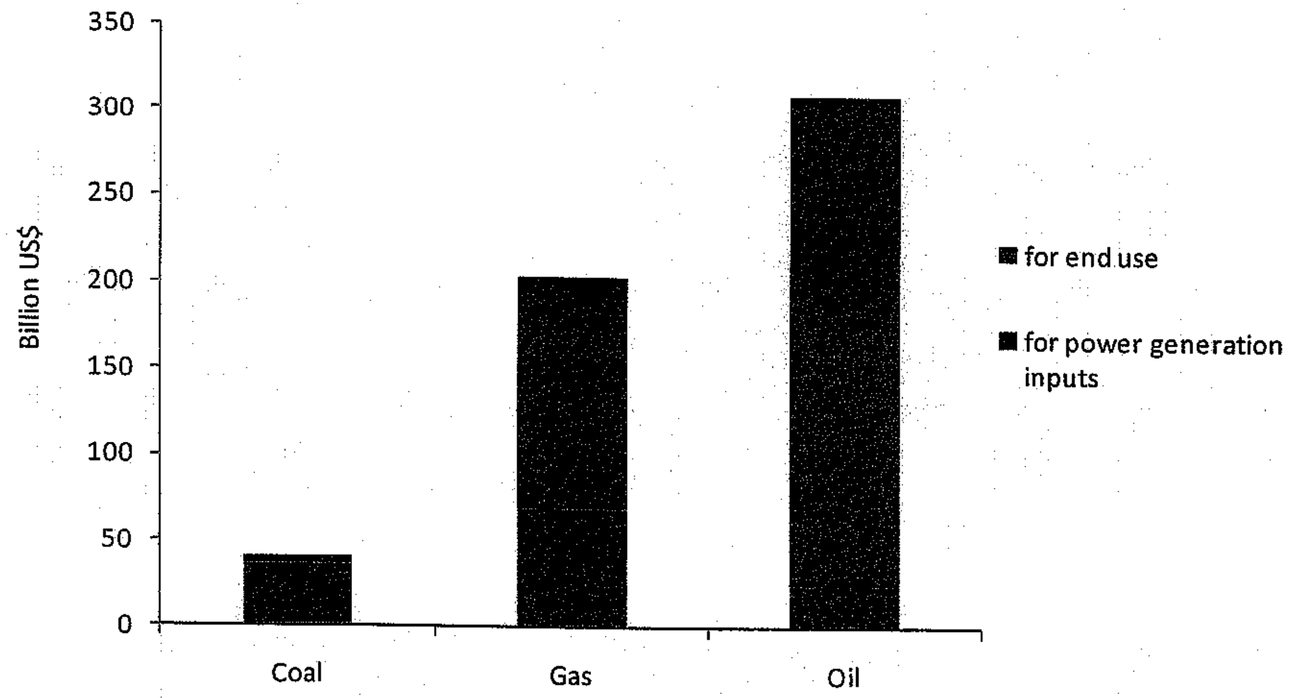


Fossil fuel subsidies – by economy, 2008



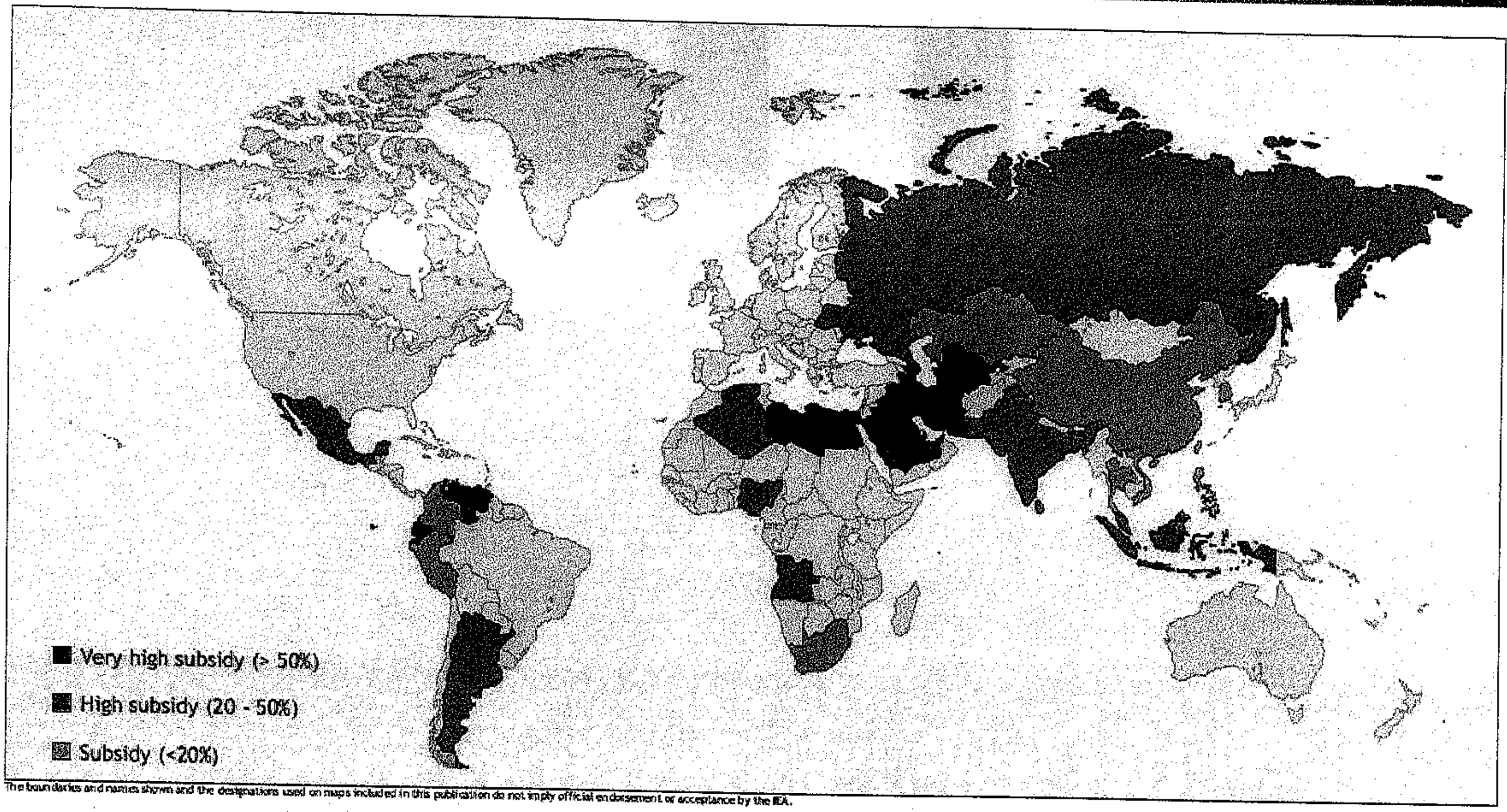
Global subsidized consumption of fossil fuels amounted to US$ 557 billion in 2008

Fossil fuel subsidies – by fuel, 2008



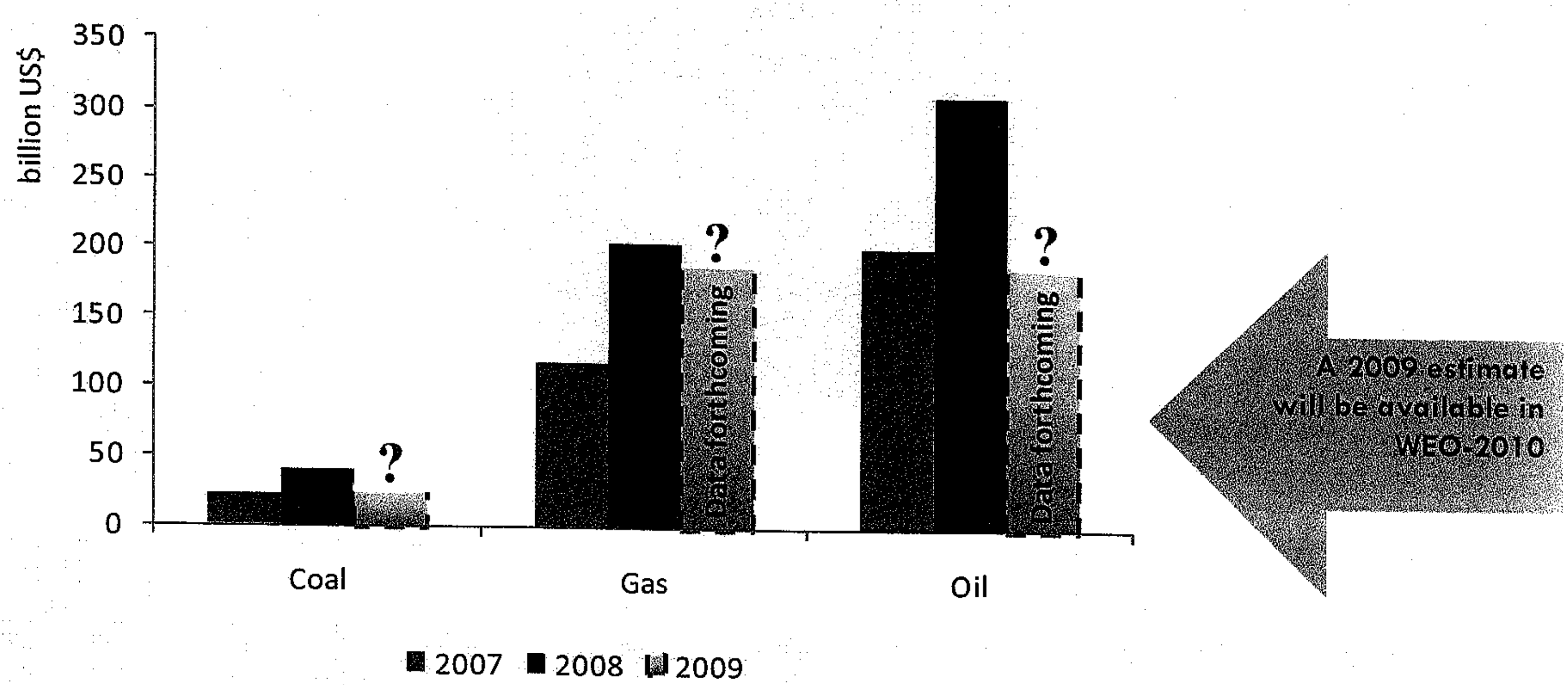
In 2008, subsidies for energy consumption by fuel were as follows: oil products at US$ 312 billion, natural gas at US$ 204 billion, and coal at US$ 40 billion

Subsidization rates for fossil fuel consumption, 2008



Of the countries surveyed, fossil fuels were subsidized at an average rate of 29%, meaning consumers paid roughly 71% of competitive market reference prices

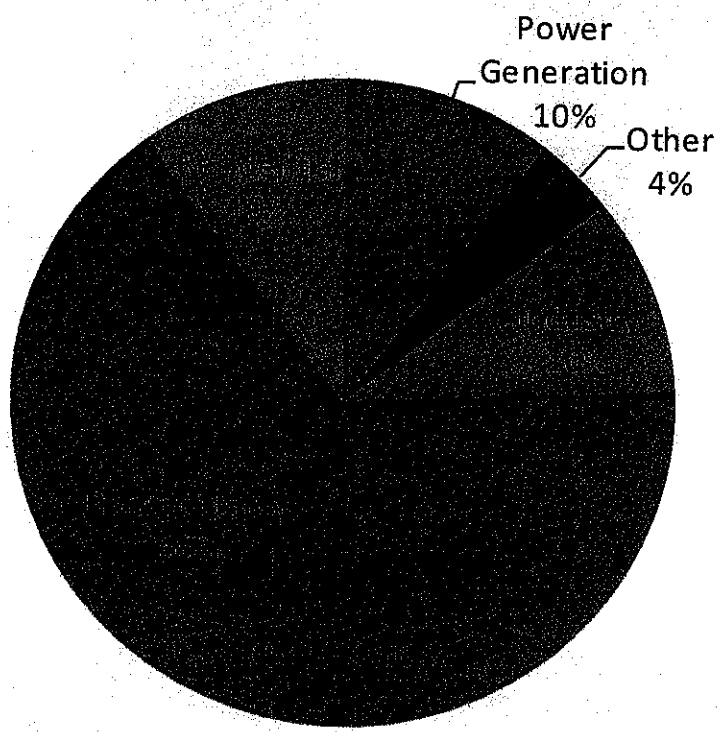
Variation of energy subsidies by year



Energy subsidies vary from year to year according to changes in world energy prices, new policies, and shifts in demand

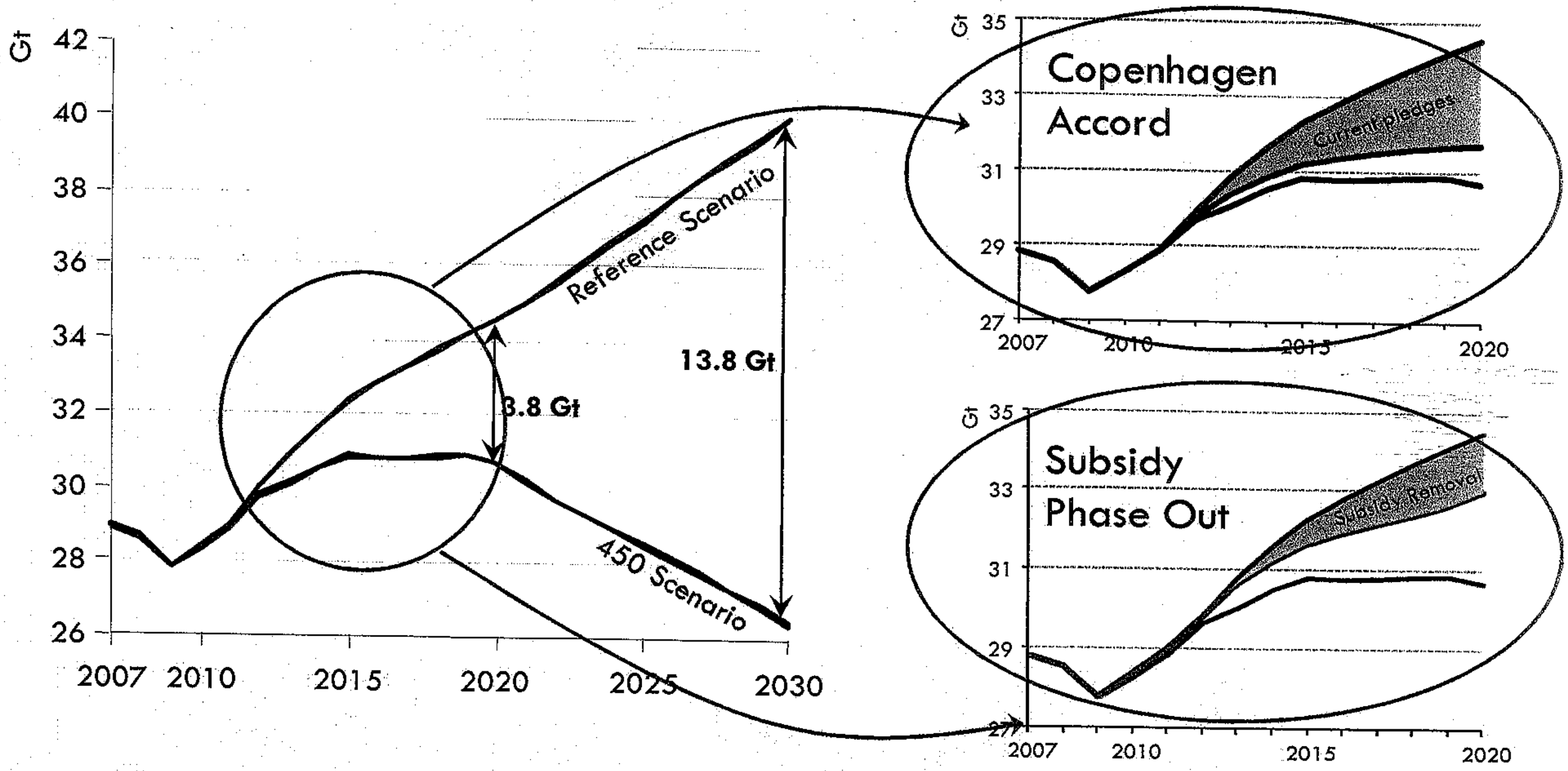
Oil savings resulting from subsidy phase out, 2020

Oil savings in 2020 from subsidy phase out: 6.5 mb/d



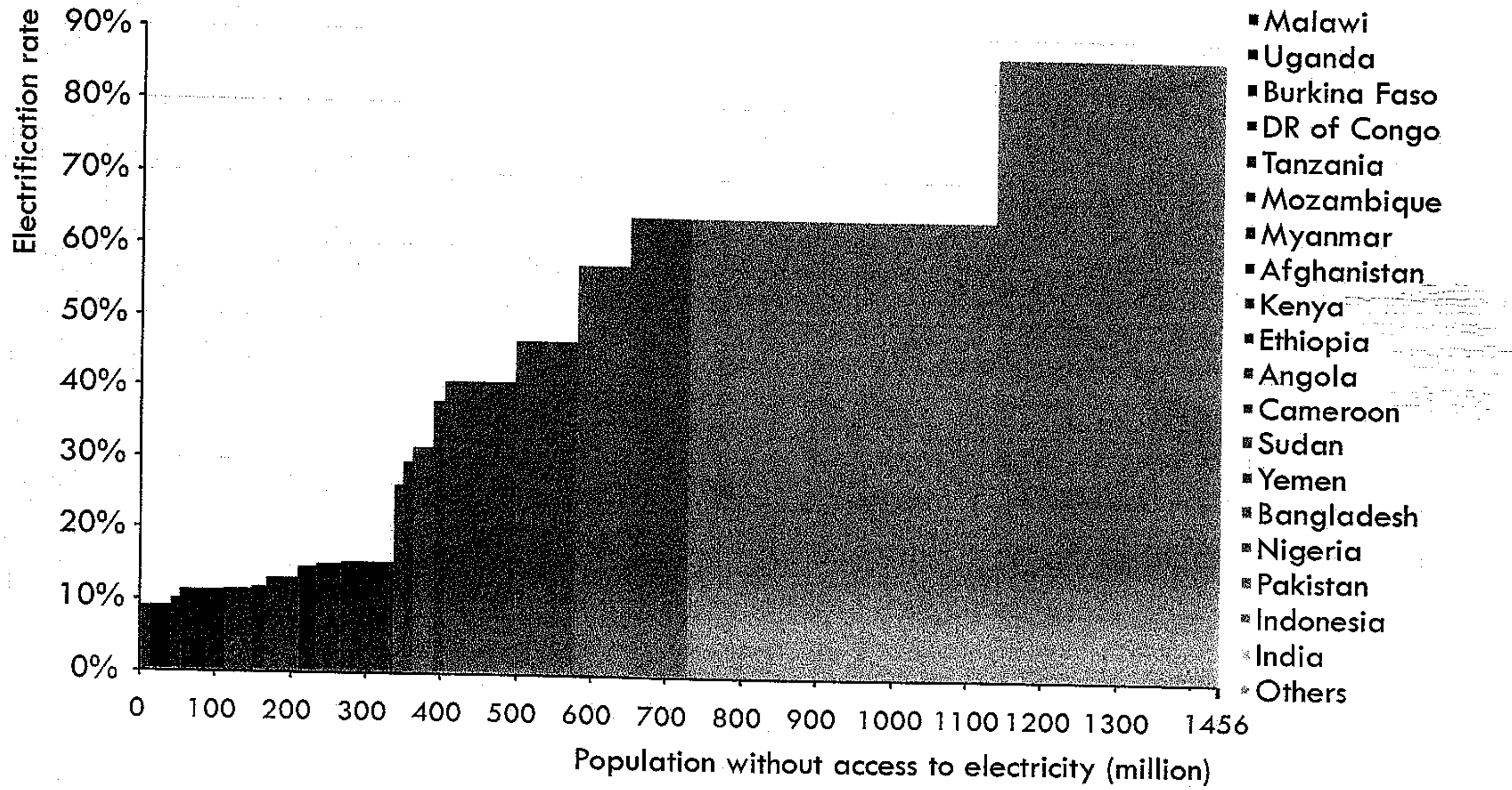
Compared to a baseline in which subsidy rates remain unchanged, global subsidy phase out would cut global oil demand by 6.5 mb/d in 2020, predominately in the transport sector

The Copenhagen Accord & Subsidy Phase-out: A Grand Plan to tackle climate change?



Although the savings are not strictly cumulative, the Copenhagen Accord and the G-20 commitment to phase out subsidies are complementary steps towards the 450 Scenario

Electrification rates & population without access to electricity, 2008



1.5 bn people lack access to electricity, but only 11% of the $557 bn of subsidies in 2008 went to electricity, LPG & kerosene – energy forms that support the basic needs of the poor

Summary

- The magnitude and scope of fossil-fuel consumption subsidies remains large, amounting to US$ 557 billion in 2008
- Phase out of fossil-fuel consumption subsidies would have substantial benefits for the environment, economy and energy security
  - > *A reduction in global oil demand of 6.5 mb/d in 2020*
  - > *A reduction in CO_2 emissions by 6.9%, or 2.4 Gt, in 2020*
- Many countries are already taking measures to reduce or eliminate energy subsidies – the G20 commitment to phase out energy subsidies is another step in the right direction
- Subsidy phase out can have significant impact on the poor and policies must be carefully designed not to restrict access to essential energy services
- Energy subsidies will feature as a special focus in WEO-2010, including detailed analysis not possible in the timeframe of Joint Report to the G20