



## *Joint Submission to the UN Conference on Sustainable Development, Rio+20: A pledge to phase out fossil-fuel subsidies*

---

This submission proposes that, at the UN Conference on Sustainable Development on June 4-6, 2012, countries adopt a pledge to phase out fossil-fuel subsidies and provide the necessary technical and financial support to assist developing countries reform their subsidies.

Fossil-fuel subsidy reform has become an international priority. Already, 53 countries in the G-20 and APEC forums have committed to phasing out fossil-fuel subsidies over the medium term. The United Nations Conference on Sustainable Development, Rio+20, is an opportunity to expand that commitment, and to broaden the pledge beyond the G-20 and APEC countries.

From a sustainable development perspective there is a strong argument for reforming fossil-fuel subsidies. If the goal of sustainable development is the balancing of economic, environmental and social considerations, then fossil-fuel subsidy reform delivers on all three fronts:

1. Fossil-fuel subsidies are costly. Global fossil-fuel consumption subsidies amounted to US\$409 billion in 2010 (International Energy Agency (IEA), 2011). In addition, the OECD estimates that subsidies for fossil-fuel production and consumption in its member countries cost US\$45-75 billion annually (OECD, 2011). Globally, producer subsidies are estimated by the GSI to be at least US\$100 billion annually (GSI, 2010).
2. Phasing out fossil-fuel subsidies would reduce growth in global energy demand by 4.1% and carbon dioxide emissions by 4.7% by 2020 (IEA, 2011). Fossil-fuel subsidies create incentives for higher levels of consumption, which in turn produce more local and global pollutants on behalf of both industry and consumers.
3. Fossil-fuel subsidies are socially regressive; the IEA estimates that only 8% of the US\$409 billion spent subsidizing fossil-fuel consumption went to the poorest 20% of the population. While fossil-fuel subsidies are often designed for the interests of poorer populations, they typically benefit medium- to high-income households or lead to diversion. Subsidy reform should be complemented with measures to protect poor and vulnerable groups in society.

The G-20 and APEC commitments have helped to raise the political importance of subsidy reform and have led to increased international activity on the issue. Building on that foundation, we encourage United Nations Member States to use Rio+20 to widen the country coverage of the reform commitments and endorse a comprehensive strategy for fossil-fuel subsidy reform, including technical and financial assistance for developing countries.

*continued next page*

By adopting a pledge to phase out fossil-fuel subsidies at Rio+20, Member States would show their commitment to an important means to achieving sustainable development. The pledge could also be expanded to include subsidies to other energy sources, such as nuclear, for greater impact.

The undersigned organisations propose that countries adopt the follow pledge:

#### **COUNTRIES PLEDGE TO:**

1. Phase out fossil-fuel subsidies that undermine sustainable development.
2. Assist developing countries to phase out fossil-fuel subsidies that undermine sustainable development.

#### **IN ADDITION, COUNTRIES PLEDGE TO PROVIDE THE FOLLOWING SUPPORTING MEASURES:**

##### **1. Reporting and Review**

Countries commit to annual reporting of:

- a. **Prices** they charge each consumer group for each energy product. These reports should be delivered to an international organisation such as the IEA, a UN agency or another organisation experienced in collecting data.
- b. **Subsidies** they grant to fossil-fuel consumers and producers. Existing reporting mechanisms, such as the World Trade Organization's Agreement on Subsidies and Countervailing Measures (ASCM) or UNFCCC National Communications, are recommended for this process. More specific formats for reporting could also be used, such as those developed by the IEA (energy consumers) and OECD (energy producers and consumers).
- c. **Subsidy reform**, detailing the subsidies under reform, progress towards reform and the expected outcomes.

Countries should review progress against the commitment annually, using a peer review process or delegating to a third party such as an international organisation. All reports and reviews should be made public. Databases of energy prices, subsidies and subsidy reform should be developed and maintained.

##### **2. Technical and financial assistance for developing countries**

Technical and financial assistance may be needed to help governments improve their reporting of subsidies or to assist industries or consumers transition away from fossil-fuel subsidies. For example, assistance may be needed to establish a transparent pricing mechanism, design social safety nets (such as a cash transfer), finance cash transfers or restructure investment incentives. Technical and financial assistance can be provided directly or through organisations such as intergovernmental organisations and development banks.

##### **3. Common research and analysis**

While country-specific considerations are important, common problems are faced across the world, and solutions in one country can have generic application in many others. Setting up a common research and analysis program to support the Pledge initiative is proposed.

##### **4. Secretariat support**

Countries will investigate options for providing Secretariat support to countries. This is likely to include meetings of officials and expert groups to facilitate the exchange of information and best practices.

---

If you would like more information , please contact: Kerry Lang, [klang@iisd.org](mailto:klang@iisd.org) or +41 22 917 8920.

**This proposal is submitted on behalf of:**

**IISD's Global Subsidies Initiative**

Mats Hellstrom, GSI high-level advisor, formerly Sweden's Ambassador to Germany, Sweden's Minister for Foreign Trade (1983-86) and Minister for Agriculture (1986-91).

[Mats.hellstrom@bfbrex.se](mailto:Mats.hellstrom@bfbrex.se)

**Greenpeace International**

Patricia Lerner, Senior Political Advisor  
Ottho Heldringstraat 5, 1066 AZ Amsterdam, The Netherlands

[patricia.lerner@greenpeace.org](mailto:patricia.lerner@greenpeace.org)

**WWF International**

Stephan Singer, Director Global Energy Policy  
168 Avenue de Tervurenlaan, Box 20, 1150 Brussels, Belgium

[ssinger@wwf.panda.org](mailto:ssinger@wwf.panda.org)

**Green Budget Europe**

Anslem Görres, President  
Schwedenstraße 15a, 13357 Berlin, Germany

[anslem.gorres@foes.de](mailto:anslem.gorres@foes.de)

**Pew Charitable Trusts**

Susan Lieberman, Deputy Director  
901 E Street, N.W., Washington, DC 20004 USA

[slieberman@pewtrusts.org](mailto:slieberman@pewtrusts.org)

**European Institute for Sustainable Transport (EURIST)**

Jürgen Perschon, Executive Director  
Weidenbaumsweg 13-15, 21029 Hamburg, Germany

[perschon@eurist.info](mailto:perschon@eurist.info)

**Natural Resources Defense Council**

Jacob Scherr, Director of Global Strategy and Advocacy  
1152 15th Street, NW, #300, Washington, DC 20005, USA

[jscherr@nrdc.org](mailto:jscherr@nrdc.org)

**Ethical Markets Media**

Hazel Henderson, President  
PO Box 5190, St. Augustine, FL 32085, USA

[Hazel@hazelhenderson.com](mailto:Hazel@hazelhenderson.com)

**Carbon War Room**

Jigar Shah, CEO

[jjigar@carbonwarroom.com](mailto:jjigar@carbonwarroom.com)

**Bellona Foundation, Norway**

Svend Søyland, International Adviser  
Nordregate 2, Oslo, Norway

[svend@bellona.no](mailto:svend@bellona.no)

**Oil Change International**

Steve Kretzman, Director  
236 Massachusetts Ave NE #203, Washington, DC 20002, USA

[steve@priceofoil.org](mailto:steve@priceofoil.org)

**HELIO International**

Hélène Connor, Chairman  
56, rue de Passy, 75016 Paris, France

[helio@helio-international.org](mailto:helio@helio-international.org)

**iisd** International  
Institute for  
Sustainable  
Development Institut  
international du  
développement  
durable



**GSI** Global  
Subsidies  
Initiative

**GREENPEACE**

**iisd**

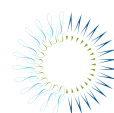
International  
Institute for  
Sustainable  
Development

Institut  
international du  
développement  
durable

WORKING  
TOGETHER  
ON FOSSIL FUEL  
SUBSIDY REFORM



**GreenBudgetEurope**



THE  
**PEW**  
ENVIRONMENT GROUP



European Institute for Sustainable Transport



THE EARTH'S BEST DEFENSE



**BELLONA**



## Deutsche Naturschutzring – German League for Nature and Environment

Helga Inden-Heinrich, Deputy Managing Director  
Koblenzer Straße 65, D - 53173 Bonn, Germany  
[Helga.inden-heinrich@dnr.de](mailto:Helga.inden-heinrich@dnr.de)

## Institute for Essential Services Reform, Indonesia

Fabby Tumiwa, Director  
Mampang Prapatan VIII (Buncit IV), Kompleks Bappenas  
No. R.13, Jakarta, Indonesia, 12790  
[Fabby.iesr@gmail.com](mailto:Fabby.iesr@gmail.com)

## National Union of Public and General Employees, Canada

James Clancy, President  
15 Auriga Drive, Nepean, ON K2E 1B7, Canada  
[khawley@nupge.ca](mailto:khawley@nupge.ca)

## Association québécoise de lutte contre la pollution atmosphérique (AQLPA), Canada

Patrick Bonin, Director climate-energy  
484, route 277 I Saint-Léon-de-Standon I (QC) G0R 4L0, Canada  
[pbonin@aqlpa.com](mailto:pbonin@aqlpa.com)

## HealthBridge, Canada

Sian FitzGerald, Executive Director  
1 Nicholas Street, Suite 1004, Ottawa, ON K1N 7B7, Canada

## Tanzania Renewable Energy Association (TAREA)

Matthew J. Matimbwi, Executive Secretary  
P.O. Box 32643 Dar es Salaam, Tanzania  
[matimbwi@gmail.com](mailto:matimbwi@gmail.com)

## Transparency and Economic Development Initiatives (TEDI), Nigeria

Elder Ogazi Emeka, Executive Director  
Abakaliki Express Road Abakaliki Ebonyi State Nigeria  
[ogazitwo@teding.org](mailto:ogazitwo@teding.org)

## Guru Arjan Institute of Development Studies, India

Gursharan Singh Kaith, Director  
14-Preet Avenue, Majitha Road, PO Naushera, Amritsar  
143008, India  
[ldsasr09@yahoo.com](mailto:ldsasr09@yahoo.com)

## Fundació ENT, Spain

Ignasi Puig-Ventosa, Head of Projects  
C/Sant Joan, 39, 1r Vilanova i la Geltrú, 08800 Barcelona, Spain  
[ipuig@ent.cat](mailto:ipuig@ent.cat)

## Atlantic States Legal Foundation (ASLF), USA

Medani P. Bhandari, Scientist  
658 West Onondaga Street, Syracuse, NY 13204-3711, USA  
[medani.bhandari@gmail.com](mailto:medani.bhandari@gmail.com)

## International Institute for Monetary Transformation

Frans C. Verhagen, President  
97-37 63rd Rd. #15E, Rego Park, New York 11374-1625, USA  
[Gaia1@rcn.com](mailto:Gaia1@rcn.com)

## Energy Transition Blog

Rick Bosman, Founder and Chief Editor  
[rickbosman@gmail.com](mailto:rickbosman@gmail.com)



ATLANTIC STATES  
LEGAL FOUNDATION, INC.



ENERGY TRANSITION BLOG

SHOWING THE WAY TOWARDS A SUSTAINABLE ENERGY FUTURE