



Climate Action Network

G20 Issue Brief – Phasing out fossil fuel subsidies

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Climate Action Network International (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 1100 members in over 120 countries. www.climateactionnetwork.org

Context:

It is estimated that fossil fuel subsidies contributed up to 36% of global emissions between 1980 and 2010, while also exacerbating health problems, air and water local pollution.¹ Limiting their use is a key step towards reducing inequality and achieving inclusive growth, since fossil fuel subsidies disproportionately benefit the middle and upper classes.² Fossil fuel subsidies constitute an inefficient use of scarce public funds, and inhibit the market penetration of price-competitive renewables. While subsidies more broadly can be used as an effective tool to support the poor and promote a particular industry for the benefit of larger good, an industry that is well-established should not be the beneficiary of limited public resources, especially when cost-effective and healthier alternatives are available.

In 2017, CAN calls on the G20 to:

- **Set a timeline for completion of peer review of fossil fuel subsidies by all G20 members to enable equitable phase out of all fossil fuel subsidies by 2020;**
- **Set up a process in the sustainability working group to initiate redirection of energy-related domestic and international public finance to only support cost-effective, clean, healthy and safe sources of renewable energy and energy efficiency by 2020.**

¹ [OxCarre \(2014\) Dirty Little Secrets: Inferring Fossil-Fuel Subsidies from Patterns in Emission Intensities](#)

² [ODI \(2014\) Time to change the game: Fossil fuel subsidies and climate](#)