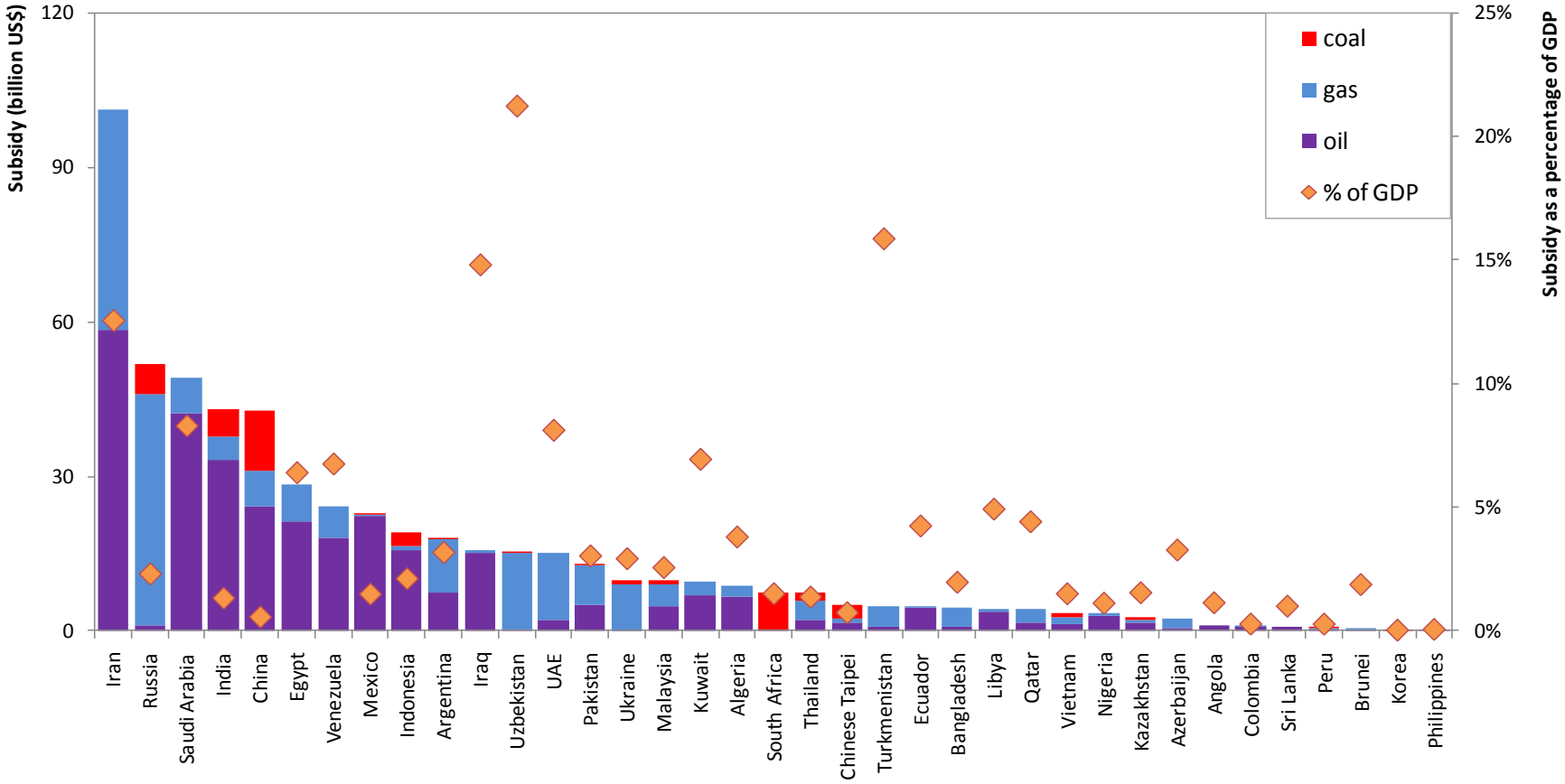
Global fossil fuel subsidies and the impacts of their removal

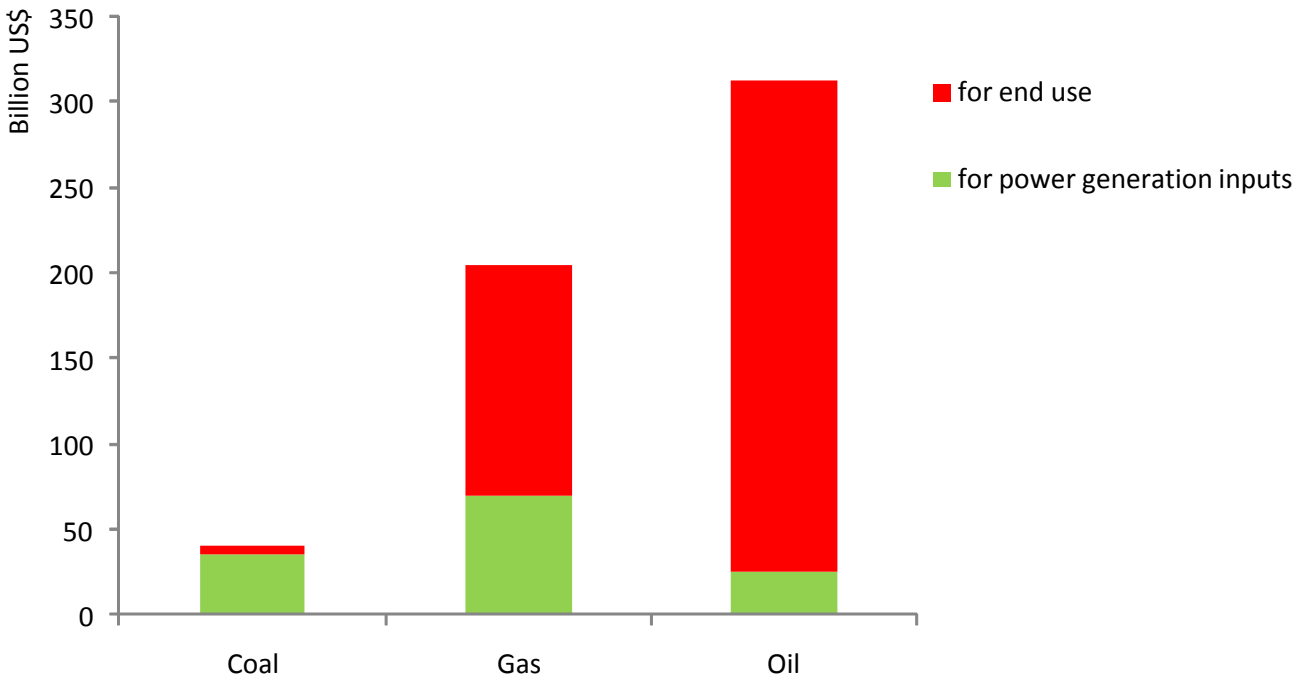
Office of the Chief Economist
International Energy Agency

Fossil fuel subsidies – by economy and as a share of GDP, 2008



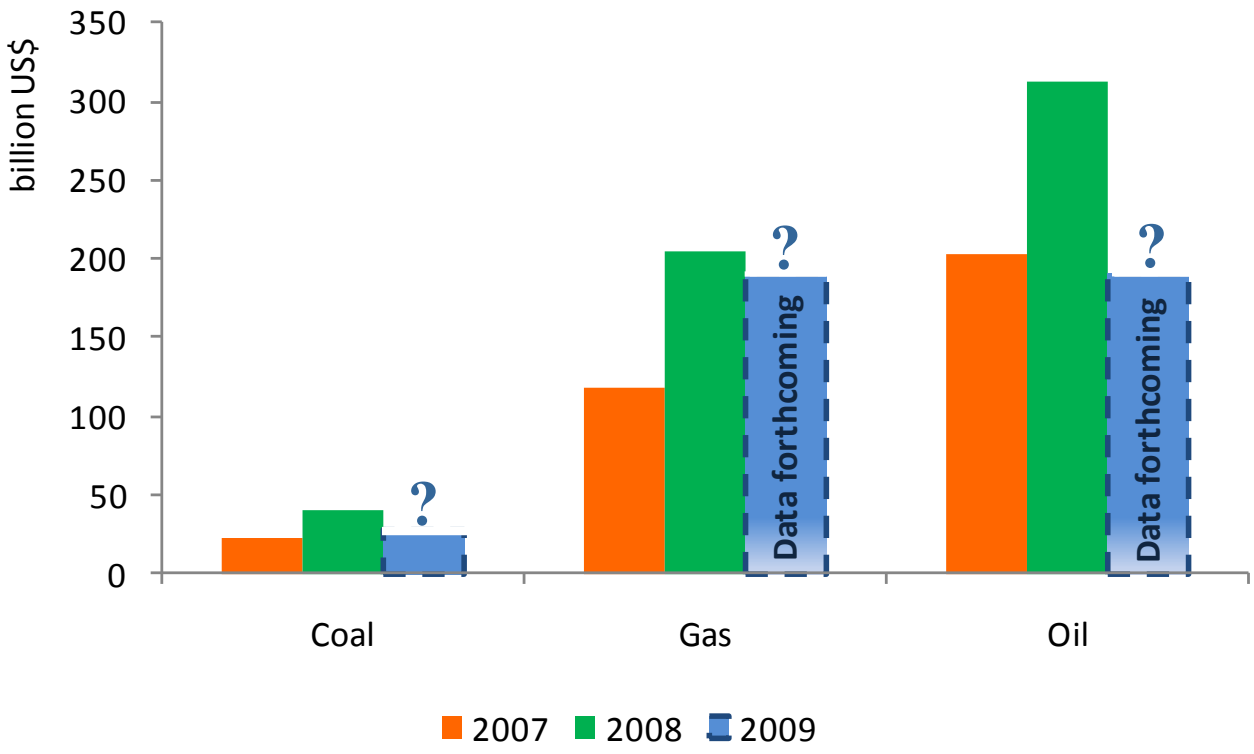
Global subsidized consumption of fossil fuels amounted to US$ 557 billion in 2008. Of the countries surveyed this represents 2.1% of GDP (PPP) on average

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

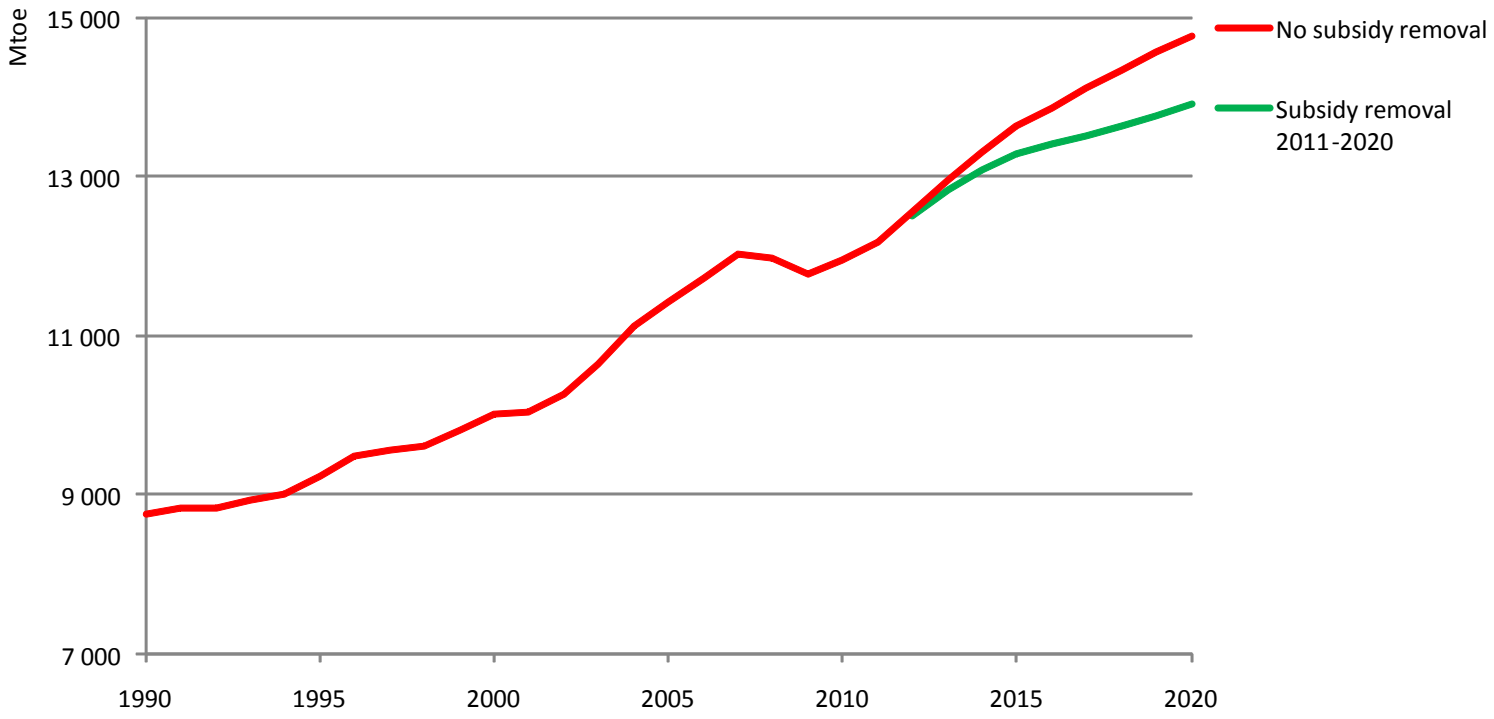
Variation of energy subsidies by year



A 2009 estimate will be available for the November G20 summit in Korea

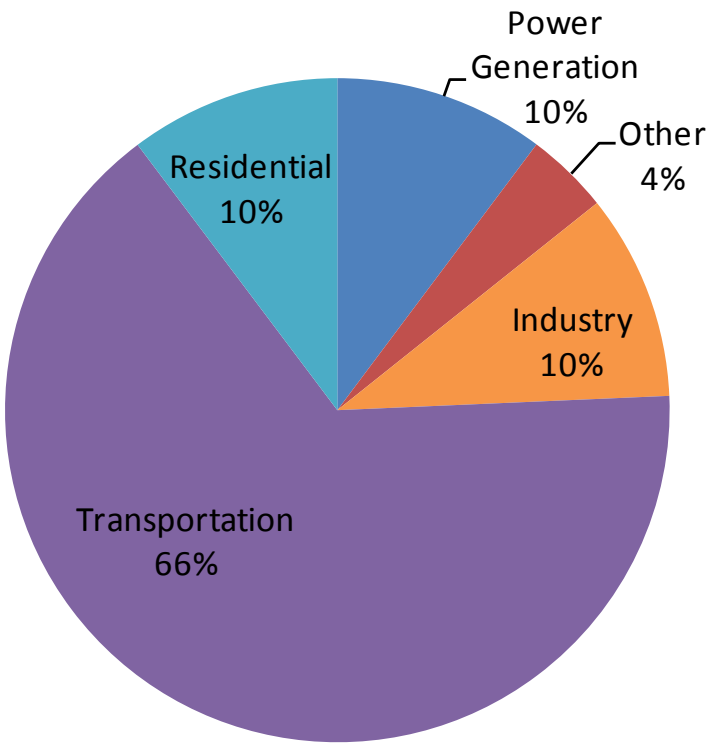
Energy subsidies vary from year to year according to changes in world energy prices, new policies, and shifts in demand

Impact of subsidy phase-out on global energy demand



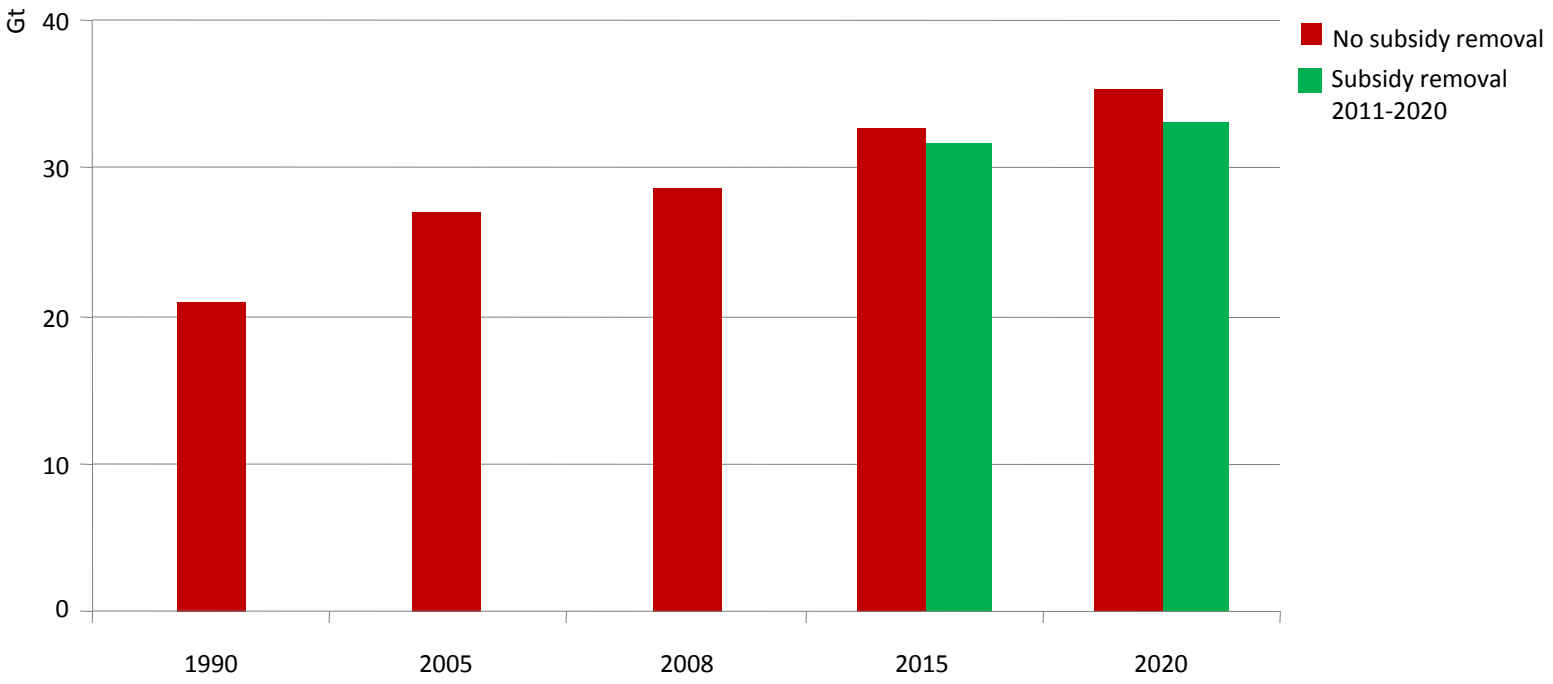
Compared to a baseline in which subsidy rates remain unchanged, global subsidy phase-out would cut global energy demand by 5.8% by 2020

Oil savings resulting from subsidy phase out, 2020



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

Impact of subsidy phase-out on energy-related CO_2 emissions



Compared to a baseline in which subsidy rates remain unchanged, global subsidy phase-out would cut energy-related carbon dioxide emissions by 6.9%, or 2.4 Gt, by 2020

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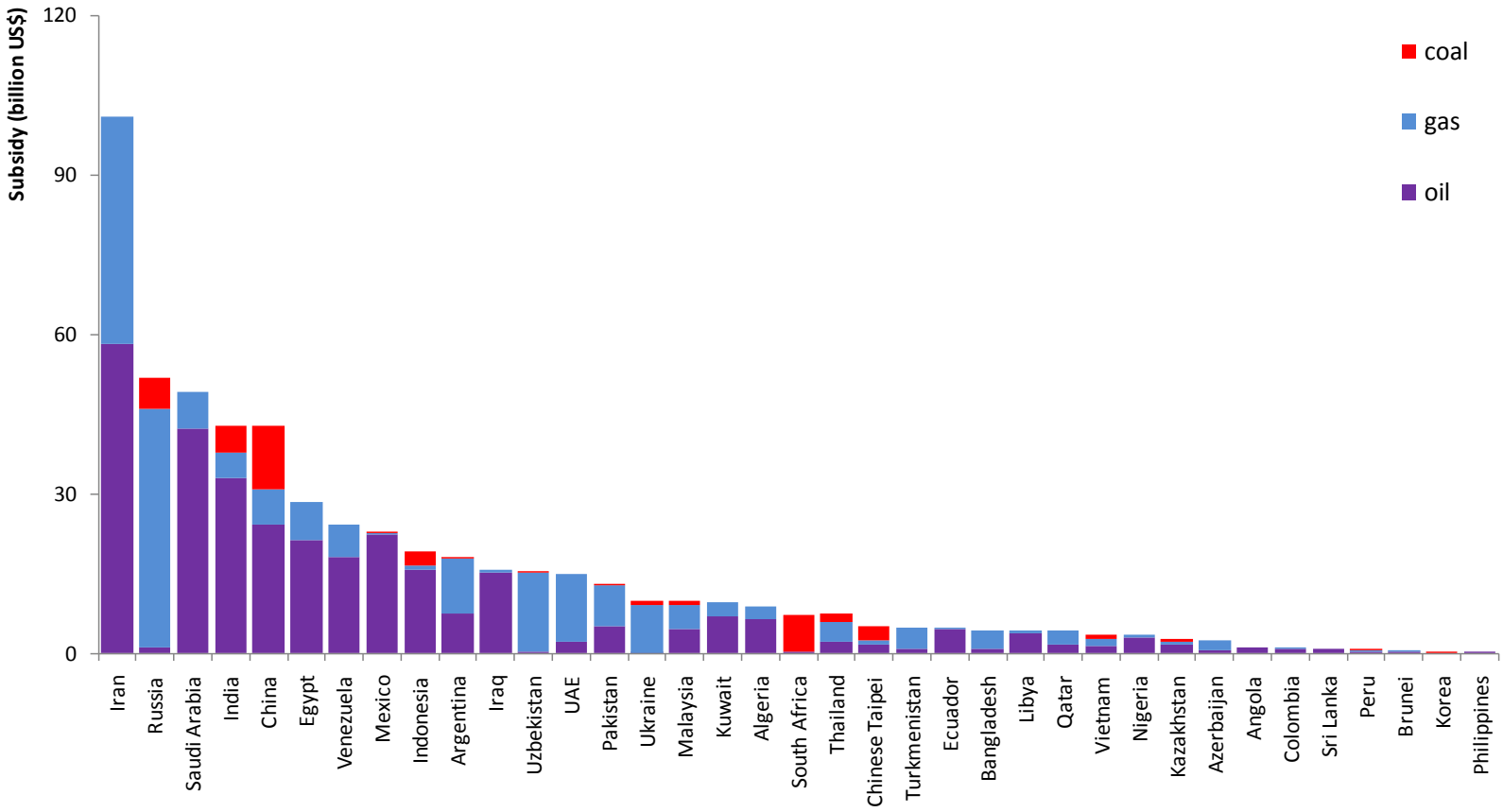

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