6 years on from G20 Pittsburgh, fossil fuel subsidies to fossil fuels persist

Subsidies to fossil fuels, which encourage wasteful consumption, remain a big problem: they exceeded $500 billion in 2014, or 4 times subsidies to renewable energy.
In the Middle East, low carbon energy technologies fail to compete with oil and gas power plants and the case for energy efficiency investments is reduced.
# Selected reforms to fossil fuel subsidy programs since 2014

<table>
<thead>
<tr>
<th>Fuel</th>
<th>Abolished subsidies</th>
<th>Reduced subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gasoline</strong></td>
<td>Ghana, Indonesia, Malaysia, Morocco</td>
<td>Angola, Egypt, Iran, Mexico, Nepal, Sudan, Yemen</td>
</tr>
<tr>
<td><strong>Diesel</strong></td>
<td>Ghana, India, Malaysia, Morocco</td>
<td>Angola, Bangladesh, Egypt, Indonesia, Mexico, Nepal, Sudan, Uzbekistan, Yemen</td>
</tr>
<tr>
<td><strong>LPG</strong></td>
<td>Thailand</td>
<td>Argentina, India, Sudan</td>
</tr>
<tr>
<td><strong>Other oil products</strong></td>
<td>Morocco</td>
<td>Bangladesh, Egypt, Nepal</td>
</tr>
<tr>
<td><strong>Natural gas</strong></td>
<td></td>
<td>Argentina, Bahrain, Egypt, Malaysia, Nigeria, Oman, Thailand, Turkmenistan, Ukraine</td>
</tr>
<tr>
<td><strong>Electricity</strong></td>
<td></td>
<td>Bangladesh, Ecuador, Egypt, Indonesia, Jordan, Malaysia, Myanmar, UAE (Abu Dhabi)</td>
</tr>
</tbody>
</table>
Factors behind growing momentum

- Momentum for reform of subsidy programs has been building, with good prospects that this will continue
- Persistently high energy prices between 2008 and mid-2014 has been a key driver
- Other important factors include the initiatives being pursued by the G20 and other groups
- Lower international prices could now offer an opportunity for further reforms without stoking inflation or major public outcry
Key challenges going forward

- Lack of consistent strategy
  - Need to close information gap
  - Strategic communication is key

- Need to build trust and support from interest groups
  - Targeted support to vulnerable groups
  - Reinvestment of savings as part of reform design

- Transparent and automatic pricing mechanisms
  - Depoliticize energy pricing
  - Avoid return of subsidy when oil price rises again