Voluntary Self-Identification of Inefficient Fossil-Fuel Subsidy Measures

Submitted by: International Institute for Sustainable Development
Voluntary self-identification of inefficient fossil-fuel subsidy measures

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<table>
<thead>
<tr>
<th>APEC Template headings</th>
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<tbody>
<tr>
<td>• Inefficient subsidy measure</td>
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<tr>
<td>• Rationale for the measure</td>
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<td>• Beneficiaries of the measure*</td>
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<td>• Standstill or reform commitment applied to the measure</td>
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<td>• Timeframes for implementation of the standstill or reform commitments*</td>
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<td>• Fiscal value (optional)</td>
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*If available
Measuring distortiveness, identifying winners and losers, evaluating alternative policies

**STEP 1:** Identify support measures, document their objectives and estimate their fiscal costs

**STEP 2:** Measure the relative distortiveness of support measures and create a ranking

**STEP 3:** Identify the winners and losers of FFS reforms and distributional consequences

**STEP 4:** Evaluate alternative policies that accompany FFS reforms to alleviate distributional consequences

The questions you are likely to ask, or be asked, about the template
What makes a fossil fuel subsidy “inefficient”?

- Origins of the qualifier
- Different interpretations (see G20 peer reviews)
What is the rationale for the measure?

• Original rationale (not always easy to determine!)
• Current rationale
Estimating fiscal value can get complicated

- Budgetary support (e.g., grants to companies) and in-kind benefits
- Consumer price support
- Tax expenditures
- Subsidy-equivalent value of loans, loan guarantees, and other credit
- Advantages enjoyed by state-owned enterprises
Cui bono?  
(Who benefits from the measure?)

• Intended recipients
• Actual distribution of benefits
Thank you

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Some personal reflections from past work on subsidies

Organizing the task
Templates have a poor return record when sent out cold and empty.
The most productive approach is for a “subsidy expert” from an experienced institution (IGO or NGO) to fill out the template for an economy the first time.

Advantage: consistency of approach across economies.
Assign numerate people who are curious and persistent to do the work

Involve, or at least consult, with your “countervail authority” (i.e., trade-ministry subsidy experts)
Consider seeking help from the World Bank or other inter-governmental or non-governmental organisation
Make subsidy accounting and analysis a respected intellectual pursuit.

Organize at least one expert workshop to present and discuss the results.
But, most importantly ... Enjoy!
Thank you
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