



**Asia-Pacific
Economic Cooperation**

2022/CTI/WKSP4/001

Agenda

Submitted by: New Zealand



**Capacity Building Workshop for Accelerating
Efforts on Inefficient Fossil Fuel Subsidies,
Including Through Voluntary Self-Reporting
28 April 2022**

Capacity Building Workshop for Accelerating Efforts on Inefficient Fossil Fuel Subsidies, including through Voluntary Self-Reporting

Committee on Trade and Investment
Online Workshop - 2000 – 2200, 28 April SGT

Workshop Outline

Background

Fossil-fuel subsidies undermine efforts to mitigate climate change and are inconsistent with economies' sustainability objectives. Such subsidies are widely considered as costly as they increase public expenditure or reduce tax revenue, particularly at a time when resources are urgently required to support recovery and stimulus measures in the wake of the COVID-19 health and economic crisis. They are also distortive, generating inefficiencies in the production and use of energy economy-wide and skewing capital long-term investment towards fossil-fuel producers or fossil-fuel intensive industry, enhancing the risk of lock-in.

Leaders of all APEC economies committed, in 2010, to “rationalise and phase out over the medium-term fossil fuel subsidies, while providing those in need with essential energy services.” In their joint statement on 9 November 2021, APEC Ministers agreed to “continue our efforts in an accelerated manner” towards the APEC Leaders 2010 commitment to rationalise and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognising the importance of providing those in need with essential energy services.

In this context, APEC Ministers last year “welcome[d] the options, as reported by officials, that member economies could take to pursue a voluntary standstill on inefficient fossil fuel subsidies” and “encourage[d] officials to identify additional capacity building activities in support of this work.” These options, as reported in the CTI Annual Report to Ministers, included:

- “In the margins of SOM1 in 2022, participate in a cross-fora capacity-building workshop and organize other ad hoc meetings that will facilitate discussions on the economic benefits and both positive and negative impacts of a standstill and discuss the terms of an APEC template for self-identifying inefficient fossil fuel subsidies;
- By SOM2 in 2022, or as soon as possible, voluntarily self-report any current inefficient fossil fuel subsidies, using the adopted template, where each economy individually determines inefficiency;

- By the end of 2022, or as soon as possible, voluntarily refrain from: introducing new inefficient fossil fuel subsidies beyond what was identified; and/or introducing self-nominated categories of such subsidies; and/or renewing current inefficient fossil fuel subsidies that will expire on a specified date; and
- Participate in a review of progress once every two years through the relevant sub-fora, during which participating economies could provide an update on their standstill plans and share best practices with other member economies.”

Purpose of the Workshop

The capacity-building workshop, self-funded by New Zealand and facilitated by the International Institute for Sustainable Development (IISD), will bring together policy makers from the Committee of Trade and Investment (CTI), the Energy Working Group (EWG), the Economic Committee (EC), and the Finance Ministers Process (FMP) to discuss ongoing efforts to accelerate the implementation of the APEC Leaders’ commitment and Ministers’ tasking on inefficient fossil fuel subsidies. In particular, it will provide an opportunity to discuss the issues outlined in the options, as described in the 2021 CTI Annual Report to Ministers’ Annex on Addressing Inefficient Fossil Fuel Subsidies in APEC, to pursue a voluntary standstill on inefficient fossil fuel subsidies, in accordance with APEC Ministers’ tasking.

The workshop’s two discussion sessions will:

1. Provide a forum for economies to share experiences, best practices and ongoing efforts to accelerate the implementation of APEC Leaders’ commitment and Ministers’ tasking, including through an expert-led discussion of the economic benefits, and positive and negative impacts, of a standstill on inefficient fossil fuel subsidies.
2. Build member economies’ capacity to undertake the voluntary self-reporting of inefficient fossil fuel subsidies to support potential standstill efforts by facilitating discussion of how to go about populating the APEC template for voluntary self-identification of inefficient fossil fuel subsidy measures.

Timing, format, and target audience

The virtual two-hour workshop will take place at 2000 – 2200, 28 April SGT on Thailand’s APEC 2022 Microsoft Teams platform. It will include presentations from APEC economies and subject matter experts, as well as the opportunity for interactive discussion (see draft annotated agenda). Participation is open to officials from the CTI, EWG, EC, and FMP and we encourage economies to include other relevant agencies and departments as they wish.

Logistics and registration

This workshop will be held on Thailand’s APEC 2022 platform via Microsoft Teams. Details regarding registration and accessing the platform are included in the General Information Circular (GIC). Participants are kindly asked to fill in the registration form attached to the GIC and send the completed form to Rebecca.Good@mfat.govt.nz by **26 April**. Once registered,

participants will receive a link for the virtual meeting from FossilFuelSubsidiesSupport@dtm.go.th. Please note that the meeting will be live one hour before the meeting start time. Participants are encouraged to register well in advance of the meeting, and allow sufficient time before the meeting to log in to the platform.

Workshop Agenda

2000– 2005 SGT

1. WELCOME AND OPENING REMARKS

The meeting Facilitator, Peter Wooders, Senior Director, Energy, International Institute for Sustainable Development (IISD), will make brief opening remarks.

2005 – 2055 SGT

2. DISCUSSION ON ONGOING EFFORTS TO ACCELERATE APEC'S WORK ON FOSSIL FUEL SUBSIDY REFORM

An opportunity for an expert-led discussion between officials to share experiences, best practices and ongoing efforts to accelerate APEC's work on fossil fuel subsidy reform, in accordance with our Leaders' commitment and Ministers' tasking, including:

- *The economic benefits, and positive and negative impacts, of a standstill.*
 - *Efforts towards implementing the options towards a standstill on inefficient fossil fuel subsidies, welcomed by APEC Ministers in 2021 and outlined in the 2021 CTI Annual Report to Ministers Annex on Addressing Inefficient Fossil Fuel Subsidies in APEC, including:*
 - *Voluntarily self-identifying and self-reporting inefficient fossil fuel subsidies; and*
 - *Voluntarily refraining from introducing new inefficient fossil fuel subsidies beyond what was identified; and/or introducing self-nominated categories of such subsidies; and/or renewing current fossil fuel subsidies that will expire on a specified date.*
 - *Efforts towards the implementation of APEC Leaders' 2010 commitment to "rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognising the importance of providing those in need with essential energy services.*
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- a. **Introductory remarks:** Facilitator, Peter Wooders, Senior Director, Energy, IISD (5 mins)
- b. **Expert speaker:** Ronald Steenblik , Senior Fellow, IISD (10 mins)
- c. **Expert speaker:** Justine Garrett, Policy Analyst, Environment Directorate, OECD (10 mins)
- d. **Interactive discussion:** Economies are invited to respond to the discussion topic and expert presentations. In doing so, economies may wish to consider the following discussion questions: (25 mins)
 - i. *What steps has your economy undertaken towards implementing the APEC Leaders' commitment to rationalise and phase out inefficient fossil fuel subsidies, and Ministers' tasking towards a voluntary standstill on inefficient fossil fuel subsidies?*
 - ii. *As a result of undertaking these steps, what economic benefits, or other positive impacts, has your economy experienced? If your economy experienced any challenges in undertaking the process, how did you overcome these?*
 - iii. *What challenges has your economy identified in reforming inefficient fossil fuel subsidies?*

Participants who wish to intervene are invited to request the floor by entering their economy's or organisation's name in the chat box. We welcome interventions from representatives across the participating APEC fora.

2055 – 2100 SGT **3. BREAK**

2100 – 2150 SGT **4. DISCUSSION ON THE APEC TEMPLATE FOR VOLUNTARY SELF-IDENTIFICATION OF INEFFICIENT FOSSIL FUEL SUBSIDY MEASURES**

An opportunity to discuss the APEC template for voluntary self-identification of inefficient fossil fuel subsidy measures, including:

- *Building economies' capacity to undertake the self-identifying and self-reporting process, by working through examples of how economies, who in a position to do so, could go about populating the template.*
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- b. **Introductory remarks:** Facilitator, Peter Wooders, Senior Director, Energy, IISD (2 mins)
- c. **Expert speaker:** Ronald Steenblik , Senior Fellow, IISD (15 mins)
- d. **Case study:** New Zealand (8 mins)
- e. **Interactive discussion:** Economies are invited to respond to the discussion topic, expert presentation, and case study, and to share their own experiences. In doing so, economies may wish to consider the following discussion questions: (25 mins)
 - i. *If your economy has undertaken, or is currently undertaking, the voluntary self-reporting process through the APEC template, or if your economy has undertaken a peer review of inefficient fossil fuel subsidies, what lessons would you share for other economies considering undertaking these processes?*
 - ii. *If your economy has not yet undertaken a self-reporting or peer review process, what questions or concerns do you have with these processes?*

Participants who wish to intervene are invited to request the floor by entering their economy's or organisation's name in the chat box. We welcome interventions from representatives across the participating APEC fora.

2150 – 2200 SGT SUMMARY OF DISCUSSION

The meeting Facilitator will briefly summarise the meeting discussion.
