

Climate SOS : Shift Our Subsidies

Frequently asked questions

What are your views on fossil fuel subsidies?

In a climate emergency, the UK Government is spending billions of pounds each year propping up the fossil fuel industry at home and overseas. This is driving up carbon emissions. We demand that the UK Government tells the truth about its fossil fuel subsidies and shifts taxpayers' money from fossil fuels and industrial-scale bioenergy (from land-use change) into energy efficiency, non-emissive renewable energy, public transport and nature restoration. The UK Government also needs to show leadership in COP 26 and other international meetings to advocate and support urgent international action to be taken to end fossil fuel subsidies.

Our views are expressed in a twelve-point declaration that we have created.

The declaration is accompanied by our five demands for the UK Government. These are included on the same document as the *Climate SOS Declaration*.

Can you back up the claims you make in the Climate SOS Declaration?

We have a fully referenced *Shift Our Subsidies Declaration* indicating reports, websites and media coverage to support each of the points we have made.

How do you define fossil fuel subsidies?

This is covered in point 3 of our *Climate SOS Declaration*: *Based on the accepted WTO definition of subsidies, fossil fuel subsidies include fiscal support (direct spending and tax expenditures foregone) and public finance that confer a benefit on fossil fuel production or consumption, compared to alternatives. The IMF distinguishes between two different notions of fossil fuel subsidies: pre-tax (production and consumption) subsidies and post-tax subsidies. Post-tax subsidies take into account the full economic, environmental and social costs of fossil fuels. Globally these post-tax subsidies were projected to be \$5.2 trillion for 2017. These subsidies dwarf subsidies given to renewable energy.*

The UK doesn't have any fossil fuel subsidies, does it?

The UK Government claims that it doesn't have any fossil fuel subsidies but, in the words of Shelagh Whitley from the Overseas Development Institute, "*They are lying. It's absurd. They are playing games and continuing to prop up a centuries old energy system.*"

This is covered in point 5 of our *Climate SOS Declaration*: *Recent studies have evaluated annual UK fossil fuel subsidies at between £10.5 billion (excluding environmental and social costs and some economic costs) and \$28 billion. UK fossil fuel subsidies include subsidies for North Sea Oil and Gas, subsidies for power generators through the Capacity Market, tax breaks for fracking companies, subsidies for fossil fuel infrastructure abroad through its export finance operations, investments by majority-owned state banks, the 5% rate of VAT on domestic fuel and power, winter fuel payments and the freeze on fuel duty. In addition to this, the Government's failure price fossil fuels in a way that reflects their social and environmental costs represents a post-tax fossil fuel subsidy.*

Shouldn't you welcome the fact that the UK Government is rated by the 2020 Climate Change Performance Index as a high performer, coming in at seventh in their league table of countries?

Germanwatch's CCPI [notes](#) that none of the world's 57 high emitting countries is on a pathway compatible with Paris 2015 climate targets.

The authors identify a range of positive developments in the UK's performance, [noting](#) the Government's ban of coal power by 2025 and that in 2019 renewable energy provided more electricity to UK homes and businesses than fossil fuels.

Leaving aside the question of the extent to which the CCPI evaluation takes account of subsidies in the category of climate policy, the report raises clear challenges to the UK Government's climate credentials. Whilst the CCPI rated the 2030 emission reduction target high, it reported that, *"Targets in the areas of renewable energy and energy use are still insufficient and are therefore rated low or very low for their well-below 2°C compatibility."* More fundamentally, the authors referred to [experts observing](#), *"a persistent discrepancy between targets and their implementation as the country is currently off track to achieve its medium term carbon budgets. Therefore, they highlight the need for the rapid implementation of new strategies and mechanisms to put the country on track for reaching its net zero goal."*

To achieve these ambitions (whether for a net-zero or zero-carbon goal – see *below*), we are clear that a subsidy shift is an urgent and immediate priority.

Won't removing fossil fuel subsidies harm people and be unpopular?

Removing fossil fuel subsidies could be harmful and could be unpopular. This why we state in our *Climate SOS Declaration* (point 9), *"A subsidy shift must only be implemented as part of a just transition, protecting workers and vulnerable consumers and communities."*

There are many aspects to what a just transition involves. The International Trade Union Confederation defines just transition as *"decent work, social inclusion and poverty eradication"* while reducing emissions.

The International Institute for Sustainable Development (IISD) notes in its 2019 Global Subsidies Initiative report ([Fossil Fuel to Clean Energy Subsidy Swaps: How to pay for an energy revolution](#)) that, *"With careful planning, employment losses can be offset or mitigated in affected communities through a range of measures, including long, clearly communicated timelines to allow people to plan; active labour market policies; skill development and retraining; public sector policies for job creation; industrial policies for economic diversification; and support for community renewal. General welfare states and social safety nets prevent poverty and allow people time to adapt following unemployment. Setting the frameworks so that new sectors generate stable and well paying employment can contribute to an energy transition."*

Would shifting fossil fuel subsidies be enough to fund the zero-carbon transition?

We don't claim that shifting fossil fuel subsidies would entirely fund the zero-carbon transition. A zero-carbon transition through a model like the Green New Deal would require additional finance – such as finance raised through government bonds. Subsidies currently given to fossil fuels and industrial-scale biomass could contribute to the total required.

But just because a shift in subsidies wouldn't provide all the funding for the transition doesn't mean that it wouldn't be significant in our country and around the world. Ending fossil fuel subsidies could reduce emissions by one quarter.

As Richard Bridle from the IISD [has said](#), “Almost everywhere, renewables are so close to being competitive that [a 10-30% subsidy swap] tips the balance, and turns them from a technology that is slowly growing to one that is instantly the most viable and can replace really large amounts of generation. It goes from being marginal to an absolute no-brainer.”

Isn't bioenergy part of the zero-carbon economy that we need to support?

There are different types of bioenergy in the UK. These are receiving subsidies from the taxpayer. Several (but not all) forms of bioenergy result in land-use change and have negative impacts on the environment, including carbon dioxide emissions, biodiversity loss and diminished soil health, and on food security.

Industrial-scale biomass The Government is currently subsidising the burning of industrial-scale biomass – notably at Drax power station – and classing it as renewable energy. Per unit of electricity burning, biomass for electricity emits more CO₂ from smokestacks than coal-burning.

In 2019, for the first time, domestic 'zero-carbon energy' outstripped fossil fuels burnt in the UK for delivering electricity (43.5% to 40.5%). Notably, data from National Grid separates industrial-scale biomass from zero-carbon sources: domestic biomass and waste provided 8.2% of electricity generation.

Transport biofuels Biofuels are promoted in the EU for the purpose of reducing CO₂ in the transport sector – through the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD). The increased demand for food-based biofuels leads to an increased use of agricultural land for energy. This, in turn, leads to new areas being found for agriculture. The resulting deforestation or draining of rich ecosystems releases greenhouse gas emissions. The emissions from Indirect Land Use Change (ILUC) are not taken into account by the EU. According to [Transport and Environment](#) most biofuels increase rather than reduce emissions.

Biofuels are mostly promoted through the Renewable Transport Fuel Obligation with a blending mandate and what is basically a fine to pay if that mandate isn't met. Such mandates are widely seen as a form of subsidy in the form of market distortion aimed at incentivising one type of fuel (see, for example, [Biofuels—At What Cost? A review of costs and benefits of EU biofuel policies](#)).

In [planning for climate and energy policy post-Brexit](#), the UK Government has a clear opportunity to leave behind, or avoid replication of, this promotion of food-based or agricultural biofuels and shift subsidies to non-emissive renewable energy to power the transport sector.

Biogas Biogas has received subsidies from Feed-in Tariffs, Renewable Obligation Certificates, and the Renewable Heat Incentive, as well as via CAP payments for agriculture.

Biogas refers to the process and resulting gases produced from the natural breaking down of organic matter in an anaerobic environment. There is no requirement for the presence of oxygen as micro-organisms act as the catalyst for decomposing the raw materials. The gases produced are mainly methane, carbon dioxide with some nitrogen, hydrogen, and carbon monoxide. Biogas is produced from food waste, manures, and from dedicated crops such as maize and rye grass

We have no objection to biogas from food waste, manure and sewage and welcome subsidies for these.

We oppose bioenergy from non-waste feedstocks, ie crops that have been grown for the specific purpose of bioenergy. These have negative environmental consequences such as biodiversity loss, diminished soil health and reduced carbon storage (sequestration) in the soils, impacts on food security and full-cycle carbon emissions.(See [Miles King's blog](#) on this issue.)

It is important the Government reduces support for bioenergy from land-use change to zero.

To conclude We want subsidies to be shifted to non-emissive renewable energy. Non-emissive renewable energy is renewable energy that does not emit greenhouse gas at the point of generation. In the UK, examples of this include wind, wave, solar, tidal and hydro power.

Shouldn't the subsidy shift benefit nuclear power as part of the zero-carbon transition?

Within academic, policy and activist discussions about the zero-carbon economy, there is a wide range of opinions on the role of nuclear power in a zero-carbon economy. As set out in the preceding answer, a shift in subsidies wouldn't provide all the funding for energy efficiency, non-emissive renewable energy, public transport and nature restoration. Consequently, the campaign doesn't include nuclear power in the subsidy shift.

Isn't this just another divestment campaign?

A campaign to shift fossil fuel subsidies isn't a divestment campaign. Divestment campaigns are campaigns for organisations to disinvest (or get rid of) stocks, bonds or investment funds that are unethical.

As Fossil Free [say](#), *"When you invest your money, you might buy stocks, bonds, or other investments that generate income for you. Universities (and colleges in the US), religious organizations, retirement funds, and other institutions put billions in these same kinds of investments to generate income to help them run. Fossil fuel investments are a risk for both investors and the planet, so we're calling on institutions to divest from these companies."*

We're campaigning against the way our money - through taxation - is being used by the Government to support fossil fuels and fossil fuel infrastructure. Individuals and organisations can disinvest from fossil fuels. The only way we can prevent our money being used in this way is if the Government changes its policy.

Do you think removing fossil fuel subsidies will solve the climate emergency?

Removing fossil fuel subsidies would not, on its own, solve the climate emergency. The climate emergency will be solved by many policies and measures, alongside technological improvements and falling costs of non-emissive renewable energy, not to mention societal and behaviour change. But that doesn't mean that ending fossil fuel subsidies would be insignificant. According to the International Monetary Fund (IMF), ending fossil fuel subsidies would reduce emissions by a quarter.

Don't you think that the problem is capitalism, not fossil fuel subsidies?

We have an essentially pragmatic and 'broad church' approach to this campaign. As we say in point 11 of the declaration, *"Fossil fuel subsidy reform and investment in the zero-carbon*

economy are demands around which individuals and organisations with a wide range of different views about society and the economy should be able to coalesce, just as they were around demands for the end of apartheid or to eliminate CFC pollution.”

There may be people who oppose capitalism and would see a campaign to shift subsidies as a stepping-stone in a wider campaign. They're welcome to join us. There may be others who would like to campaign to shift subsidies but have a more conservative approach like bodies such as the World Bank, the IEA or the IMF (all of whom oppose fossil fuel subsidies). They're equally welcome to join us.

This essentially pragmatic approach echoes the lawyer and Ecocide campaigner Polly Higgins's approach. [In her Ted Talk she compared](#) the fossil fuel companies to slave traders:

In fact, we have done this once before in history, and I'd like to take you back two hundred years. Two hundred years ago, William Wilberforce, who was the parliamentarian here in Britain who took up the mantle for the abolition of slavery, when he stood up and said, "Morally, slavery is wrong; we must stop this", what he met with was a barrage of objections.....And William Wilberforce was governed by something that I am also very governed by. This is not about closing down big industry. This is about making the problem into the solution. In fact, not one of those 300 companies went out of business after the abolition of slavery. Some of them went on to trade in tea in China. They were given subsidies.

Some of them actually became the polices of the seas. William Wilberforce said, "Three crucial things have to happen: You pull the subsidies, you outlaw the problem, and you create new subsidies in the other direction." And that's precisely what we're needing to do today.

Aren't other groups campaigning on this issue already?

Many groups have done some work on fossil fuel subsidies or subsidies for industrial-scale biomass. There is no grassroots organisation campaigning on the UK Government's fossil fuel subsidies. There are either organisations that focus on one aspect of these issues (e.g. Biofuelwatch's excellent work on biomass subsidies or, with one report, Platform's very detailed analysis of subsidies for North Sea oil and gas). There are also UK-based think-tanks that have done work on fossil fuel subsidies, in particular, the work done by Overseas Development Institute.

Beyond this, there are international organisations such as the Friends of Fossil Fuel Subsidy Reform (FFFSR) or the International Institute for Sustainable Development (IISD) that have done work on fossil fuel subsidies.

There are also numerous organisations that mention the UK's fossil fuel subsidies.

Our view is that there is a need for a grassroots organisation – as opposed to a think-tank - that campaigns broadly for a subsidy shift from fossil fuels and industrial-scale biomass to the zero-carbon economy. Having said that, we see one of our functions is to shine a light on, and acknowledge, the superb work that has been done on environmentally damaging subsidies by organisations in the UK and beyond.

In developing this rationale for the opportunities and the space for such a grassroots organisation, we value the words of [Leo Roberts of the Overseas Development Institute](#):

“Democratic governments do though respond to public pressure, and well-informed grassroots activism and public momentum are central to driving policy change. The research community has an obligation to ensure that its work is not only accessible to grassroots campaigns, but that it works to actively engage them too.”

How can people get involved?

We'll be delighted for people to get involved. We ask that people first read our *Ways of working* document for more information about this and then get in touch if they have any questions or comments.

Do you really think that the new UK Conservative Government will be persuaded?

We think it's really important to try! Sometimes the unexpected happens. Who would have expected that in the USA a group of Republicans would support a [carbon dividends](#) (carbon tax) plan? Or indeed that the right-wing UK think-tank Policy Exchange would produce a [report on producing an independent carbon tax with dividends in the UK?](#)

But during the next five years we will be just as focused on raising the profile of this campaign with opposition parties (and parties in devolved governments) as they review their policies before the General Election in (presumably) 2024.

What will your role be at COP 26 in Glasgow?

We will be present during the COP 26 mobilisations in Glasgow. What form that takes will depend, in part, on our capacity and how much others have got involved in this campaign.

COP 26 in Glasgow will be an opportunity for the UK Government to show leadership in climate negotiations. Rightly, the world will be analysing the UK's track record on climate action. Alongside the Government's failure in working towards meeting its carbon budgets in the 2020s and 2030s, it's important that we challenge the UK Government over its subsidies of fossil fuels and industrial-scale biomass and over its lack of transparency.

Why does your declaration refer to keeping global heating to 1.5°C above pre-industrial levels, rather than the far more realistic 2°C?

An important outcome of the Paris Agreement in 2015 was the aim to strengthen the global response to the threat of climate change by *“holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.”*

As the impacts of one degree of global heating have become clearer since Paris, so the importance of the 1.5°C target has become clearer.

The IPCC's (Intergovernmental Panel on Climate Change) [2018 Special Report](#) notes that every bit of warming matters. For example, global heating of 1.5°C compared to 2°C means global sea level rise would be 10cm lower, an Arctic free of summer sea-ice would be a once-in-a-century event rather than once-in-a-decade and at least a fraction of the world's coral reefs would survive.

Priyadarshi Shukla, Co-Chair of IPCC Working Group III, said, “*Limiting global warming to 1.5°C compared with 2°C would reduce challenging impacts on ecosystems, human health and well-being, making it easier to achieve the United Nations Sustainable Development Goals.*”

Significantly, the IPCC assesses that a 1.5°C target remains possible but requires “*unprecedented and urgent action*”. We believe that swift adoption of our Climate SOS demands would make a significant contribution to this urgent action.

In this context, it is important to note what is termed the [production gap](#): countries’ planned fossil fuel production – “*underpinned by a combination of ambitious national plans, government subsidies to producers, and other forms of public finance*” – compared to global production levels consistent with limiting warming to 1.5°C or 2°C. [Analysis in late 2019](#), assesses current production plans at 53% more than would be consistent with a 2°C pathway, let alone a 1.5°C pathway (120%). This gap widens significantly by 2040 as decarbonisation requires diminishing carbon budgets.

It is clear that ending fossil fuel subsidies is an essential stepping-stone to closing the emissions gap and the even wider production gap whether the target is 1.5°C or 2°C.

Why does your declaration refer to zero-carbon rather than net-zero?

Academic and political discussions around climate policy sometimes use the terms carbon neutral, climate neutral, net-zero, zero emissions and decarbonisation interchangeably. The UK Government features prominently in international comparisons with its 2019 [legislation](#) to commit the UK Government to a legally binding target of net-zero emissions by 2050.

There remains much to clarify about the Government’s net-zero target. Most fundamentally, is the Government committed to an urgent economy-wide decarbonisation or do its mitigation proposals rely in large part on as-yet theoretical or, at best, unproven technologies to remove greenhouse gases from the atmosphere alongside buying off-sets from developing countries?

As Kevin Anderson, former Director of the Tyndall Centre for Climate Change Research, [notes](#), the UK must achieve zero-carbon energy - “*that’s ‘real-zero’ not ‘net-zero’*” - by around 2035 to meet its Paris obligations.

Consequently, our declaration refers to a zero-carbon economy.

Having said this, ending fossil fuel subsidies is an essential stepping-stone – whether the objective is zero-carbon, net-zero or carbon neutral. We hope that people with the widest possible range of views on decarbonisation can coalesce around the campaign to end fossil fuel subsidies, just as we hope that people with a wide range of views on the economy can. (See question ‘Don’t you think that the problem is capitalism, not fossil fuel subsidies?’)

Climate SOS: Shift Our Subsidies

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