

February 2, 2015

To: Prof. Dr. Ahmet Davutoğlu
Prime Minister of the Republic of Turkey

CC: Deputy Prime Minister Ali Babacan, Deputy Undersecretary for Turkish Treasury Cavit Dağdaş,
Ambassador Feridun Sinirlioğlu, and G20 Finance Ministers

RE: Implementation of G20 Commitment to Phase-out Fossil Fuel Subsidies

Dear Prime Minister Davutoğlu,

In the spirit of your G20 Presidency's outreach efforts with civil society, we – representing 39 civil society organizations – are writing in support of the Turkish Presidency's "2015 Year of Implementation." We share the Turkish government's concern that G20 commitments are characterized by long delayed implementation.

We were very pleased to see that the Turkish G20 Presidency Priorities for 2015 included discussions on the G20's commitment to phase out inefficient fossil fuel subsidies and for the recognition that 2015 is a crucial year for climate change with the UNFCCC negotiations set to make a global agreement in December.

We strongly agree that 2015 is the time to increase action on climate change. Thus, we request the following G20 outcomes towards implementing the phase out of fossil fuel subsidies:

Agree to immediately eliminate all subsidies for fossil fuel exploration. According to the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), in order to meet the internationally agreed goal of limiting global average temperature increase to 2 degrees Celsius, at least two-thirds of already existing reserves of fossil fuels need to be left in the ground.

A recent assessment found that G20 governments are spending approximately \$88 billion a year on finding new oil, gas and coal reserves.¹ The report shows that with rising costs for hard-to-reach reserves, and falling coal and oil prices, generous public subsidies are propping up fossil fuel exploration, which would otherwise be deemed uneconomic. By contrast, the cost of renewables is falling, and the investment returns on public support are better.²

Given that the world cannot use the large majority of known fossil fuels and maintain a stable climate, it is highly inefficient for governments to continue subsidizing exploration to develop new fossil fuel resources, particularly when these investments can be used to fund climate action both at home and internationally. The G20 governments pledged to both phase out fossil fuel subsidies and take action to limit climate change. Immediately ending exploration subsidies is the clearest next step on both fronts.

¹OCI and ODI, 2014. The Fossil Fuel Bailout: G20 Subsidies for Oil, Gas and Coal Exploration. Oil Change International and Overseas Development Institute, November 2014.

<http://priceofoil.org/2014/11/11/fossil-fuel-bailout-g20-subsidies-oil-gas-coal-exploration/>

² The report found that every dollar in renewable energy subsidies attracts \$2.5 in investment, whilst a dollar in fossil fuel subsidies only draws \$1.3 of investment.

Ensure infrastructure investment strategies do not provide subsidies to fossil fuel projects. The G20 needs to harmonize all of its activities with its commitment to limit climate change. Therefore, the G20 must ensure infrastructure investment frameworks do not provide subsidies to fossil fuel projects.³ In some G20 countries, infrastructure investment frameworks, such as those supporting Public-Private Partnerships, have created new subsidies for fossil fuel projects. Some policies even prioritize fossil fuel projects with higher levels of investment subsidies over renewable energy. Such public support is the opposite of the intended goal of the G20 commitment to eliminate fossil fuel subsidies and to fight climate change, which disproportionately impacts the poor and threatens food security concerns of the G20.

G20 governments must agree to close loopholes in investment frameworks and other international forums to avoid introducing new fossil fuel subsidies, including through safeguards to ensure that fossil fuel infrastructure, is excluded from bilateral investment incentives and funds for infrastructure in developing countries. Specifically, the OECD G20 members should agree to eliminate Export Credit Agency support to coal power plants ahead of the March OECD Export Credit Group meeting.

Adopt a strict timeline for phase-out of remaining fossil fuel subsidies with country-specified measurable outcomes. In his December G20 speech, Turkish Deputy Prime Minister, Ali Babacan, stated: “We would like to establish a robust monitoring framework to enable us timely implementation of our commitments and also to monitor how the implementation is going on country by country.”⁴ We wholeheartedly agree. It is crucial that phase-out of remaining fossil fuel subsidies is carefully implemented to protect the poorest and most vulnerable, with the provision of safety nets to prevent social and economic shocks. Towards this end, it will be necessary to increase transparency through a publicly disclosed, consistent G20 reporting scheme for all fossil fuel subsidies.

Deliver on climate finance needs. The Turkish Presidency of the G20 has highlighted climate finance as one of its priorities for the coming year. Doing so gives G20 finance ministers the opportunity to pursue mutually re-enforcing measures to fight climate change: phasing out fossil fuel subsidies and increasing efforts to scale up climate finance. It is essential that finance ministers send concrete signals both to the UNFCCC and civil society that climate finance will be a priority for current and future work plans. Climate finance is essential for both climate change mitigation and adaptation, and finance ministers need to guarantee to continue and scale up climate finance in parallel with phasing out fossil fuel subsidies.

We look to the Turkish Presidency to lead the G20 in taking concrete steps and specific policy actions to eliminate fossil fuel subsidies ahead of the COP21 UNFCCC climate agreement. We strongly urge the Turkish Presidency to push forward on our recommendations for the upcoming February G20 Ministerial Meeting as well as relevant working group meetings, including Energy Sustainability Working Group and Investment and Infrastructure Working Group.

Sincerely,

11.11.11 (Flemisch coalition of North-South ngo's)

350.org – Turkey

APRODEV – European Union

Asociación Amigos de los Parques Nacionales – Argentina

Avaaz – International

³ Examples of such subsidies include tax exemptions, interest rate support, public equity injections, accelerated rate of depreciation, government guarantees, etc.

⁴ <https://g20.org/deputy-prime-minister-ali-babacans-speech-g20-finance-central-bank-deputies-meeting/#>

Bicitekas A.C. – Mexico
Carbon Market Watch – European Union
Centar za životnu sredinu - Bosnia and Herzegovina
Centre national de coopération au développement, CNCD-11.11.11 – Belgium
Christian Aid – United Kingdom
CIDSE – European Union
Climate Action Network Europe – European Union
CounterCurrent – Germany
Earthlife Africa Jhb – South Africa
EcoEquity – United States
Environmental Defence Canada
Euronatura - Center for Environmental Law and Sustainable Development – Portugal
Focus Association for Sustainable Development – Slovenia
Fundación Solar - Guatemala
Green Innovation and Development Centre (GreenID) – Viet Nam
Greenpeace – International
Greenpeace Southeast Asia – Indonesia
Guilbeault – Canada
Heinrich Boell Stiftung North America
Japan Center for a Sustainable Environment and Society (JACSES) – Japan
Kepa – Finland
Korea Federation for Environmental Movements – South Korea
Latin American and the Caribbean Climate Finance Group, GFLAC – Mexico
Legambiente – Italy
London Mining Network – United Kingdom
Market Forces – Australia
National Ecological Centre of Ukraine
Oil Change International – United States
Paguyuban UKPWR – Indonesia
Quercus - National Association for Nature Conservation – Portugal
SEE Change Net - Bosnia and Herzegovina
Sierra Club – United States
SustainUS: U.S. Youth for Sustainable Development – United States
Transport & Environment - European Union