1ST FRANCE

G7 FOSSIL FUEL SUBSIDY SCORECARD

Despite France's commitments to phase out fossil fuel subsidies and tackle climate change under the Paris Agreement, the government – like all G7 governments – continues to provide billions in support to oil, gas and coal, both domestically and internationally, through fiscal support and public financing mechanisms.

Overview

The French government has provided some transparency on its support for fossil fuels through fiscal reports published every year (2016 and 2017) by the Court of Auditors and the Ministry of Environment, Energy and Sea. France however has yet to commit to undertake a G20 subsidy peer review.

France's public finance institutions have ended support for coal mining internationally, though some fiscal support to research and development for coal mining remains. Wider fiscal support measures to coal mining have been terminated, following the closure of France's last coal mine (e.g. support for coal miners and the rehabilitation of old mining sites).

In 2017, France voted through a bill to ban new exploration permits, domestically and internationally, with the aim of terminating oil and gas production by 2040 (with certain exceptions). In line with this, the country has begun to limit support for oil and gas exploration, with no fiscal support or public finance identified (2015 and 2016). However, in 2017, the public finance institution Compagnie Française d'Assurance pour le Commerce Extérieur (Coface) provided new support for a natural gas exploration project in Mozambique.

Scoring G7 progress in ending government support for fossil fuels

	FRANCE	GERMANY	CANADA	UK	ITALY	JAPAN	US
Overall score and ranking	1st 63/100	2nd 62/100	3rd 54/100	4th 47/100	5th 46/100	6th 44/100	7th 42/100
1. Transparency	3rd 50/100	1st 90/100	6th 25/100	7th 10/100	3rd 50/100	5th 30/100	2nd 70/100
2. Pledges and commitments	1st 83/100	1st 83/100	4th 75/100	1st 83/100	5th 58/100	6th 50/100	7th 25/100
3. Ending support for fossil fuel exploration	1st 63/100	1st 63/100	3rd 42/100	4th 38/100	4th 38/100	7th 29/100	4th 38/100
4. Ending support for coal mining	1st 75/100	4th 60/100	1st 75/100	5th 55/100	1st 75/100	6th 45/100	7th 20/100
5. Ending support for oil and gas production	1st 54/100	1st 54/100	7th 25/100	3rd 42/100	3rd 42/100	5th 38/100	6th 33/100
6. Ending support for fossil fuel-based power	2nd 64/100	6th 39/100	1st 71/100	3rd 50/100	7th 29/100	4th 46/100	5th 43/100
7. Ending support for fossil fuel use	4th 54/100	6th 46/100	2nd 67/100	5th 50/100	7th 33/100	1st 71/100	2nd 67/100

Source: see G7 fossil fuel subsidy scorecard and Methodology note for references.

This country scorecard is one in a seven-part series. The country findings are collated in the summary report, which you can find at **odi.org/g7-scorecard** along with full references and further information about the methodology and data source used. This country scorecard was written by Leah Worrall, and peer reviewed by Lucy Kitson (IISD), Meike Fink (Réseau Action Climat) and Guillaume Sainteny (GS Conseil).

The authors gratefully acknowledge the financial support of the KR Foundation that made this report possible.

FRANCE

1 ST

G7 FOSSIL FUEL SUBSIDY SCORECARD

Indicators

1. Transparency 50/100

- The French government and agencies have reported on fossil fuel subsidies every few years (2016 and 2017), including through reports on fiscal expenditures related to sustainable development and the environment (*L'Efficience des dépenses fiscales relatives au développement durable, 2016; the Fiscalité environnementale, 2017*). In addition, the Grenelle Law I sets out a mandate to report fiscal measures unfavourable to biodiversity and present to Parliament the environmental impact of state budget expenditures and tax measures.
- France has not yet participated in a fossil fuel subsidy peer review process as part of the G20 countries' longstanding commitment to phase out subsidies, nor has it committed to do so.
- Three of France's public finance institutions supporting oil and gas production and fossil fuel power – Coface, Agence Française de Développement (AFD) and Groupe Caisse des Dépôts – do not provide comprehensive and specific project level data; the one public finance institution that does is Proparco.

2. Pledges and commitments 83/100

- Beyond its G7 and G20 commitments, France has made two EU-specific pledges to end fossil fuel subsidies: to phase out environmentally harmful subsidies by 2020; and, under the EU Decision, to phase out hard coal mining subsidies by 2018.
- In 2016, President Hollande announced the elimination of export credits to coal-fired power that do not integrate carbon capture and storage technology. In line with this, AFD and Coface announced the withdrawal of support for coal-fired power plants in developing countries.

3. Ending support for fossil fuel exploration 63/100

- France has the potential to show leadership in phasing out support for exploration, as it did not provide any fiscal support or public finance for fossil fuel exploration in 2015–2016. However, in June 2017, Coface provided co-financing with Italy's Servizi Assicurativi del Commercio Estero to a natural gas exploration project in Mozambique.
- In 2017, the French government passed a bill to ban exploration permits (domestically and in its territories), the scope of which is nevertheless limited by certain loopholes. For example, the French territories of Guadeloupe, Martinique, Réunion, Mayotte and French Guyana have the sovereign jurisdiction to issue their own mining permits in territorial waters.

Despite the commitment to end oil and gas exploration in its territories, France's public finance institutions have recently committed to financing new fossil fuel exploration overseas, including in Mozambique's natural gas fields in 2017.

4. Ending support for coal mining 75/100

- France provided fiscal support for coal mining in the form of research and development spending (2015 and 2016). All other fiscal support for the coal mining sector has been phased out, including support for former coal miners (in the form of housing and heating support) and the rehabilitation of old mining sites, owned by Charbonnages de France.
- No public finance was provided to coal mining, either domestically or internationally (2015 and 2016).

5. Ending support for oil and gas production 54/100

- Although France has committed to end oil and gas production in all of its territories by 2040, it continues to provide public finance for domestic (e.g. natural gas transportation) and international oil and gas production (2015 and 2016).
- This has included public finance for natural gas transport in France, the refining of oil in Argentina, gas logistics in sub-Saharan Africa and exploitation of gas fields in Tunisia by Proparco, Coface and AFD.
- In 2017, Coface also provided new financing to scale up gas extraction in Mozambique, Qatar and liquefaction in Russia.

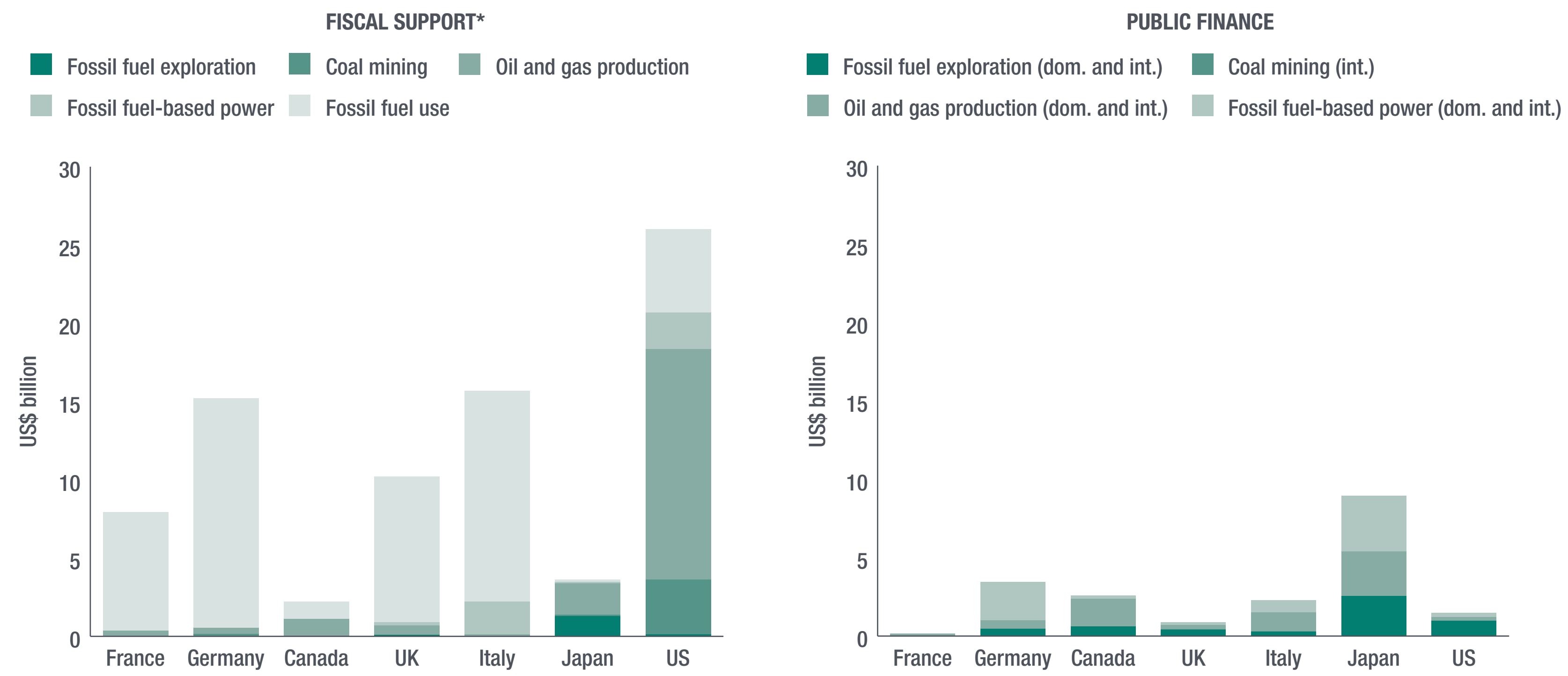
6. Ending support for fossil fuel-based power 64/100

- In 2015, Proparco financed a natural gas power plant in Nigeria and, in 2018, a natural gas power plant in Mozambique, to allow it to operate commercially.
- Despite President Macron announcing in 2018 the phase-out of coal-fired power plants domestically by 2021, France continues to provide fiscal support for fossil fuel-based power domestically, such as excise tax exemptions for co-generation (including for coal-fired power).

7. Ending support for fossil fuel use 54/100

- France continues to provide relatively high levels of fiscal support for fossil fuel consumption in industry, transport and agricultural sectors. Major support measures include tax reductions for the use of fossil fuel energy products by energy-intensive industry, as well as diesel fuel tax reductions and exemptions in transport (e.g. public transportation, maritime and aviation) and other sectors (e.g. agriculture, construction).
- Fiscal support for fossil fuel use by households remains relatively low in comparison to other G7 countries.

Figure 1 G7 fiscal support and public finance for fossil fuels (annual average 2015 and 2016)



**All domestic. Note: scoring under indicators 3–7 was based on totals in Figure 1 divided by gross domestic product (GDP), so that countries were compared based on totals per unit of GDP.*
Source: author's own

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