2ND GERMANY

G7 FOSSIL FUEL SUBSIDY SCORECARD

Despite Germany'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

Germany has shown greater transparency than the other G7 countries by being the only government to regularly publish an inventory of its fiscal support (direct spending and tax breaks) to fossil fuels.

However, in its recent G20 subsidy peer review (which looks at fiscal support), the German government stated it has only two fossil fuel subsidies that need to be removed. This is despite 22 measures being identified in the G20 peer review, and the fact an existing European Union (EU) Decision already requires these two subsidies to hard coal mining to be terminated by 2018.

Germany scored well in comparison to other G7 governments given its comparatively low level of support provided to fossil fuel exploration. This shows that the country could lead in ending its remaining international public finance for oil and gas exploration, in the near-term – particularly as this is primarily directed towards wealthy countries including the United Kingdom (UK) and Norway.

Scoring G7 progress in ending government support for fossil fuels

	GERMANY	FRANCE	CANADA	UK	ITALY	JAPAN	US
Overall score and ranking	2nd 62/100	1st 63/100	3rd 54/100	4th 47/100	5th 46/100	6th 44/100	7th 42/100
1. Transparency	1st 90/100	3rd 50/100	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	4th 60/100	1st 75/100	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	6th 39/100	2nd 64/100	1st 71/100	3rd 50/100	7th 29/100	4th 46/100	5th 43/100
7. Ending support for fossil fuel use	6th 46/100	4th 54/100	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 Shelagh Whitley, and peer reviewed by Matthias Runkle and Florian Zerzawy (Green Budget Germany) and Regine Richter (Urgewald).

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

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Indicators

1. Transparency — 90/100

- Germany is transparent about most fiscal support, thanks to biannual reporting in their Federal Government subsidy report (*Subventionsbericht der Bundesregierung*).
- Germany has participated in a fossil fuel subsidy peer review process as part of the G20 countries' longstanding commitment to phase out subsidies.
- Of Germany's four public finance and guarantee institutions – KfW Development Bank, Deutsche Investitions und Entwicklungsgesellschaft, Hermes and KfW IPEX – the latter two do not provide comprehensive and specific data on fossil fuel projects.

In Germany's G20 peer review, the only two subsidies that Germany defined as 'inefficient' are ones that it has a commitment to end under an EU agreement to end subsidies to hard coal mining by 2018.

2. Pledges and commitments — 83/100

- Beyond its G7 and G20 commitments, Germany 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.
- Germany restricted its bilateral finance institutions' finance to coal.

3. Ending support for fossil fuel exploration — 63/100

- Although Germany was not found to have provided any domestic support for oil, gas and coal exploration, it has continued to provide support for these activities overseas, including in the US and Norway (2015 and 2016).

4. Ending support for coal mining — 60/100

- In contrast to several G7 countries, Germany continues to provide fiscal support, through direct spending and tax breaks, and international public finance for coal mining.

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

- Germany continues to provide subsidies and public finance for oil and gas production both at home and abroad. This includes support for refineries in Germany, Russia and Viet Nam, and for a liquid natural gas facility in Indonesia.

6. Ending support for fossil fuel-based power — 39/100

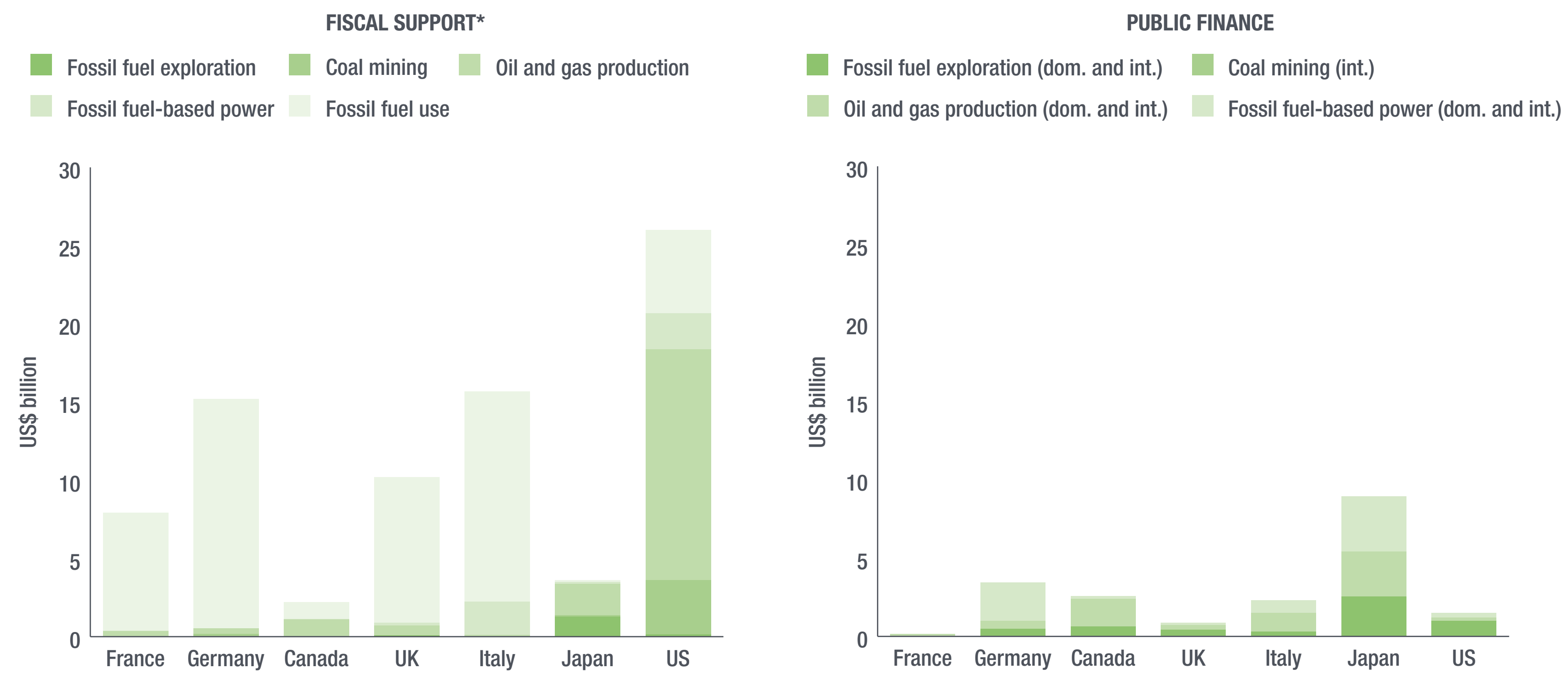
- Germany did not provide fiscal support for coal and gas-fired power at home. It did however provide payments to coal-fired power through 'capacity reserve payments'. In 2018, a 'strategic reserve' was also approved by the European Commission, likely to provide additional support fossil fuel-fired power plants to remain in operation for emergencies, as the country phases out nuclear power.
- Germany provided international public finance support for gas-fired power plants in countries including Egypt, Turkey and the Philippines (2015 and 2016).
- In 2017–2018, KfW-IPEX, KfW and Hermes have agreed or are considering new support for coal and gas-fired power in Mozambique, Saudi Arabia and Viet Nam.

7. Ending support for fossil fuel use — 46/100

- Germany continues to provide very high levels of support for fossil fuel consumption in industry and transport. For example, oil in the transport sector is heavily subsidised including through tax relief to diesel fuel, as well as exemptions for aviation and shipping.

Germany provided several billions a year in fiscal support to the consumption of fossil fuels, in particular to the transport sector, and the use of diesel fuel (2015 and 2016).

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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