Despite Italy’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**

In 2016, during Italy’s presidency of the G7, the Ministry of Environment released an inventory of environmentally harmful subsidies, which includes reporting on fossil fuel subsidies. In 2017, the Italian government followed this by committing to undertake a G20 subsidy peer review, due to be completed in 2018.

Italy has phased out almost all fiscal support to coal mining, and all public finance – at home and abroad.

Although Italy has performed relatively well in the phase-out of domestic support for fossil fuel exploration, public finance institutions continue to support oil and gas exploration abroad. Italy also provides extremely high levels of support for fossil fuels consumed by industry, transport and agriculture, including through reductions in fuel taxation.

<table>
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<tr>
<th>Scoring G7 progress in ending government support for fossil fuels</th>
<th>FRANCE</th>
<th>GERMANY</th>
<th>CANADA</th>
<th>UK</th>
<th>JAPAN</th>
<th>US</th>
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<tr>
<td><strong>ITALY</strong></td>
<td><strong>5th</strong></td>
<td>46/100</td>
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<tr>
<td>1. Transparency</td>
<td>3rd</td>
<td>63/100</td>
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<tr>
<td>2. Pledges and commitments</td>
<td>5th</td>
<td>62/100</td>
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<td>3. Ending support for fossil fuel exploration</td>
<td>4th</td>
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<tr>
<td>4. Ending support for coal mining</td>
<td>1st</td>
<td>54/100</td>
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<tr>
<td>5. Ending support for oil and gas production</td>
<td>3rd</td>
<td>62/100</td>
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<td>6. Ending support for fossil fuel-based power</td>
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<td>7. Ending support for fossil fuel use</td>
<td>7th</td>
<td>54/100</td>
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</tbody>
</table>

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](http://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 Gabriele Nanni and Katiuscia Eroe (Legambiente) and Mariagrazia Midulla (WWF Italy).

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Indicators

1. Transparency 50/100

- Italy is relatively transparent on fiscal support for fossil fuels, following the Ministry of Environment's 2016 inventory on environmentally favourable and harmful subsidies (Catalogo dei sussidi ambientalmente favorevoli e dei sussidi ambientalmente dannosi).
- In 2017, Italy agreed to take part in a fossil fuel subsidy peer review as part of the G20 countries’ longstanding commitment to phase out subsidies.
- Neither of Italy’s two public finance institutions that support oil and gas production and fossil fuel power – the Servizi Assicurativi del Commercio Estero (SACE) and Cassa Depositi e Prestiti (CDP) – provide comprehensive and specific data on fossil fuel projects.

2. Pledges and commitments 58/100

- Beyond its G7 and G20 commitments, Italy has made two European Union (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 contrast to other European G7 countries, Italy has made no commitments to end support for fossil fuels from its public finance institutions (SACE and CDP).

3. Ending support for fossil fuel exploration 38/100

- Although no support for domestic exploration activities have been quantified, there is evidence of ongoing fiscal support for onshore and offshore exploration, as well as new support for facilitating exploration in the Adriatic.
- In 2015, SACE provided international guarantees for oil and natural gas exploration in Angola, Azerbaijan and Brazil, and in 2017 agreed co-financing with France’s Compagnie Française d’Assurance pour le Commerce Extérieur for a natural gas exploration project in Mozambique.

4. Ending support for coal mining 75/100

- In 2015–2016, Italy provided no public finance for coal mining either internationally or domestically. In the same period the only references to fiscal support for coal mining were for research and development (although the value of this support is not quantified).

5. Ending support for oil and gas production 42/100

- From a fiscal support perspective, the Italian government is still providing support for oil and gas extraction and research and development activities (2015 and 2016).
- Italy also provides public finance for oil and gas production both domestically and internationally (2015 and 2016). For example, CDP provided loans and guarantees for oil refining in Italy and Egypt. SACE also provided loans and guarantees for oil refining and extraction in Brazil, Egypt and Russia (2015 and 2016). In 2017, SACE provided support for oil and gas infrastructure in Iran and Russia.

6. Ending support for fossil fuel-based power 29/100

- The Italian government is providing tax relief for domestic electricity and heating production, alongside budget transfers to fossil fuel-fired power plants.
- Italy’s SACE also provided guarantees to coal and gas-fired power projects overseas, including in the Dominican Republic, Egypt and Indonesia (2015 and 2016).

7. Ending support for fossil fuel use 33/100

- Our analysis also found that as recently as 2017 and 2018, SACE guarantees were provided to a coal-fired power plant in Viet Nam and a gas-fired power plant in Switzerland.

Italy provides significant levels of fiscal support to the transport sector, the vast majority of which goes towards the use of diesel fuel.

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