**Embargoed 20th October 2022, 12:00 pm Beijing / 9:30 am New Delhi / 6:00 am Berlin / 5:00 am London / 1:00 am Buenos Aires**

# G20 members undermining climate efforts, fossil fuel production subsidies surge to highest levels ever in 2021

Berlin, 20 October 2022: A new report shows that even before the energy crisis brought about by Russia's invasion of Ukraine, G20 government support to produce fossil fuels reached new heights at USD 64 bn in 2021, despite worsening impacts of the climate crisis. The findings are detailed in the eighth annual Climate Transparency report, produced by an international partnership of organisations, to take stock of G20 climate action.

Wider G20 government fossil fuel subsidies had fallen to USD 147bn USD in 2020, they rose again by 29% to USD 190bn in 2021, according to data from the Organisation of Economic Co-operation and Development (OECD). Subsidies have continued to rise into 2022, partly because of the Russian invasion of Ukraine triggering skyrocketing energy prices, which have also supercharged profits for energy companies.

The countries with the highest total subsidies for fossil fuels were China, Indonesia and the UK backing production and consumption that will contribute to driving global temperatures well above the 1.5°C warming limit agreed globally in the Paris Agreement and reaffirmed last year at COP26 in Glasgow.

"Too much public finance for energy in the G20 is still skewed towards the fossil fuel industry. 63% of G20's public finance for energy went to fossil fuels in 2019-2020," said Ipek Gençsü, Senior Research Fellow at ODI and finance lead of the report.

"Last year, the G20 reaffirmed its 2009 commitment to '*phase out and rationalise, over the medium term, inefficient fossil fuel subsidies*', but I think we can safely say we are now in that 'medium term' and it's clear the G20 has failed to deliver, instead continuing to use public funds to distort the market in favour of fossil fuels," Gençsü added.

## Emissions are rising, despite G20's capacity to act on climate

The Climate Transparency report shows that energy emissions likewise rebounded across G20 countries by 5.9% in 2021, climbing back above pre-pandemic levels, despite warnings from the Intergovernmental Panel on Climate Change that we must halve emissions by 2030 to keep the 1.5°C warming limit enshrined in the Paris Agreement alive. Emissions in the power and buildings sector rose in 2021 to higher than pre-pandemic levels, and per capita emissions in China and Turkey are now higher than in 2019 [more key findings, below].

"The G20 is responsible for three-quarters of the world's emissions. These are the world's biggest economies, many of them home to the finance and technologies needed to tackle the climate crisis. We are now in a moment where geopolitics and energy security issues are combining to really hammer home the benefits of cheap renewables, yet we are still seeing many of these governments turning to fossil fuels as the solution," commented Bill Hare, CEO of Climate Analytics, one of the organisations leading the analysis in the report.

"Gas and coal can be the most expensive, highest emitting, and least secure options for energy, but they still will receive the highest levels of government support," he added.

The good news is that the share of renewables in the power generation mix increased in all G20 countries between 2016 and 2021 with the strongest increase in the UK (+67%), Japan (+48%) and Mexico (+40%). The lowest increases, all well below the five-year G20 average of 22.5%, were observed in Russia (+16%) and Italy (14%). Despite the longer-term growth, the share of renewables did not increase between 2020-21.

**Climate change is here now**

The Climate Transparency report also contains information on how climate change is already impacting some G20 economies. Rising emissions have led to record-breaking flooding, fires, droughts, and storms, causing damages of billions.

“Rising temperatures have brought income losses in services, manufacturing, agriculture, and construction sectors, with India, Indonesia and Saudi Arabia being the most affected countries. The respective income losses are estimated at 5.4%, 1.6% and 1% of GDP, " said Sebastian Wegner from the Berlin Governance Platform, one of the report's main authors.

**Key findings:**

- Emissions rebound: Between 2020 and 2021 – after the first year of the COVID-19 pandemic – total energy-related $CO_2$ emissions in the G20 increased by 5.9%, after a reduction of 4.9% between 2019 and 2020.
  Countries with the highest rebound in per capita energy related $CO_2$ emissions (2021 compared to 2020) growth in the 2021 compared to 2020 are Brazil (+13%, after a decline of 6% between 2019 and 2020), Turkey (+11%, after a decline of -1%), and Russia (+10%, after a decline of -4%).
- Transport sector: The largest reduction of emissions during the COVID-19 pandemic in 2020 were in the transport sector (reduction of 11.5% followed by an increase of 7.7%). In China and Turkey, per capita emissions rebounded in 2021 to even higher levels than in 2019 (China by 12% in 2021 after a decline of 5% in 2020; Turkey by 12% in 2021 after a decline of 7% in 2020).
- Power sector: Emissions rebounded in 2021 above 2020 levels in the power sector. A reduction of 2.8% was followed by an increase of 7.1%.
- Building sector: Emissions from the building sector increased in 2021 by 4.4% compared to a reduction of 2.1% the year before.
- Renewables: The share of renewables in total primary energy supply increased in all G20 countries between 2017 and 2021 with Indonesia (+7.8 %), the UK (+4,7%), Turkey (+3,9%) and Germany (+3%). The lowest increases are observed in Saudi Arabia (+0,1%), Russia (+0,3%) and South Africa (+0,7%).
- Methane: Signatories of the COP26 Global Methane Pledge have agreed to take voluntary actions to reduce global methane emissions by at least 30% from 2020 levels by 2030. Methane emissions increased by 1.4% between 2015 and 2019. Countries with the highest share of methane emissions – China, the USA and Indonesia – did not reduce methane emissions between 2015 and 2019.
- Observed climate impacts: In 2021, rising temperatures have already brought income losses in services, manufacturing, agriculture, and construction sectors. Countries most affected by income losses in above sectors in 2021 were India (5.4% of GDP), Indonesia (1.6% of GDP), and Saudi Arabia (1% of GDP).
- Heatwaves: With increasing temperatures, impacts of climate change will become ever more severe. In Brazil and India, 10% of the current population will likely be affected by heatwaves. At 3°C of warming, this will likely increase to over 20% in Brazil; almost 30% in India.
- Climate Finance: Five of the eight G20 countries do not deliver their fair share contribution to the USD 100bn climate finance goal annually. The UK, Italy, Canada, and Australia fall short; the US only contributed a small fraction (5%) of its calculated annual fair share.
- Carbon prices: Carbon prices are rising but are still too low. The coverage in the G20 remains highly insufficient except in a few countries. Seven members of the G20 have no carbon pricing

mechanism (including Australia, Brazil and India), while only Canada and France have sufficiently high prices per t/$CO_2$.

- Fossil fuel subsidies: Rose to USD 190 bn in 2021 (around USD 40bn more than in 2020), including the largest subsidies to fossil fuel producers ever tracked by the OECD. The countries with the highest subsidies were China, Indonesia, and the UK.

**ENDS**

To register for the media briefing on 18 October (Tuesday) from 14:00-14:45 hrs CEST, click on the following link: [Meeting Registration - Zoom]

The report and other materials, which are under embargo until 20 October 2022 (Thursday) 6 am CEST, can be found here:https://climate-transparency.box.com/s/z9grpfcybnagr4661458g2iu68giab69

**Notes to the editor**

Climate Transparency is an international partnership of organisations that provide an annual stocktake of G20 climate action. 16 research organisations and NGOs based in 14 G20 member countries developed the Climate Transparency Report, most of whom are from emerging economies. In detailed G20 member country profiles and the Summary Report, it compares the adaptation, mitigation, and finance-related efforts of the G20, analyses recent policy developments, and identifies climate opportunities that G20 governments can seize amidst the recent energy and climate crisis.

This is the eighth annual review of G20 climate action.

| | |
|---|---|
| **Bill Hare, Climate Analytics**<br><br>Contact information:<br><br>+61 468 372 179<br><br>bill.hare@climateanalytics.org<br><br>English | "Australia has the G20's highest per capita emissions – nearly three times the average. Fossil fuels still make up 91% of Australia's energy mix, and this assessment makes it very clear the government must step up action on decarbonising the economy, especially in the transport, industry and power sectors". |
| **Ipek Gençsü, Research Fellow, ODI (formerly the Overseas Development Institute)**<br><br>Contact information:<br><br>+44 77 66 352 364<br><br>i.gencsu@odi.org.uk<br><br>English, Turkish | "Fossil fuel subsidies are rising again rather than going down. More investments are needed to transform the energy systems towards renewable energy rather than prolong fossil fuel dependency." |

| | |
|---|---|
| **Sebastian Wegner, Senior Coordinator of Climate Transparency, Berlin Governance Platform**<br><br>Contact information:<br><br>+49 (0) 176 21699439<br><br>swegner@governance-platform.org<br><br>German, English | “The emissions rebound shows that the recovery measures of the COVID-19 pandemic by the G20 members’ didn't change emissions trends. Although there is also a strong push towards renewables during the energy crises, the huge investments which currently go into fossil infrastructure risk that we again miss an important opportunity to decarbonize our economies.” |
| **Alvaro Umaña, Co-Chair of Climate Transparency**<br><br>Contact information:<br><br>+1 301 537 5244 alvaro.umana@gmail.com<br><br>Spanish, English, Portuguese | “Climate change already wreaks havoc in Latin America and other parts of the world. Climate catastrophes will become the new normal unless we reduce emissions now.” |
| **Peter Eigen, Co-Chair of Climate Transparency**<br><br>Contact information:<br><br>+49 172 305 9009<br>peigen@transparency.org<br><br>German, English | "As founder of Transparency International, I know the importance and value of transparency. Climate Transparency provides powerful information about the climate action of the G20 countries. It allows comparisons, which drives learning and competition, and it enables civil society and media to hold governments and business to account." |
| **Pascal Charriau, CEO, Enerdata**<br><br>Contact information:<br><br>+33 4 76 41 43 72<br><br>pascal.charriau@enerdata.net<br><br>French, English, Czech and Spanish | “What makes the Climate Transparency Report so special is that it covers adaptation, mitigation and finance, and uses the most recent data presented concisely and visually attractively – perfect for decision-makers with limited time.” |
| **Argentina:**<br><br>**Jazmin Rocco Predassi, Fundación Ambiente y Recursos Naturales (FARN)**<br><br>Contact information:<br><br>+ 54 9 11 5951-8538; prensa@farn.org.ar<br><br>Spanish, English, French | “Ramping renewable energy investment is extremely important if we want to achieve a carbon-neutral world in 2050. And rich countries need to step up finance for that purpose.” |

| | |
|---|---|
| **Germany:**<br><br>**Jan Burck, Germanwatch**<br><br>Contact information:<br><br>+49 177 888 9286,<br><br>burck@germanwatch.org<br><br>German, English | After a temporary dip in emissions in 2020 due to the Corona pandemic, German emissions are going up again. The support for gas exploration in Africa through Germany is deeply worrying. |
| **India:**<br><br>**Suruchi Bhadwal, The Energy and Resources Institute (TERI)**<br><br>Contact information:<br><br>+91 11 246 82 100<br><br>suruchib@teri.res.in<br><br>Hindi, English | “Extreme weather events in our regions have shown that the effects of climate change are increasing, and more and more people are being affected. The need to transform our energy systems is obvious, which will also require the support of rich countries whose per capita emissions are much higher than India's. The impacts of climate change are already being experienced with an increase in the extreme weather events with more and more people and infrastructure affected. The need to transform our energy systems is obvious, requiring support for technology/ best practice development, deployment at scales. The support of developed countries whose per capita emissions are much higher than India's is needed to help catalyse these actions that could assist India in contributing more aggressively in GHG reductions.” |
| **Mexico:**<br><br>**Jorge Villarreal, Iniciativa Climática de México (ICM)**<br><br>Contact information:<br><br>+521 (55) 34557805<br>jorge.villarreal@iniciativaclimatica.org<br><br>Spanish, English | “Mexico has the opportunity to update its NDC to include stronger and more progressive mitigation commitments, aligned with the Paris Agreement’s long-term goals, through fostering a just energy transition, phasing out coal power generation, and increasing carbon capture in natural sinks.” |
| **South Africa:**<br><br>**Bryce McCall, Energy Systems Research Group, University of Cape Town**<br><br>Contact information:<br><br>bryce.mccall@uct.ac.za<br><br>English | “The developed nations of the world need to provide more and better climate finance urgently. Critically important processes like the Just Transition require it if the world is to manage the transitions successfully” |

| **Contact details of other partners** | |
|---|---|
| **Brazil:**<br>William Wills, CentroClima/COPPE/UFRJ<br>Contact information: +55 21 998719827<br>climatetransparency@lima.coppe.ufrj.br<br>Portuguese, English | **China:**<br>Chen Sha, Beijing University<br>Contact information: +86 138 0119 9951<br>chensha@bjut.edu.cn<br>Chinese, English |
| **France:**<br>Lola Vallejo, Institute for Sustainable Development and International Relations (IDDRI)<br>Contact information: lola.vallejo@iddri.org<br>French, English | **India:**<br>Suruchi Bhadwal, The Energy and Resources Institute (TERI)<br>Contact information: +91 11 246 82 100; suruchib@teri.res.in<br>Hindi, English |
| **Indonesia:**<br>Fabby Tumiwa, Institute for Essential Service Reform (IESR)<br>Contact information:<br>+62 811 949 759<br>fabby@iesr.or.id<br>Bahasa, English | **Japan:**<br>Kentaro Tamura, Institute for Global Environmental Strategies (IGES)<br>Contact information:<br>+81 46 855 3812<br>tamura@iges.or.jp<br>Japanese, English |
| **South Korea:**<br>Joojin Kim, Managing Director,<br>Solutions for Our Climate<br>Contact information: +82-10-4216-6336<br>joojin.kim@forourclimate.org<br>Korean, English | **Turkey:**<br>Ümit Sahin, Istanbul Policy Center<br>Contact information:<br>umit.sahin@sabanciuniv.edu<br>Turkish, English |