



BRIEFING PAPER

8TH ENVIRONMENT ACTION PROGRAMME
NOVEMBER 2021

© WWF / Fernando Zarur

8TH EAP: AN OPPORTUNITY TO END HARMFUL SUBSIDIES

Firm timelines needed on fossil fuel and other environmentally harmful subsidies in the 8th Environment Action Programme

EUROPEAN PARLIAMENT VS MEMBER STATES

The 8th Environment Action Programme (8th EAP) is currently being negotiated in trilogue by the European Commission, European Parliament and Council of the EU. While all three institutions' positions repeated the 7th EAP's commitment to phase out all environmentally harmful subsidies (EHS), only the European Parliament introduced a clear timeline and process for this phase-out: by 2025 for fossil fuel subsidies and 2027 for all other environmentally harmful subsidies. In addition, it called for a much needed report assessing and identifying which subsidies are harmful for the environment. To date, the European Commission and the Member States have resisted including these improvements into the final text of the 8th EAP, preferring to stick to the same vague language endorsed by the EU for many years without leading to sufficient results.

VOLUNTARY COMMITMENTS TO PHASE OUT EHS DO NOT WORK

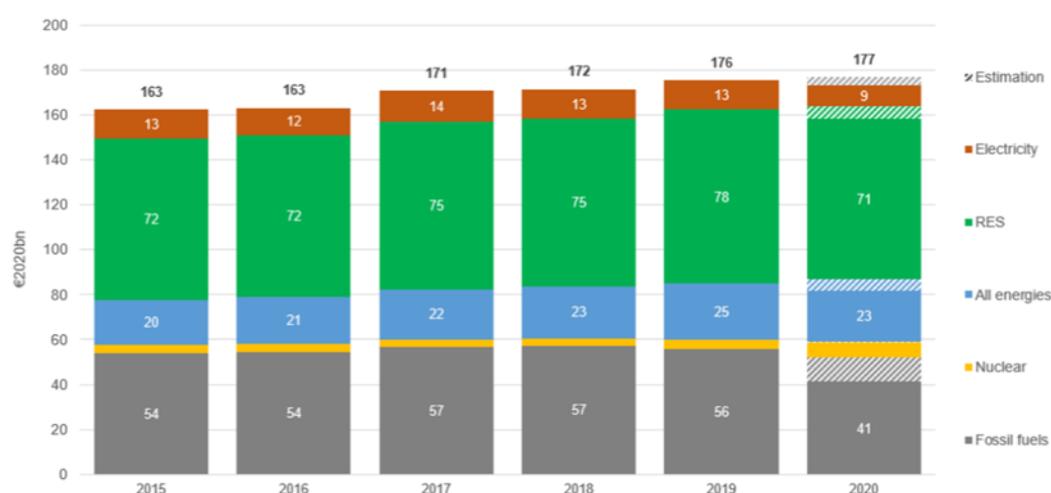
Over the years the EU has repeatedly affirmed its intention to phase out environmentally harmful subsidies. The 7th Environment Action Programme, adopted back in 2013 and which ended in 2020, included this commitment, and yet in 2020, EU Member States still subsidise environmentally harmful activities, with no change in sight. Through the G20, the EU has made a commitment to phase out inefficient fossil fuel subsidies every year since 2009, and through the G7 it has pledged to end inefficient fossil fuel subsidies by 2025¹.

¹ <https://cdn.odi.org/media/documents/11762.pdf>

EU SUBSIDIES CONTINUE UNABATED

Despite such repeated statements, environmentally harmful subsidies continue unabated. The latest State of the Energy Union Report², published in October 2021, shows that in 2020 fossil fuel subsidies in the EU amounted to EUR 52 billion. Instead of decreasing in line with the repeated commitments, fossil fuel subsidies actually grew by 6% in the EU as a whole in the period between 2015 and 2018, and have increased in 11 Member States since 2015 (see figure below). Furthermore, only 5% of these subsidies were spent on industry restructuring to help reduce reliance on fossil fuels, while the majority can be linked to energy demand support measures, thus supporting increased consumption of fossil fuels.

EU energy subsidies by fuel type



Source: Study on energy subsidies and other government interventions in the EU. All energies represent subsidies not directly attributable to energy carriers or fuels (e.g. energy efficiency measures, energy demand/consumption incentives, irrespective of the energy carrier, investment grants, and particular R&D expenditures)

Source: State of the Energy Union Report 2021

Beyond fossil fuels, it is harder to estimate the full amount of subsidies supporting other environmentally harmful activities, such as overfishing, unsustainable agriculture, or hydropower. In 2016-2017, EUR 4.3 billion of state aid went to hydropower alone in the EU and Norway³, thereby facilitating the construction of hydropower dams which cause the populations of migratory freshwater fish to collapse.

Clear definitions and a common methodology are needed for the EU and its Member States to be able to identify and ultimately phase out public money supporting activities that harm the environment. While the European Commission is tasked via the EU Climate Law to set out a methodology for reporting on the phasing out of fossil fuel subsidies in the process of National Energy and Climate Plans, no binding timelines have been established and the phasing out remains entirely voluntary.

RECENT COMMITMENTS BY THE EU TO PHASE OUT EHS

Floods, droughts and fires have brought the climate crisis closer to Europeans, and have put renewed pressure on leaders to take decisive action. With this, the question of fossil fuel subsidies has come under renewed public and scrutiny, especially around international fora such as the G20 and UNFCCC COP 26. Following the Glasgow climate negotiations, European Commission President Ursula von der

² https://ec.europa.eu/energy/sites/default/files/state_of_the_energy_union_report_2021.pdf

³ <https://www.ceer.eu/documents/104400/-/-/80ff3127-8328-52c3-4d01-0acbdb2d3bed>

Leyen stated that ‘COP26 is sending a clear message that the (?) time is up for fossil fuel subsidies’⁴. In addition, several EU Member States are part of alliances of countries which support fossil fuel subsidy phase out, such as the ‘Friends of the Fossil Fuel Subsidy Reform’ group (Denmark, Finland, and Sweden) and the ‘Beyond Oil and Gas Alliance’ (Denmark, Sweden and France), which was launched at COP26⁵.

Against this backdrop, it is increasingly untenable for the EU to publicly state that it is serious about tackling the climate crisis and ending harmful subsidies, while not taking any real steps to put an end to these subsidies.

A BINDING FRAMEWORK WITH CLEAR TIMELINES FOR SUBSIDIES PHASE-OUT

Experience has shown that when it comes to EHS, voluntary commitments fail to catalyse action. Instead, it is clear that a binding framework is needed to make this phase-out happen, and this must include timelines, identification methodology (as some MS have different definitions), reporting obligations, and accountability. Following the renewed pledges at COP26, the 8th EAP is the first critical opportunity for the EU to take such binding measures that would enact phase-out of environmentally harmful subsidies – it is uniquely placed to set out the key environmental objective to be attained and no other EU legally binding initiative has a similar scope.

While the 8th EAP may be – given its legal basis – unable to set-out the exact methodologies and processes, it should as a minimum commit to firm deadlines for abolishing both fossil fuel subsidies and more broadly environmentally harmful subsidies. The European Commission could then – in full respect of its right of initiative – commit to propose a more detailed regulatory framework in support of the commitments set in the 8th EAP.

At a time of an acute climate and biodiversity crisis, the fact that taxpayer’s money continues to finance the burning of fossil fuels and other activities that harm our climate and nature is completely untenable, and the consequences must be drawn urgently. The 8th Environment Action Programme must be turned into an effective tool to address this absurdity, and this opportunity must be seized by all institutions.



Working to sustain the natural world for the benefit of people and wildlife.

together possible. wwf.eu

Contact:

Rebecca Humphries
Senior Public Affairs Officer
WWF European Policy Office
rhumphries@wwf.eu

⁴ https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_21_6023

⁵ <https://www.euronews.com/green/2021/11/11/cop26-denmark-and-costa-rica-launch-ambitious-alliance-to-phase-out-oil-and-gas>