

SUBSIDIES TO ENERGY SOURCES IN BRAZIL

As the world heats up, Brazil grants five times more resources to fossil fuels than to renewables

BRASÍLIA, DECEMBER 2023

Subsidies to energy sources are government resources aimed at supporting or expanding energy production and consumption through **tax exemptions and direct spending**.

Eliminating fossil subsidies is a crucial step to prevent the world from surpassing the 2 degrees Celsius global warming limit by the end of the century. Furthermore, it is a pledge made by the G20 since 2009.

However, in Brazil, fossil fuels continue to receive increased incentives. **In 2022, federal subsidies for the production and consumption of oil, gas, and coal reached \$ 14.56 billion, which is equivalent to a 29% growth compared to 2021 and 64.6% compared to 2018.**



The trend is global: 2022 was a record year. G20 countries alone account for more than \$ **1.4** trillion spent on subsidies, financing and investments in fossil fuels.

Renewable energy is not granted the same level of subsidies: over the last five years, it received five times fewer incentives from the Brazilian government than fossil fuels.

FOSSIL ENERGY

\$ **72.23** billion
in subsidies
in the last five years

x

RENEWABLE ENERGY

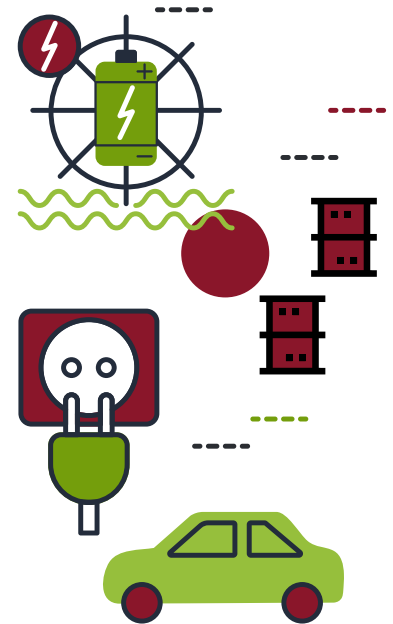
\$ **13.39** billion
in subsidies
in the last five years

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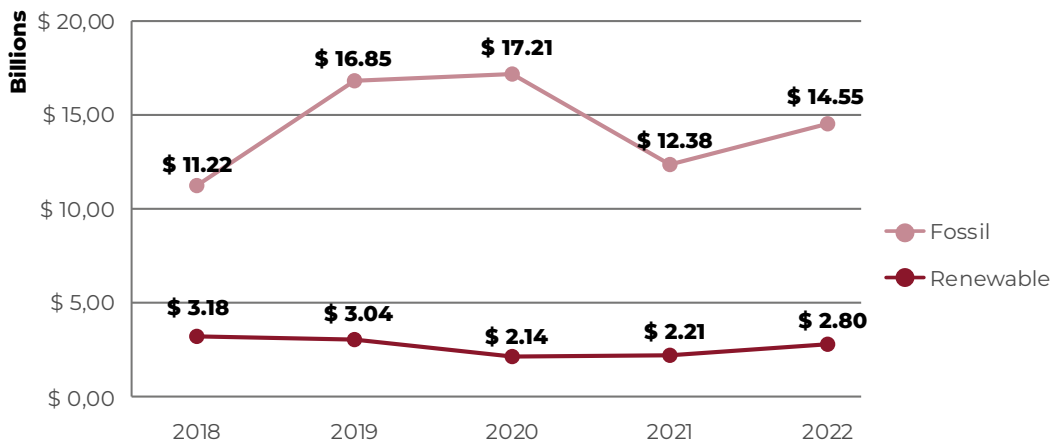
It is paramount that the Brazilian government start calculating and reforming energy subsidies in Brazil, with the aim of removing subsidies from fossil sources and directing them toward energy transition with social justice.

Given the country's leadership in these spaces of global governance, **the fossil fuel denialism that permeates the federal administration's discourse and planning is no longer possible.**

Brazil will hold the Presidency of the G20 starting December 2023 and is on track to host COP 30 in the Brazilian Amazon.



SUBSIDIES TO FOSSIL AND RENEWABLE ENERGY SOURCES: 2018–2022*



* Amounts presented (IPCA of Dec/2022) in billions of dollars (USD).

Source: elaboration by Inesc.

Note: for sources, please see Inesc's methodology (access QR Code).

The government's firm actions toward reform of fossil fuel subsidies, alongside the achievement of zero deforestation, are valuable political anchors for effective, undisputed global leadership against climate change.

