

FOSSIL FUEL AND RENEWABLE ENERGY SUBSIDIES (2023-2024)

October 2024

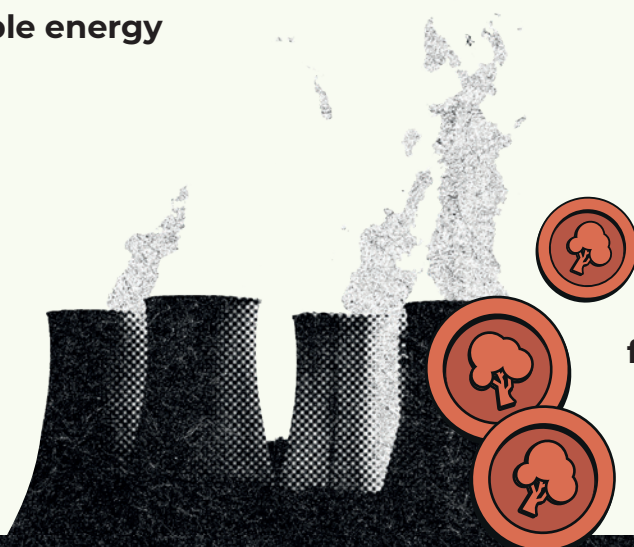


Fossil fuels (coal, oil, and gas) account for nearly 90% of the global generation of energy and for more than 75% of total energy-related CO₂ emissions.

One of COP 30's challenges is to bring the countries to agree to move forward with the reform of inefficient fossil fuel subsidies, as they stimulate consumption, distort markets, hamper transition to renewable sources, and undermine the efforts made to tackle the climate crisis.

HOW DOES BRAZIL LOOK IN THE CURRENT SETTING?

In 2024, for every **US\$ 1.00** spent on renewable energy sources,

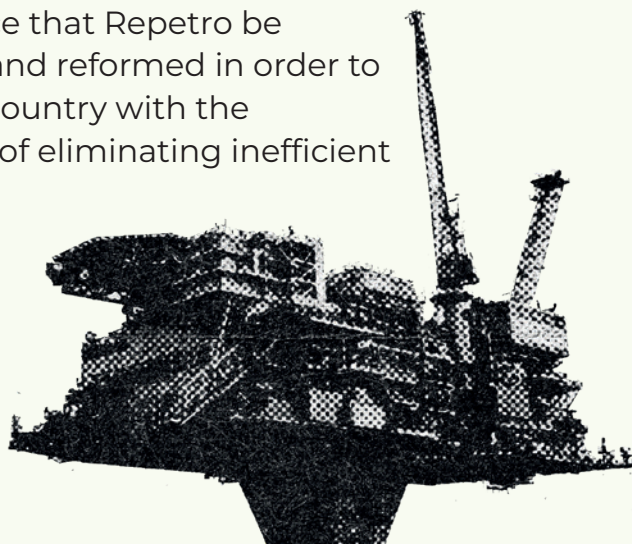


US\$ 2.52 are channeled to fossil fuels, which is revealing of an asymmetry that delays energy transition.

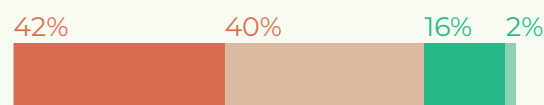
SUBSÍDIOS ÀS FONTES FÓSSEIS E RENOVÁVEIS (2023-2024)

Repetro is most accountable for the subsidies granted to oil production in Brazil.

In 2024, tax relief amounted to US\$ 2.24 billion! It is of the utmost importance that Repetro be reviewed and reformed in order to align the country with the challenge of eliminating inefficient subsidies.

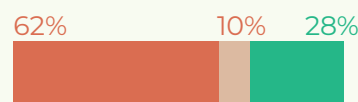


FOSSIL FUEL AND RENEWABLE ENERGY SUBSIDIES



Total subsidies in 2023:

US\$ 20.30 billion



Total subsidies in 2024:

US\$ 10.86 billion

- Fossil fuel production
- Fossil fuel consumption
- Renewable energy production
- Renewable energy consumption

WHAT DO WE NEED TO MOVE FORWARD?

- **More transparency:** the Brazilian government must commit to reporting fossil fuel and renewable energy subsidies;
- **Assessment:** most of the subsidies are in the form of tax expenditures, which are granted and maintained without any clear climate, social, and tax justice criteria. The current model must be reviewed to better assess subsidies by building on the objective criteria of efficacy, effectiveness and efficiency as a social, environmental, and economic development policy initiative.
- **Reform:** correcting inefficient subsidies that are harmful to the climate and the environment is a path of no return; we must however hurry up!
- **A more proactive government role at COP 30:** the Brazilian government must play a more proactive role as regards the global fossil fuel subsidy reform agenda by: (I) adhering to the Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (COFFIS); and (II) by acting to ensure effective steps are taken with respect to labeling and addressing fossil fuel subsidies as inefficient and to mandatorily reporting national inventories as part of the UNFCCC enhanced transparency process.

