3 Amount of fossil-fuel subsidies (production and consumption) per unit of GDP

Definition and scope
In order to measure fossil fuel subsidies at the national, regional and global levels, three sub-indicators are recommended for reporting on this indicator: 1) direct transfer of government funds; 2) induced transfers (price support); and as an optional sub-indicator 3) tax expenditure, other revenue foregone, and under-pricing of goods and services. The definitions of the IEA Statistical Manual (IEA, 2005) and the Agreement on Subsidies and Countervailing Measures (ASCM) under the World Trade Organization (WTO) (WTO, 1994) are used to define fossil fuel subsidies. Standardised descriptions from the United Nations Statistical Office's Central Product Classification should be used to classify individual energy products.

At present, no metadata is available on current SDG Target formulation 12.c (Target 12.c: Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities); except for Indicator 12.c.1 (Fossil-fuel pre-tax subsidies (consumption and production) as a proportion of total GDP (%) which has been updated for 2013, 2015 and 2017.

More:
https://unstats.un.org/sdgs/metadata/files/Metadata-12-0c-01.docx

Factsheet rationale

Removal of harmful subsidies is considered important in favoring a reduction in fossil fuel use thus allowing penetration of alternative and renewable fuels. This indicator could inform on a country's effort in creating the enabling conditions for phasing out fossil fuels.

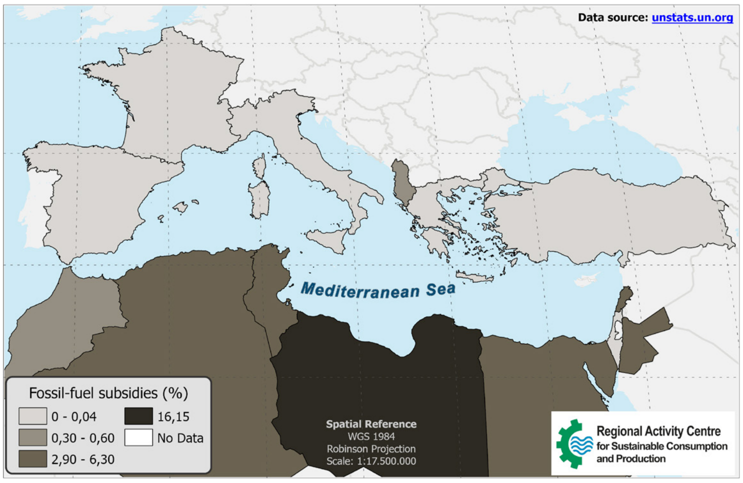
Current situation and progress in the Mediterranean region

Five out of fourteen countries considered (with available data) increased their fossil-fuel subsidies in 2017 when compared to 2013, whilst in the other countries the reduction of the subsidies is the general trend in this period. The Mediterranean countries categorized in three groups, <1%, 1-10% and >10% in terms of the percentage of the subsidies as a proportion of the national GDP, with 8, 5 and 1 country, respectively. It is clear that the fossil fuel sector (i.e. energy) is a very complex economical driver for any country but efforts to incorporate clean energy sources should continue in order to lower this indicator even more through the entire region.

Key message

Efforts should be made to continue to incorporate clean energy sources in order to lower this indicator even more throughout the entire Mediterranean region.

Fossil-fuel pre-tax subsidies as a proportion of GDP (2017)



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Sources
1: UN SDG

Links
https://unstats.un.org/sdgs/indicators/database/
(http://databank.worldbank.org/data/reports.aspx?source=2&series=EG.EGY.PRIM.PP.KD&country=#)

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