

FOSSIL FUEL TREATY

**SMOKE AND MIRRORS:
THE TERMS “UNABATED”
FOSSIL FUELS AND
“INEFFICIENT” SUBSIDIES
ARE A TACTIC TO DELAY A
JUST TRANSITION FROM
COAL, OIL AND GAS**

Published in

Nov 2023

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FossilFuelTreaty.org



**FOSSIL FUEL
NON-PROLIFERATION
TREATY**



OVERVIEW

For decades the fossil fuel industry has been working to “decouple emissions from production” and to make their products invisible in climate policy and negotiations. In this way they can continue to make record profits through the continued expansion of the production of coal, oil, and gas.

The terms “unabated” and “inefficient” are being used as qualifiers in many important policies and agreements. Other qualifiers include a focus on phasing out fossil fuel “demand” or phasing out fossil fuel “energy”.

These are not just terms. It is a tactic being used by the fossil fuel industry to create a loophole, to water down the text of any agreement and to continue to ensure that they can grow production.

With fossil fuel phase out high on the agenda for COP28, it is particularly important that governments, policymakers and civil society are aware of the risks posed by these loopholes.

THE SCIENCE IS CLEAR – NO NEW FOSSIL FUELS ARE COMPATIBLE WITH 1.5C

The science is very clear: if we are designing policy and agreements to align with the 1.5°C degree goal, there is no place for new fossil fuel projects, exploration, expansion or financing.

In fact the data shows the world’s governments currently plan to produce more than double the amount of fossil fuels between now and 2030 than would be consistent with the agreed 1.5°C threshold.

Current global plans and projections would lead to around 240% more coal, 57% more oil and 71% more gas than is consistent with a 1.5°C goal. Stopping expansion immediately is critical.

It is for these reasons that strong, clear and unambiguous language on ending the expansion of fossil production, projects and investment is critical to addressing the climate emergency.

“UNABATED” FOSSIL FUELS

The adoption of the term “unabated” fossil fuels in policy and international agreement language is a loophole that is not based on science.

At COP27 in Sharm El-Sheikh we saw a bloc of over 80 countries support text on phasing out unabated fossil fuels – but despite this, many of these governments have approved new coal, oil and gas projects in the past year including the United States, Canada, the UK and Australia.

There is no globally agreed definition of what ‘unabated’ or ‘abated’ fossil fuels means. A footnote in a 2023 IPCC report describes unabated fossil fuels as: “fossil fuels produced and used without interventions that substantially reduce the amount of GHG emitted throughout the life cycle; for example, capturing 90% or more CO₂ from power plants, or 50–80% of fugitive methane emissions from energy supply.”

Carbon capture and storage (CCS) is unproven at scale and carries profound risks and challenges. The IEA’s Net Zero Emissions by 2050 Scenario (NZE) concludes that there is a **diminished role for fossil fuel-based technologies including carbon capture and storage (CCS), gas-based hydrogen, and fossil gas, because “... CCS “has largely been one of unmet expectations,”** and “...slower technological and market development progress than envisaged in 2021...”

Without an agreed definition for what ‘abatement’ means, governments or other actors can define it as they like – even to include offsets, geoengineering, or other dangerous distractions. In addition, the non-climate impacts of fossil fuels such as impacts on health, livelihoods and conflict are not factored in.

¹ The IEA 2023 Net Zero Roadmap, The United Nations High Level Expert Group on Net Zero and the Intergovernmental Panel on Climate Change have all highlighted that existing planned and approved fossil fuel infrastructure will exhaust the remaining carbon budget and therefore under a 1.5C degree goal there is no room for new investment in fossil fuel supply and a need to decommission existing assets. In addition, the Production Gap Report produced by the UNEP and SEI clearly shows that global fossil fuel production must start declining immediately and steeply to be consistent with limiting long term warming to 1.5C.

“INEFFICIENT” FOSSIL FUEL SUBSIDIES

The term ‘inefficient’ has never been clearly defined – in terms of scope – and this has also been compounded by the lack of transparency in general about the fossil fuel subsidies in place.

Since 2009 the world's largest economies and many of the largest emitters, under APEC, and the G20, have committed to phasing out ‘inefficient fossil fuel subsidies’. In 2021, The Fossil Fuel Subsidy Reform (FFSR) initiative was launched by the WTO – the forum for movement on this topic. The FFSR was borne out of the 2017 Ministerial, when 12 WTO Members delivered a statement encouraging the phase out of ‘inefficient fossil fuel subsidies that encourage wasteful consumption’.

A number of countries have taken steps to remove what they deemed to be inefficient fossil fuel subsidies. However, the evidence shows that governments can interpret ‘inefficient’ in very different ways. Some governments call all subsidies to fossil fuel producers inefficient while others continue with subsidies to producers under their own criteria for ‘efficiency’.

The results of this lack of agreed definition are evident. **Fossil fuel subsidies actually surged past 7 trillion USD in 2022, more than doubling since 2020,**² including over 1 trillion for

consumption for the first time in history. This has raised alarms about the impact of using such a vague category in the context of the climate crisis. A 2023 World Bank report found that, of **all subsidies to the energy sector, around three-quarters, still go to fossil fuels.**

Additionally, countries actively paid about US\$577 billion in 2021 to artificially lower the price of polluting fuels such as oil, gas, and coal.

By underpricing fossil fuels, governments incentivize overuse and artificially maintain fossil fuels’ competitiveness versus low-emissions alternatives. Programmes to support fossil fuel use where there is as yet no alternative (such as shipping to island nations) or to ensure cost of living support for low-income households will be necessary during the transition away from fossil fuels. However, these policies should not be categorised as fossil fuel subsidies but instead, reflect the needs or uses they address.

The term “inefficient” subsidies risk government or industry justifying the continuation of fossil fuel subsidies and should not be included in international agreements or national policies. It is critical that government spending is focused on renewable energies and electrification systems to ensure absolute emissions and production decline of fossil fuels.



² Scan to view the source



² Scan to view the source



² Scan to view the source

WE CAN'T FOCUS ONLY ON FOSSIL FUEL ENERGY, EMISSIONS OR DEMAND

Other qualifiers and dangerous loopholes linked to commitments to 'phasing out' include:

“**Phasing out fossil fuel emissions**” is a dangerous loophole recently used by many governments, and even the [COP28 President himself](#). It reiterates the lie that we can continue expanding and producing 'clean' fossil fuels that are somehow emission-free.

“**Phasing out fossil fuel energy**” or “**phasing out demand for fossil fuel**”. Both of these statements are important, we must wind down demand for fossil fuels – but we must also match this with international cooperation to phase out fossil fuel [production](#), to “[cut with both arms of the](#)

[scissors](#)”. Any text on fossil fuels must not be explicitly focused only on demand and silent on production, otherwise it leaves an open door to continued expansion of coal, oil and gas exploration and extraction risking our global climate targets.

An example of this is the recent 52nd Pacific Islands Forum Leaders' Meeting held in November 2023, which saw fossil fuel producers amend text to “transition away from coal, oil and gas **in our energy systems**” – explicitly putting the onus on transitioning onto Pacific Island states, while allowing Australia to continue opening new coal mines and gas projects for export.

CONCLUSION

The fossil fuel industry is now an industry in decline and must be treated as such. To meet the goals of the Paris Agreement and limit warming to 1.5°C we must end the expansion of fossil fuel production, and plan a fast and fair global phase out of fossil fuels. Period.

The terms “**unabated**”, “**inefficient**”, or **phasing out “demand”, “energy” or “emissions”** are dangerous loopholes to mislead, to appear to be taking action but to be politically advantageous to the fossil fuel industry. These terms are used to continue to

justify fossil fuel use and expansion. The science is clear, no new fossil fuel projects fit under net zero plans, the 1.5°C goal or the commitments under the Paris Agreement.

We need to align our language, agreements and policies with the goal of absolute emissions and production decline. The continued inclusion of these terms threatens our ability to meet climate goals and delays support to Global South governments and communities to transition. This is a critical moment in history that requires increased climate ambition.



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