

# FOSSIL FUEL SUBSIDIES

## INDUSTRY CHARACTER

### SUBSIDIES ON CONSUMPTION VS. PRODUCTION

One of the key tenets of the G-20 commitment was to eliminate inefficient fossil fuel subsidies that “encourage wasteful consumption, and undermine efforts to combat the threat of climate change.”

It is critical to distinguish between subsidies targeted to the production of fossil fuels, versus subsidies targeted to the consumption of fossil fuels. Subsidies targeted at consumption, or reducing the cost of fossil fuels to the end user, can lead to superfluous consumption and increased GHG emissions. This is where the majority of global fossil fuel subsidies reside.

In Canada, fossil fuel consumption subsidies are not prevalent, and in fact, the consumption of fossil fuels are heavily taxed which discourages consumption, the opposite of a subsidy.

### AT THE PUMP

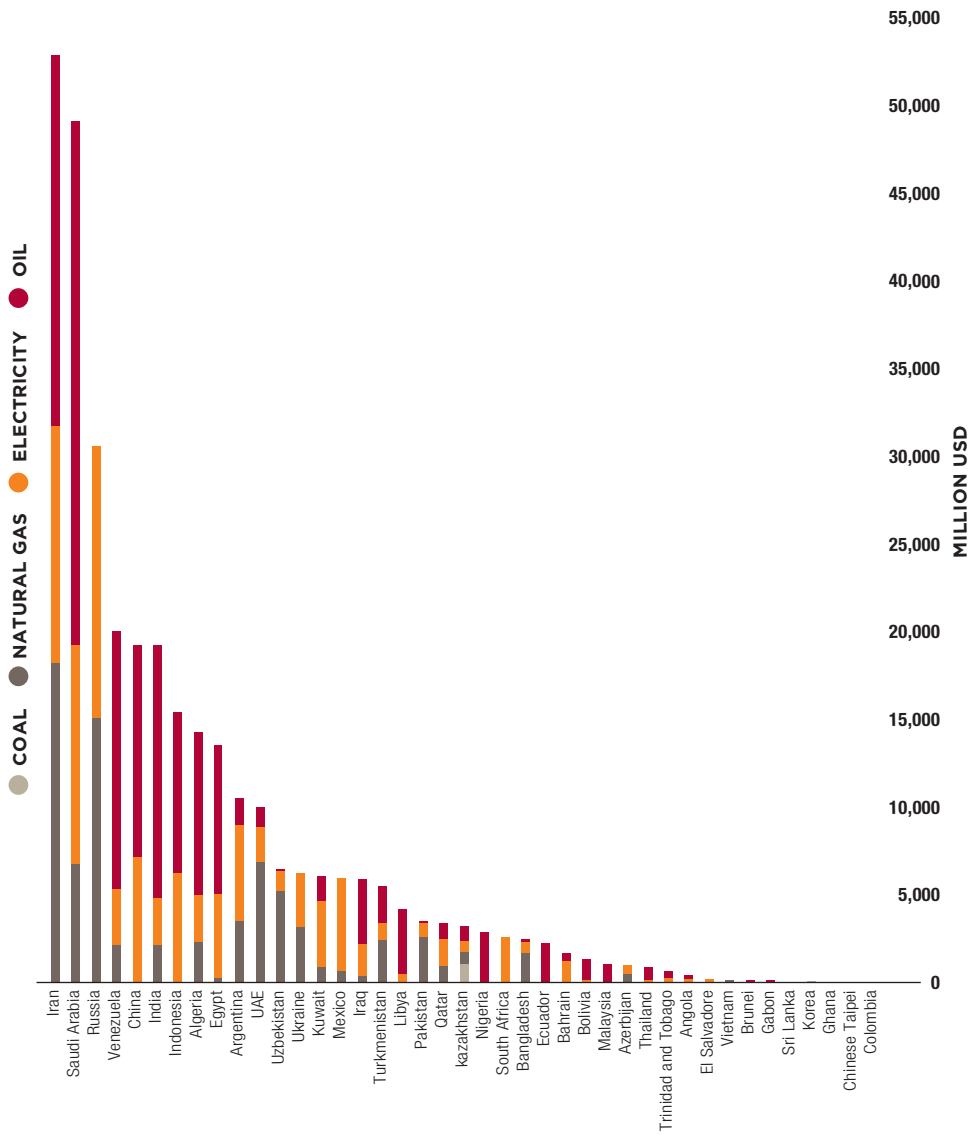


About 35 per cent of what we pay at the pump for gasoline in Canada is tax from the various levels of government.

In addition to these taxes, Canada has further levies on end use in the form of carbon taxes. It is also critical to note that Canada is a world leader in pricing carbon. Canada's carbon policies go across the entire value chain from producer to end user.

WHILE CANADA TAXES THE CONSUMPTION OF OIL AND NATURAL GAS, MANY OTHER COUNTRIES IN THE WORLD OFFER SUBSIDIES INSTEAD.

## FOSSIL FUEL SUBSIDIES BY COUNTRY, 2015



Source: IEA, World Energy Outlook 2016

### INDUSTRY CHARACTER

IN CANADA , THE CONSUMPTION OF FOSSIL FUELS ARE HEAVILY TAXED - WHICH IS THE OPPOSITE OF A SUBSIDY.