



G-20 Agrees to End Fossil-Fuel Aid in 'Medium Term' (Update1)

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By Kim Chipman

Sept. 25 (Bloomberg) -- Leaders at the Group of 20 conference agreed to phase out subsidies to fossil fuels in the "medium term" as they put off deciding how to help poor nations deal with climate change financially.

The leaders asked that each country develop strategies and timetables to end government aid for fuels such as oil, coal and natural gas as a way to reduce greenhouse-gas emissions, according to a statement issued after the meeting today in Pittsburgh. They also directed finance ministers to report in November on "a range of possible options for climate-change financing" for the world's most vulnerable countries.

U.S. President **Barack Obama** made the case at the G-20 meeting in Pittsburgh for a worldwide cut in subsidies to fuels such as oil, natural gas and coal as a way to reduce greenhouse- gas emissions linked to rising temperatures. Environmentalists praised the move, while saying it shouldn't be considered a replacement for resolving differences among countries on an international climate-change accord.

"Ending fossil-fuel subsidies is a good down payment on global efforts," said **Jake Schmidt**, international climate policy director at the **Natural Resources Defense Council** in Washington, in an interview today. "However, nothing is as important as a firm limit on global warming pollution. This isn't a replacement for the needed public-sector investment to mobilize clean-energy investment in developing countries."

India's special envoy on climate change said yesterday that he supported phasing out fossil-fuel subsidies provided that the plan is "sensitive" to the needs of his country and other developing nations.

'Should Be Retired'

"We, of course, look upon subsidies as something that, over a period of time, should be retired," **Shyam Saran** told reporters in Pittsburgh. Removing any distortions in energy prices "is in our own interest," he said.

How much rich nations should contribute to help the poorest countries tackle global warming has become a sticking point in international talks for a new climate-change accord to replace the 1997 Kyoto Protocol.

The G-20 statement asks finance ministers to keep working on the so-called climate-finance issue in preparation for December talks in Copenhagen. The U.S., China and India are among countries under pressure to hammer out a new treaty in Copenhagen.

Senator **John Kerry**, a Massachusetts Democrat who plans to be part of a U.S. congressional delegation in Copenhagen, said earlier this month he was "disappointed" that climate finance didn't end up a bigger part of the G-20 agenda.

Steve Herz, a climate-finance adviser for **Greenpeace International**, said in an interview that environmentalists are concerned that the Obama administration may be emphasizing its proposal to end fossil-fuel subsidies because "they are not in position to move forward on the critical questions of financial scale that need to feed into the Copenhagen process."

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