



European Commission - Speech [Check Against Delivery]



Opening remarks by Commissioner Hoekstra at the press launch of a declaration on fossil fuel subsidies phase-out at COP28 Dubai

Dubai, 9 December 2023

Dear ladies and gentlemen, dear friends, a very good afternoon to all of you.

Let's be clear: we cannot keep 1.5 within reach without phasing out fossil fuels as fast and as broad and as definitive as we can.

An important first step is of course eliminating fossil fuel subsidies. They are as a matter of fact anachronistic and they hold back the energy transition we are seeking.

But before going into fossil fuel subsidies, let's take one step back and look at the polluter pays principle, which is an important part of the matter.

There are many ways to apply this polluter pays principle. You can do this with taxes, by putting a price on carbon like we have done in the European Union.

Therefore, it will come as no surprise to you that we believe that this is something that works really well.

Our emissions trading system does three important things at the same time: it brings down emissions, it creates a business case for decarbonisation, and it puts a price on pollution.

Our **carbon pricing also raises money**.

Over the last decade, the revenues from the European ETS amount to over €175 billion. This is the total.

All of it paid for by companies in Europe buying CO2 allowances – and thus paying for their own pollution.

This money will be re-invested to support the decarbonisation of industry or vulnerable households to make sure we are speeding the transition.

The reality also is that today, less than a quarter of the world's emissions have a price – and if they have a price, that price is often too low.

We would like more countries to put a price on carbon and we are ready to support our partners in doing so. The good news here is that many countries are moving in this direction.

We invite every country to join the Call to Action for Paris-aligned Carbon Markets. The President of the Commission has hosted a very successful event on this earlier at the COP.

Turning now, more specifically, to fossil fuel subsidies, they pose a series of significant risks:

- They undermine the effectiveness of carbon pricing.
- They weigh heavily on public finances. That is important to be aware of, because public finances are not at a stage where they should be all across the globe.
- They limit possibilities for investment in a clean economy.
- They increase the risk of 'locking in' high-carbon investments.
- And, as if it was not enough, finally, they can make clean energy and energy-efficiency technologies simply more expensive.

So, to put it a little more bluntly – or Dutch if you will – it's time to end the anomaly of fossil fuel subsidies which are holding us back.

The energy crisis that resulted from Russia's invasion of Ukraine provoked a temporary surge in fossil fuel subsidies, which was, you could argue, necessary to shield vulnerable households and businesses.

This was a temporary effect, as it should be, and in parallel, the Commission is encouraging all EU Member States to reduce their fossil fuel subsidies and set a clear timeline for their phase-out.

In the EU, we also strictly apply the principle of do-no-significant-harm, to ensure that we stop subsidising fossil fuels from our central budget.

Finally, let me leave you with the latest insight from our annual report on energy subsidies in all sectors and all Member States.

This year's report shows a positive change happening in Europe: more renewables and investments in energy efficiency, less and less money for fossil fuels.

This is the line we will continue: **redirect resources from fossil fuels to renewables and energy efficiency.**

We need to turn the page on fossil fuels, asap, and offer future generations a 1.5-degree future all over.

I thank the initiators but also the signatories of this declaration for their support and their call to action to stop fossil fuel subsidies.

I would like to express the hope that many others will join their chorus.

Thank you very much.

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