Ministerial Roundtable

on

Mobilizing investment to accelerate the energy transition after COP21

Statement by

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Mr. Chair, distinguished colleagues,

I will focus my short remarks on a critical aspect of how we can accelerate investments into renewables, namely to address the need for an energy subsidy reform as an international agenda - also in light of our pledges of carbon reductions we made in Paris last month. It is also a fact, a sad fact I must say, that subsidies in the sectors of fossil fuels amount to some 14.5 billion US dollars a day!

In a recent report issued by the IMF, it is stated that energy subsidies discourage much-needed investment in energy efficiency, renewables, and energy infrastructure, and increases the vulnerability of countries to unstable international energy prices. The high level of fossil-fuel subsidies certainly creates disadvantages for renewable energy. Research shows that fossil-fuel subsidies can act as a barrier to the development and deployment of renewable energy technologies in three different ways:

First, subsidies reduce the costs of fossil-fuel-powered electricity generation and, thereby, weaken the cost competitiveness of renewable energy. Second, subsidies create an incumbent advantage reinforcing the position of fossil fuels in the electricity system. Finally, the presence of

fossil-fuel subsidies creates conditions, under which investments in fossil fuel based technologies are favored over renewable alternatives.

So for us, as an International Community, we must continue to bring public and private sectors together in scaling-up financing of new projects in renewables, and address the need to bring down fossil fuel subsidies as they clearly distort the feasibility of investing in new technologies.

Catalyzing investments for transformative climate action is key to a more resilient future. I look forward to working with our partners in taking this agenda forward in the coming years.

Thank you.