An overview of the G20 and APEC voluntary peer reviews of fossil-fuel subsidies

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The G20 and APEC commitments

• G20 Leaders committed in 2009 to “phase out and rationalize over the medium term inefficient fossil fuel subsidies while providing targeted support for the poorest.”
• APEC Leaders made a similar commitment in 2009.
• To follow up on this commitment, members of both groups have since engaged in a voluntary process of periodically reporting progress towards reform of their fossil-fuel subsidies.
• In February 2013, G20 Finance Ministers announced that they would seek to develop a framework for voluntary peer reviews for rationalizing and phasing out inefficient fossil-fuel subsidies that encourage wasteful consumption.
The G20 and APEC voluntary peer reviews

• This led in December 2013 to a joint announcement by the People’s Republic of China and the United States of America that the two countries would undertake a reciprocal peer review of their fossil-fuel subsidies under the G20 process.

• Other countries—Germany, Mexico, and Indonesia—have since joined China and the United States in agreeing to undertake peer reviews of their own under the G20.

• A similar exercise is taking place in the context of APEC, with Peru, New Zealand, the Philippines, and Chinese Taipei each having already undergone a peer review of their subsidies between March 2014 and September 2016, and Viet Nam and Brunei Darussalam have also volunteered to undertake APEC peer reviews.
The G20 and APEC timelines to date

Group of Twenty (20)

Asia-Pacific Economic Cooperation (APEC)
The G20 voluntary peer-review of FFS process

People’s Republic of China (China)

Agree TOR

 Produce self review

Nominate review team

Q & A

Hold in-person meeting

China review team: Germany, Indonesia, USA, IMF, OECD

Nominate review team

Q & A

Hold in-person meeting

USA review team: China, Germany, Mexico, OECD

United States of America (USA)

Produce self review

Produce self review

Nominate review team

Produce final report

Produce final report

Q & A

Hold in-person meeting

Q & A

Hold in-person meeting
Some personal observations on the reviews so far

- Participation in a peer reviews encourages a country to think about the sequencing of reform, and what it can commit to publicly.
- The self reviews, and the peer reviews themselves have been more detailed or covered more policies, or both, than the progress reports.
- Preparing for the reviews can be a salutary learning experience for both the country under review (including across ministries) and the peer reviewers.
- There has been an element of precedent-setting in both the structure and conduct of the reviews, and in what types of policies were discussed and how they were discussed.
- As the reviews cumulate, outside observers will pick up on differences among the reviews.
- A common understanding of what is meant by terms like “subsidy” and “inefficient” is likely to emerge.
How to improve and build on the PR process?

• Agree a target phase-out date for “inefficient fossil-fuel subsidies”.
• Involve trade experts, in addition to experts from finance and energy ministries.
• Develop a central repository for (a job for an NGO?) peer-review reports and country progress reports.
• Establish a mechanism for monitoring follow-up to the peer reviews.
• Establish peer-review processes for economies that are not members of either APEC or the G20.
• Develop common criteria for ranking different types of policies (or combinations of policies) for reform.
Contact us
We look forward to answering any questions you may have!

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