In 2009, the group of 20 nations promised to phase out fossil fuel subsidies in the medium term. But a new report published by the Overseas Development Institute and others demonstrates that G20 countries have tripled their support for coal-fired power in recent years. And South Africa, as Daily Maverick can now reveal, is fourth on the list — ahead of South Korea, Indonesia and the United States.

"It's like giving a fellowship to a graduate student who wants to pursue a thesis on 'Strategies for Stimulating Donut Consumption Among Diabetics'."

Yup, "Our Burning Planet" is quoting Bill McKibben again. The author, *New Yorker* journalist and founder of 350.org — one of the most powerful climate movements in the world today — has been on the beat since 1988, the year the US Senate was handed "99% certain" evidence that the burning of fossil fuels was causing global temperatures to spike faster than at any point since measurements began.

The above quote, which comes from a 2012 piece for *Mother Jones*, is about the subsidies that governments grant to fossil fuel companies so that they can continue to burn the planet's reserves of oil, coal and natural gas. Seven years ago, when McKibben framed the analogy, the chief economist of the International Energy Agency had just declared that the phasing out of these subsidies would be a sufficient measure to cut global greenhouse gas emissions in half. 1

And three years before that, in 2009, the G20 had pledged to kill all fossil fuel subsidies in the "medium term".

Now we know what "medium term" means to the group of 20 nations that account for 90% of global GDP, 80% of international trade, 66% of the worldwide population and 84% of total fossil fuel emissions.

Or rather, we know what it *doesn't* mean — it doesn't mean "anytime soon".

Because on 24 June 2019, the Overseas Development Institute and others published a report showing that G20 countries had *almost tripled* the subsidies they'd given to coal-fired power plants in recent years. Although these countries have failed to document the full extent of their fossil fuel subsidies, the researchers were able to determine that they have been spending "at least $63.9-billion per year on coal alone".

We also know, from adding up the columns for fiscal support, international public finance, domestic public finance and state-owned enterprise (SOE) investment in the annex on page 45, that South Africa appears to be the fourth-largest subsidiser of coal in the G20, at $4.2-billion (or R56.6-billion) a year.

The South Africa country study, which was offered exclusively to *Daily Maverick* prior to its international release in the early hours of Monday morning, 1 July 2019, highlights the $3.4-billion a year averaged out over 2016/17 for SOE subsidies — an item comprised primarily of Eskom's support for coal-fired behemoths Medupi and Kusile.

"This state-owned enterprise support is among the highest in the G20," notes the country study.

Also mentioned in the study's "key findings" is the $60-million that coal mining in South Africa receives in annual average subsidies, as well as the $400-million that the **South African Export Credit Insurance Corporation** provided for the financing of a coal transportation project in Mozambique in 2017.

While the country study does not expressly situate South Africa at number four in the G20, Leo Roberts, senior research officer in the climate and energy programme at the Overseas Development Institute, concedes (with some qualifications) that this placement is correct.

"The short answer is yes," he informed *Daily Maverick*, "but there are some important caveats. If one were to add up the government support provided to coal across all three measures (public finance, fiscal support and state-owned enterprise investment), South Africa is the fourth-biggest G20 country in terms of the overall support it provides to the sector.

"It's important to bear in mind that we try to avoid adding up all of these measures into one country ranking, primarily because our figures are the minimum, and so there may be other support measures (as in subsidies) out there for which data isn't available, which might shift where a country sits in any ranking table. It's also important to note that each country has its own context (for example around energy access), so comparing them directly can be unfair."

Be that as it may, the bottom line from the necessarily cautious response of Roberts is two-fold: First, South Africa is behind China, India and Japan and *ahead* of South Korea, Indonesia and the United States when it comes to government support for coal in the G20; second, the analysis uses relatively narrow definitions to avoid argument.

Meaning, regulatory exemptions such as Eskom's non-compliance with SA's Minimum Emissions Standards, which Eskom itself appears to consider a R300-billion subsidy, don't feature.

On this last point, the International Monetary Fund set a strong precedent in May 2019 when its latest report on global fossil fuel subsidies included $4.9-trillion in *post-tax* subsidies — which reflects the difference between "actual consumer fuel prices" and the full societal and environmental costs of a fuel.

In the same vein, Nobel Prize-winning economist Joseph Stiglitz argued in his 2017 book *Globalisation and its Discontents Revisited* that the definition of fossil fuel subsidies should be much wider than a simple cash transfer from government to business.

"[T]here is a real societal cost when a firm imposes environmental damage," he wrote, "and not to charge the firm for the costs it imposes is *de facto* a subsidy. The 2015 Paris Agreement on climate change committed countries to reduce their climate emissions. Many will implement their commitments by imposing charges for carbon emissions… Not charging for such costs is as much a subsidy as having an arrangement by which firms could have free access to labour. Many countries are worried that if some country — say the United States — refuses to impose such a charge, it could distort the pattern of trade."

What could also distort the pattern of trade, perhaps, is if fossil fuel companies operating in the US continued to receive something called "regulatory subsidies". A mind-boggling recent example of this was the $334-million *BP Deduction for Oil Spill Legal Settlement* subsidy, where BP was allowed to deduct from its tax bill nearly all the damages it paid to the US government as a result of the Deepwater Horizon spill.

Would a company such as Sasol be allowed the same deductions if a similar disaster were to happen in South Africa? In papers lodged with the Pretoria High Court in early June, the Centre for Environmental Rights all but argued that a similar disaster has *already* happened — and the government has so far allowed Sasol to get off scot-free.

So back to coal, and the fact that South Africa is up there with some of the most egregious carbon criminals on Earth. The data about our country being fourth on the G20 list comes in the wake of some serious pushback against coal-fired power — a two-week period in which climate activists stormed a coal mine in Garzweiler, Germany, and Cape Town-based Natural Justice and others scored a landmark court victory in Lamu, Kenya.

"What the G20 analysis shows," said Jesse Burton of the Energy Research Centre at the University of Cape Town, "is that the scale of political support for coal in South Africa remains huge. It's not just the R23-billion for the new coal IPPs, but government money being spent all through the coal value chain — by Eskom and in coal mining.

"Yet there is no public discussion about whether this support is developmentally optimal or even socially desired."

Zero. The talk here, if anything, is about non-existent "clean coal" technology — which, as far as the bamboozlement quotient goes, isn't so incredibly far off the attempts of Saudi Arabia, Australia and the US (all G20 countries) to "erase the science" at the recent UN climate talks in Bonn. **DM**