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U.N. Special Rapporteur on Climate Change and Human Rights:

Thematic input for her report on the fossil fuel-based economy and human rights

Introduction

This submission by the Quaker United Nations Office (QUNO) explores the human rights impacts of the fossil fuel-based economy, with a stress on the expected impacts on human rights of the phase out of subsidies that support the production and consumption of fossil fuels. This submission draws on expertise from one of QUNO's programmes, specifically Sustainable and Just Economic Systems (SJES).

Our perspective is grounded in three principles: what is sustainable, what is just in economic transitions, and what upholds human rights in shaping policy and governance. We then offer some examples of past practices and lessons learned in regulating the fossil fuel-based economy, in order to inform the Rapporteur's proposals for how best to achieve a just transition away from fossil fuels that is human rights-based, gender-responsive, age-sensitive, disability-inclusive and uses risk-informed approaches.

Background

Over the last several hundred years, the fossil-fuel based economy gradually replaced, though to some extent also supplemented, economic activities that had previously been depended exclusively on human and animal power and biomass, and in some locations direct wind and water power. Both coal and peat had been used on a small scale for millennia, especially in China and Europe, but coal emerged as a major energy source in the 18th century, followed by petroleum in the 19th century, and natural gas in the 20th. Electricity generated by hydro-electric power plants began to emerge at the end of the 19th century, and remains a major source of electric power in mountainous regions with adequate rainfall.

Since the 1960s, developed economies as well as several middle-income countries have also harnessed nuclear fission. And since the beginning of the 21st century, solar photovoltaic (PV) panels and wind turbines have become important sources of electric power. Biomass, mainly wood and bagasse, also play a significant role in several countries. But crude biomass continues to provide a significant source of cooking and heating fuel in many of the world's poorest countries, contributing to morbidity and mortality, especially among women, from smoke exposure.

Thus today, most countries' energy sources are mixed, with fossil fuels supplying as little as 11% of primary energy needs (e.g., Iceland) to 99% or more, mainly in several MENA countries. Accordingly, the current local impacts of fossil fuel production and use vary considerably from one country to another, as would be the effects of phasing out the use of fossil fuels.

Without filters or scrubbers, the combustion of fossil fuels, especially coal and heavy fuel oils, spews large volumes of pollutants into the air. Modern air-pollution control techniques have mitigated to some extent those emissions, especially from large stationary sources, like factories and power plants. But the product of combustion common to all fossil fuels, carbon dioxide (CO2) — the leading gas contributing to global climate change — remains unchecked, except at a few demonstration facilities.

Not all uses of fossil fuels involve combustion, however. *Coal*, transformed through pyrolysis into high-carbon metallurgical coke, has long served as an ingredient in steelmaking, a role previously played by wood-based charcoal. Its annual production has ranged from 1.0 to 1.1 billion tonnes since 2011. About 15% of the world's refined *petroleum* provides the molecules that serve as the feedstocks into petrochemicals, particularly polymers. The International Energy Agency has forecast that under its Net Zero Emissions scenario, that share could grow to 55% by 2050. Liquids extracted from *natural gas* (NGL) are increasingly being used as petrochemical feedstocks as well, and natural gas is the main fossil fuel used for manufacturing nitrogenous fertilizers. The world has become heavily dependent on these products, and millions of people's employment depend on them. However, plastic polymers and fertilizers also create environmental impacts themselves.

The modern fossil fuel industry has benefitted from government support in multiple ways, for more than a century. The coal industry, which has been the most dependent on human labour, has often benefitted from direct subsidies from governments in the form of grants, especially to cover corporate losses during downturns in sales or prices, and capital injections to help modernize or "rationalize" the industry. During the latter part of the 20th century, it became common for governments to broker special arrangements between the (by then) nationalized coal producers and state-owned electric power companies, a practice that has since disappeared in Western and Central Europe.

The oil and natural gas industry, by contrast, has for a long time benefitted from special tax treatment, such as depletion allowances, deductions for intangible drilling costs, tax exemptions for small producers, and public financing (loans, loan guarantees, grants) to infrastructure, such as oil or natural gas pipelines. Governments often expect to earn more tax and royalty revenues than they provide in subsidies, or to stimulate the economy of particular regions, but that has not always been the case.

Subsidies to consumers of fossil fuels are provided in several ways. The type of subsidy accounting for the bulk of global fossil fuel subsidies to consumers are provided through government policies (mainly in countries that export petroleum or natural gas) that set an administrative price for fuels or electricity sold domestically that is below the price at the border (after accounting for transport costs). These types of subsidies reached almost

USD 1250 billion globally in 2022, and fell to USD 620 billion in 2023. Some countries, both developing and developed, have policies that target low-income households, either through vouchers or special "lifeline" prices for fuels or electricity. And many countries refund to, or exempt from paying, excise taxes normally paid on fuels like diesel for specific categories of consumers, especially agriculture. No or very little tax is levied on aviation kerosene ("jet fuel") in most countries of the world.

Responses to the Rapporteur's questions

What is the full range of human rights impacts of the fossil fuel-based economy? What are the systemic causes of these impacts? Who is disproportionality affected by these impacts and why?

The fossil fuel-based economy has long had a bearing on the **right to an adequate standard of living**. Tapping into sources of concentrated energy that had accumulated over eons enabled the industrialization of much of the world, improving the material standard of living for billions of people, and contributing to abundant food production through mechanization and the advent of nitrogenous fertilizers and pesticides derived from fossil fuels. The distribution of these benefits has always been highly skewed, however, making some people fabulously wealthy even while in some parts of the world there are people who either have little to no physical access to commercial forms of energy, such as electricity, or cannot afford it and therefore continue to rely on traditional fuels, such as biomass.

The downside is that centuries of extracting and burning fossil fuels has resulted in considerable damage to the natural environment, such as the Niger delta, high levels of air pollution, and the accumulation of gases such as methane and carbon dioxide (CO2) that trap the Earth's heat and acidify the world's oceans. The systemic causes of these impacts are rooted in the life-cycle emissions of fossil fuels, from extraction to combustion, as well as inadequate regulation of environmental and labour protections.

The extraction of fossil fuels, particularly coal, has over its history violated many individuals' **right of freedom from slavery**, such as in the American south. Such chattel slavery has thankfully disappeared, but modern slavery in the forms of debt bondage and child labour still persist in some coal-mining areas of the world. These types of problems are by no means unique to fossil fuel extraction, however, and have also emerged as a problem in the upstream segments of the supply chains for minerals required for electric batteries and components used in renewable energy technologies.

There are many instances of fossil fuel extraction harming Indigenous peoples in particular, violating their rights to land, self-determination, and resources, as outlined in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP). For example, tar sands extraction in Alberta, Canada, has encroached upon Indigenous territories, polluting waterways critical to cultural and subsistence practices. Similarly, many western U.S. states depend heavily on royalties from oil and natural gas extraction taking place on so-called

"state trust lands" — lands taken from Indigenous communities during the 19th century and redistributed to U.S. States — to finance their state universities.

The **right to own property** has also been threatened, either directly and on-going (e.g., through practices such as mountain-top removal, other forms of surface mining, or hydraulic fracturing — "fracking") or as a legacy of past fossil-fuel extraction (e.g., land subsidence), in many parts of the world. In the developed world, some compensation (though not necessarily adequate) is usually offered to property owners who suffer these impacts, but in countries in which land and subsurface rights have been considered communal or undefined, local communities have often been powerless to resist encroachment on or damage to their land without prior consent or compensation.

The combustion of fossil fuels is the leading driver of climate change. Climate-induced disasters—including floods, heatwaves, hurricanes, and prolonged droughts—exacerbated by fossil fuel emissions, pose existential threats to the **right to life** (Article 6, ICCPR) and the right to an adequate standard of living (Article 11, ICESCR). Rising sea levels, for instance, jeopardize the survival of Small Island Developing States (SIDS) and their populations. According to the UN Treaty Bodies' "Joint Statement on Human Rights and Climate Change" (2019), those "segments of the population already marginalized or in vulnerable situations", such as women, children, persons with disabilities, Indigenous peoples, and rural communities, face the highest risks from climate-related harm."

Fossil-fuel combustion is also a major source of air pollutant emissions, especially particulate matter (PM2.5), nitrogen oxides, and sulphur dioxide, which are linked to respiratory and cardiovascular diseases. According to the World Health Organization (WHO), air pollution (from all causes, including the burning of biomass) is a major factor in approximately 7 million premature deaths annually. This violates the right to health as recognized in Article 12 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), which states: "The States Parties to the present Covenant recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health."

2. What are the current and likely human rights impacts of a transition away from fossil fuels and of the phase out of fossil fuel subsidies?

On the production side, the main economic consequence for people of reducing production of fossil fuels in a particular locality is the effect on the employment prospects of those who work for or supply the producers, transporters, or transformers of those fuels. The extraction of crude petroleum and natural gas employs many workers during the development phase, but once production begins those people typically move on, leaving a smaller number to oversee and operate the wells. Peat harvesting and coal mining, by contrast, are much more labour-intensive, especially at underground pits. Shutting down these activities can lead to significant local effects, both on the miners themselves and the surrounding community. (See answer to Question 5b.) The phase out of fossil fuel subsidies will likely not have a large

effect on most existing fossil fuel production, except for mines in high-cost coal-producing regions.

The effects of FF subsidy reform to producers will also depend on the type of government support currently being provided. A reduction in or cessation of support tied to investments in productive capital will mainly slow or stop the creation of new extractive capacity (depending on the evolution of demand and prices).

The effect of FF subsidy reform on refineries and petrochemical plants would be similar to that of primary producers: a reduction of growth in the industry (depending on what happens to demand), and in associated employment. A typical large petrochemical plant, such as the Shell Pennsylvania Petrochemicals Complex, provides around 600 permanent jobs, and ten times that number during a plant's construction phase. However, sales by the companies that produce the specialized equipment for such plants would grow at a slower pace or even contract. On the other hand, employment at facilities that produce feedstocks and equipment for plants that manufacture alternative materials would presumably increase.

The cessation of public finance for new coal- or natural-gas-fired power plants would mainly affect the manufacturers of these plants, which are based in only a few developed countries. Moreover, most of the local workers who would otherwise be employed in constructing the plants would likely find employment constructing other facilities for generating electricity. One study, for example, found that across the United States, local wind and solar jobs can fully replace coal-plant jobs lost during the energy transition, even if all new jobs are located within 50 miles of each retiring coal plant. This study quantified the feasibility and costs of replacing coal jobs with renewable energy employment, concluding that while localized job replacement may slightly increase transition costs, it significantly contributes to ensuring a just transition for affected communities.

Industries that currently depend heavily on fossil fuels, such as manufactures of steel or cement, could also be affected. In the United Kingdom, unions have proposed that the government provide additional funding to British Steel to maintain operations of blast furnaces until electric arc furnace replacements are established, highlighting the challenges faced by manufacturers during transitions away from fossil fuel-based infrastructure.

As countries phase out fossil fuel subsidies, respecting the **right to partake in public affairs** will be crucial for ensuring that the transition is just, via **freedom of expression** and the **right of assembly**.

What matters also is the speed of the reforms, the number of people who would be adversely affected by the reforms, and how much money is provided, and in what way, to help address adjustment costs.

Considerations of the impacts on producers — the owners of productive capital and the employees of the producing entities — include the reduction in the value of the firm to shareholders resulting from the reforms, and whether workers made redundant as a result of the reforms can be redeployed (perhaps with additional training) in other productive

activities, or whether other social welfare, such as an early-retirement pension, may be required for some of the workers.

Considerations for consumers, whether one is looking at the phasing out of fossil fuel subsidies or of fossil-fuels themselves, include the availability and relative cost of other goods or services that can provide the same benefits provided by the fossil fuels, and the impacts of those substitute goods or services on human health and the natural environment relative to fossil fuels.

The answer to this question depends on how, and how quickly, the transition is orchestrated, as well as local circumstances. In wealthy countries with abundant renewable-energy sources, such as Switzerland, even a comparatively rapid transition away from fossil fuels would likely not cause huge disruption, as: it produces no fossil fuels; less than 5% of its electricity is generated from fossil fuels; it has well-developed public transport and a growing ecosystem for travel by bicycle; and it has given priority to insulating its housing stock. Thus the distributional effects are likely to be less uneven as in many other countries.

Other countries that in theory could weather a transition away from fossil fuels are small island developing states (SIDS). Many are heavily dependent on imported oil products to generate electricity, and on gasoline or diesel fuel to power their vehicles. But many also have considerable potential for using renewable energy and, with financial assistance, could decarbonize their electricity production and their transport. The challenge for some would be to ensure that their renewable-energy facilities are safe from powerful storms or rising seas.

However, in many countries, packaging price reforms with compensatory policies will likely be required. (See examples in Annex 1)

4a. *Are there good practices or lessons learned in regulating the fossil fuel-based economy that can support a just transition away from fossil fuels?*

Generally, economies that have good governance, and that do not depend heavily on revenues from royalties or taxes paid by fossil fuel producers, have been able to phase out fossil fuel production easier than those with less diversified economies. However, there are countries that are succeeding in gradually reducing domestic consumption of oil and natural gas, such as Norway, while maintaining or even increasing exports of those fossil fuels. The countries that have phased out their coal-fired power generation the fastest in recent years are led by Greece and the U.K., followed by Denmark, Spain, Portugal, Israel, Romania, Germany, the United States and Chile, most replacing that coal-fired capacity with some combination of natural gas and renewable energy sources**.**

At the EU level, the recent years have seen the emergence of new legislatives packages presented as an answer to the challenges raised by the workers' movement. In Spain, for instance, a €250 million "Plan del Carbón (2019– 2027)" deal was established to facilitate the closure of uncompetitive coal mines. This agreement, reached between the Spanish

government and unions, offers early retirement for miners over the age of 48, retraining for green jobs, and environmental restoration efforts in mining regions.

At the local level, the town of Collie in Western Australia provides a notable example of a coal-dependent community co-designing its own just transition, engaging workers, unions, businesses, and government in a structured process to ensure economic diversification and long-term employment opportunities. The transition, backed by substantial public investment, includes retraining programs, the development of new industries such as carbon-free steel production, battery storage, and targeted economic revitalization efforts.

4b. *Are there lessons from other sectors that can provide transferable insights for the transition away from fossil fuels?*

There have not been many prior cases in history of governments actively trying to coerce their citizens into stopping to use or produce goods that are as widely used as fossil fuels are today. Mainly they have involved efforts to stanch the production, consumption, or both of harmful drugs, alcohol, or tobacco. On a smaller scale, governments of many countries have banned, severely restricted or restricted the production or use of certain chemicals, such as the insecticide DDT (dichloro-diphenyl-trichloroethane), as well as asbestos, lead (Pb) and other chemicals in many products.

There have been numerous cases throughout history of *technological changes* making certain raw materials or manufactured products obsolete. The invention of the bicycle and then automobiles largely obviated the use of horses for private transportation, for instance. But, because of the diversity of uses to which fossil fuels are put, the degree to which technological developments could swiftly engender a shift away from those fuels will vary across those various uses. In the case of fuels, including fossil fuels, the transition from one form to another (e.g., wood) to another (e.g., coal) has historically been incomplete or even additive, underscoring the unprecedented task facing the world if it truly seeks to completely phase out the production and use of fossil fuels.

5a. *Are there gaps or barriers in the domestic regulation of business activities in the fossil fuel-based economy that prevent the protection of human rights?*

Some countries could be argued to have over-lax regulations in the following areas:

- Inadequate consideration of the health effects of fossil-fuel based facilities during the application and approval process, including effects on other (downwind) jurisdictions.
- Inadequate enforcement of environmental and safety regulations during the operating coal mines and hydrocarbon wells, including illegal coal mines.
- Loopholes that allow producers to avoid the responsibility for properly decommissioning mines and wells once they have stopped producing.

There is also the general issue of international rules on GHG emissions that call for reducing GHG emissions that are domestic in origin that encourage the outsourcing of fossil-fuel-intensive production in countries that are bound by less stringent reduction requirements.

Additionally, weak regulatory oversight in fossil fuel-dependent economies often leads to environmental degradation and human rights violations. For example, the Niger Delta remains one of the most affected regions due to oil production and spills and gas flaring. Despite environmental regulations, weak enforcement mechanisms allow transnational corporations to continue unsustainable extraction practices, undermining local communities' right to health, water, and an adequate standard of living under the International Covenant on Economic, Social and Cultural Rights (ICESCR).

In the United States, the long-standing practice of hydraulic fracturing ("fracking") and its associated wastewater fluids has been associated with water contamination and induced seismic activity, raising concerns over the right to a safe and healthy environment. Studies show that regulatory exemptions for fracking operations — such as the "Halliburton Loophole" in the U.S. federal Safe Drinking Water Act — allow oil and gas companies to bypass stricter water contamination controls, exposing communities to hazardous chemicals.

5b. *Are there specific examples of State regulation of a just transition away from fossil fuels or fossil fuel phase out?*

There have been numerous attempts by governments to phase out particular fossil fuels or fossil fuel subsidies (Annex 1). Lessons can be learned from both those that went well and those that did not. Broadly, their differences generally reflect the particularities of time and place, and the relative importance given by policymakers to environmental and economic impacts.

One of the few examples of an almost complete transition away from fossil fuels, at least for electricity and district heat, is illustrated by the experience of Iceland starting in the 1970s. At the beginning of that decade, imported fossil fuels provided most of the country's energy supply. Today, almost 100% of its electricity is provided by renewable energy sources, and 90% of its houses are heated directly with geothermal energy. Elements behind that success include: (1) establishing cohesion and collaboration among municipalities and between them and the central government during the early stages of the transition; (2) empowering local governments and engaging the public; (3) maintaining a favourable legal and regulatory framework, and providing government incentives and support; and (4) developing a long-term plan for the implementation of renewable energy.

5c. To what extent do these examples provide rights-based, gender-responsive, age-sensitive, disability-inclusive and risk-informed approaches to a just transition away from fossil fuels that prevent discrimination?

Most of the available case studies on the reforms of consumption subsidies do not discuss the extent to which the affected peoples' gender, age, or disabilities were taken into account in the design and application of the reforms. India's reforms of their LPG subsidies, however, were designed not only to eliminate waste and expand access to clean cooking fuel, but to better target for poor rural households, especially women.

In the case of coal-mine closures (affecting mainly men), age and disabilities (including low educational attainment) have usually been factors in the design of transition measures to help affected miners.

6a. Are there specific examples of business conduct supporting a just transition away from fossil fuels? To what extent do these examples ensure the protection of human rights and the prevention of non-discrimination?

Shell, Chevron, and ExxonMobil — three of the world's largest publicly traded energy corporations — have at different times pledged to reduce their GHG emissions, or even to achieve "net zero" emissions by some future date, typically by the year 2050, while remaining profitable. They plan to achieve these targets by reducing their own methane and CO_2 emissions, changing their product mix, and shifting towards low-carbon forms of energy such as hydrogen, and renewables. However, these companies have not committed to reducing their fossil fuel extraction levels. In fact, ExxonMobil and Chevron have reported increased oil production in recent years, with ExxonMobil achieving a record output of 4.6 million barrels of oil equivalent per day in the third quarter of 2024. Similarly, Shell has announced plans to boost fossil fuel production despite its net-zero pledge. Some have also invested heavily in carbon-offset initiatives, which have had a dubious record. If the companies do legitimately achieve their targets, the resulting reductions should help somewhat in reducing GHG emissions, which would benefit all people, and to some extent air pollutant emissions, which would benefit people living near their facilities. However, emissions from the combustion of these fuels they sell would continue.

Most governments of major fossil-fuel producing countries, including those with state-owned energy companies, also continue to promote, support, and plan on the expansion of fossil fuel production, according to the latest *Production Gap* report. "None have committed to reduce coal, oil, and gas production in line with limiting warming to 1.5°C", observe the authors of that report — an inaction that is inconsistent with commitments to respect human rights. However, some countries have taken steps to curb fossil fuel extraction. In 2023, Colombia halted new oil and gas exploration contracts and endorsed the Fossil Fuel Non-Proliferation Treaty, signalling a commitment to transitioning towards renewables. Similarly, a 2024 UK Supreme Court ruling imposed stricter scrutiny on new fossil fuel projects by requiring

environmental impact assessments that include downstream emissions, effectively capping new extraction.

6b. Are there specific barriers in the context of business conduct that undermine efforts to transition away from fossil fuels? If so, how could these barriers be addressed?

Despite growing momentum for fossil fuel phaseout, several structural barriers in business conduct hinder the transition:

Corporate lobbying and political influence: Fossil fuel producers and energy-intensive industries wield significant lobbying power to delay climate policies. For example, the influence of oil and gas corporations in international climate negotiations has been documented extensively. At COP28, for example, the presence of fossil fuel lobbyists (taken as a group) outnumbered representatives of Indigenous peoples by a 7 to 1 ratio.

Investment risks and stranded assets: Many fossil fuel-dependent economies fear economic instability if they rapidly transition away from hydrocarbons. Financial institutions continue to invest heavily in fossil fuel infrastructure despite growing evidence of stranded asset risks. The non-governmental organisation, Oil Change International, for example, reports that since the Paris Agreement in 2016, the world's 60 largest private banks have provided USD $6.9 trillion in financing to companies engaged in the production of fossil fuels, nearly half (USD 3.3 trillion) of which went towards fossil fuel expansion. In 2023 alone, banks provided USD 705 billion in fossil fuel financing, with USD 347 billion dedicated to fossil fuel expansion, despite commitments to phase out financing for new oil and gas projects, such as those made by the Glasgow Financial Alliance for Net Zero (GFANZ), which pledged to align investment portfolios with net-zero emissions by 2050. However, a 2023 analysis found that several of the largest banks and insurers within GFANZ continue to provide financing for fossil fuel expansion, raising concerns about the credibility of voluntary net-zero commitments.

Market distortions caused by ongoing subsidies: Governments still allocate vast subsidies to fossil fuels, mainly by keeping domestic prices below world market prices for the same fuels or electricity, making renewable energy comparatively less competitive. Despite pledges under the G20, G7 and the Glasgow Climate Pact, fossil fuel subsidies rose to above USD 1 trillion in both 2022 and 2023.

Insufficient financing to pay for the energy transition: Many developing countries struggle to finance a just transition. The absence of dedicated funding streams for fossil fuel workers and affected communities has led to resistance against transition policies. The Just Energy Transition Partnerships (JETPs) that have been initiated by Indonesia, South Africa, and Viet Nam, are promising frameworks but require stronger implementation mechanisms to ensure equitable funding distribution and alignment with human rights protections.

Weak regulatory oversight on corporate sustainability standards: Strong corporate sustainability regulations are essential for ensuring transparency and accountability in the fossil fuel sector. However, deregulatory trends in corporate sustainability frameworks risk weakening oversight, limiting corporate responsibility in emissions reductions and planning for a just transition. A key example is the European Commission's Omnibus Simplification Package, which significantly dilutes corporate due diligence and reporting requirements under the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). The revised framework exempts 85% of previously covered companies, limits supply chain due diligence to direct suppliers only, and removes liability for non-compliance, reducing transparency in corporate emissions disclosures and fossil fuel financing. Such rollbacks not only hinder climate action within the EU but also set a concerning precedent for global sustainability reporting standards, particularly in jurisdictions where voluntary frameworks fail to ensure corporate accountability in fossil fuel investments.

To address these barriers, states must enhance corporate accountability by mandating disclosure of fossil fuel-related financial risks, enforce stronger anti-lobbying regulations, and accelerate fossil fuel subsidy reform while ensuring a just transition for workers and communities dependent on these industries. Strengthening international mechanisms under the UN Treaty on Business and Human Rights could also help ensure that corporations align with climate and human rights obligations.

7. *How can States, business and UN bodies contribute to the achievement of the Sustainable Development Goals, in particular Goals 13 and 14, in the context of a just transition away from fossil fuels and fossil fuel phase out?*

The extraction and combustion of fossil fuels can cause degradation of the natural environment, and is a major contributor to climate change (SDG 13), and air pollution (SDG 3), and can negatively impact life below water (SDG 14). Reducing fossil fuel production, particularly in offshore waters, would reduce the risk of noise and other pollution, particularly from well leaks, all of which harm marine life. A few countries, such as Denmark in 2020, have banned new exploration for hydrocarbons in its offshore waters; others, such as Canada and several U.S. states, have declared specific areas off-limits to new offshore drilling for hydrocarbons. The countries that are stakeholders in the Fossil Fuel Non-Proliferation Treaty Initiative, by proposing "a new legal mechanism that will secure an equitable transition away from oil, gas, and coal", are unlikely to endorse any new production within their territories, including their offshore exclusive economic zones.

UN bodies, particularly UNEP (as custodian of the SGD Target 12.c.1 on fossil fuel subsidies) and UNDP (which is providing policy makers in developing countries with a guidance on implementing carbon pricing and fossil fuel subsidy reform policies) are already active in this space. It is legitimate to ask whether these programmes are adequately funded, however.

8. *Are there proposals to scale up national, regional or global action for a just transition away from fossil fuels and fossil fuel phase out? And how do these proposals take into account the principle of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances and in the context of sustainable development and efforts to eradicate poverty, all in pursuit of the objectives of the Convention and the Paris Agreement?*

There are several examples. The Net Zero World Initiative, led by the U.S. Department of Energy's Argonne National Laboratory, works with the governments of eight partner countries (Argentina, Chile, Egypt, Indonesia, Nigeria, Singapore, Thailand, and Ukraine). A recent study documents five initiatives in the United States, and one in Chile, that have been led by fossil energy-dependent communities themselves.

We wish the Special Rapporteur and her team our best wishes with their work.

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Annex: Past Experiences with Reforms of Fossil Fuel Subsidies

This Annex provides brief summaries of reforms of fossil fuel subsidies that several countries took during the period from the early 1990s through the present day, particularly relating to support for coal mining and price support to consumers of petroleum products and natural gas.

Production subsidies

Argentina: In 2017, Argentina phased out its incentives to oil producers, saving the its government some USD 780 million in budgetary outlays.

Belgium: In the 1990s, the Government closed down its last, highly subsidized coal mines, providing a package of measures to ease the burden for miners.

Canada: Coal was mined on Cape Breton, Nova Scotia, from the 18th until the early 21st century. Its last mine closed in March 2020, after years of government subsidies. The nature of that transition has been heavily criticized by some.

France: In 1994, the Government, well into its project to make nuclear-power the mainstay of its electric-power industry, announced a managed closing of its remaining coal mines within 10 years; the last one shuttered in 2004. In an agreement with the unions, all redundant miners were paid 85% of their salary until they reached the age of 45 and then 80% until retirement age. They were also allowed to keep their free homes and generous health and other social benefits.

Germany: Germany was obliged by the EU to halt the subsidization of its remaining hard-coal mines at the end of 2018. This resulted in several mine closures, concluding a slow process of mine closures and consolidations that began decades earlier. To ensure a just transition for workers, the German government, trade unions, and coal companies reached an agreement that included early retirement schemes, retraining programs, and relocation assistance. Additionally, significant public investments were made to promote economic diversification in former coal-mining regions.

Japan: During the late 1930s and early 1960s, Japan's domestic coal mines yielded over 50 million tonnes a year. Thereafter, the Government launched a heavily funded programme to "rationalize" its industry; the last remaining coal mine ceased operations in 2002.

International Public Finance: Some 36 countries and 5 institutions have signed on to the Clean Energy Transition Partnership (CETP), initially promising to end their international lending and grants to oil and natural gas facilities by the end of 2022. Progress towards that goal is monitored by Oil Change International, an NGO, but analysis of the effects of these policies remains to be undertaken.

Consumption subsidies

Numerous case studies of national reforms of consumption subsidies have been produced by inter-governmental organisations such as the IMF. the World Bank, and the UN Development Programme (UNDP) but also by NGOs such as the Center for Global Development (CGD) and the IISD. Below is a selection of other examples.

Argentina: In June 2024, the Government instituted a set of reforms that would cut overall subsidies for electricity (almost all generated by fossil fuels) by half over the course of the coming year.

India: During the mid-2010s, the central government of India undertook a reform of its household subsidies for the purchase of liquid propane cooking (LPG) that involved the largest cash transfer programme in the world to date.

Nigeria: Nigeria has long cross-subsidized its domestic prices for petroleum products (most of which are imported) from profits earned on its exports of crude oil. It has made many attempts to end those subsidies, often provoking civil unrest. In 2024 it embarked on a new programme of subsidy reform.

United Arab Emirates (UAE): In August 2015 the Government of the UAE decided to link its domestic price of petrol (gasoline), which was previously set below export price parity, to the international price of oil to help rationalise fuel consumption and encourage the use of public transport. This policy shift led to an immediate increase in gasoline prices by approximately 25%, while diesel prices saw a slight decline, reflecting international market trends. The UAE has also tried to reduce its subsidies for electricity and water but with less success.

United States: For many years, as a result of federal regulations, the prices of natural gas sold in interstate markets were kept below the prices for natural gas sold in intrastate markets, resulting in rationing of deliveries during peak usage periods. The Natural Gas Policy Act of 1978 promised to end price controls on all new wells by 1985, and the Natural Gas Wellhead Decontrol Act of 1989 eliminated all remaining price controls on natural gas as of 1 January 1993. The effect of these actions was to substantially increase national production of natural gas. The passage of the federal Low Income Home Energy Assistance Program in 1981 helped assist low-income households pay some of the higher costs of meeting their immediate home energy needs.