



# Production subsidies and subsidy phase out in Germany

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**G20 GOVERNMENT SUPPORT**

**PRIVATE COMPANY  
INVESTMENT**

By top 20 global oil and  
gas producers

**US\$88  
BILLION**

*Investment by state-owned enterprise*

**US\$49  
BILLION**

*National subsidies*

**US\$23  
BILLION**

*Public finance*

**US\$16  
BILLION**

**US\$37  
BILLION**

**FOSSIL FUEL EXPLORATION**

Source: ODI and Oil Change International, Rystad Energy (2014). Figures in US\$ for 2013.

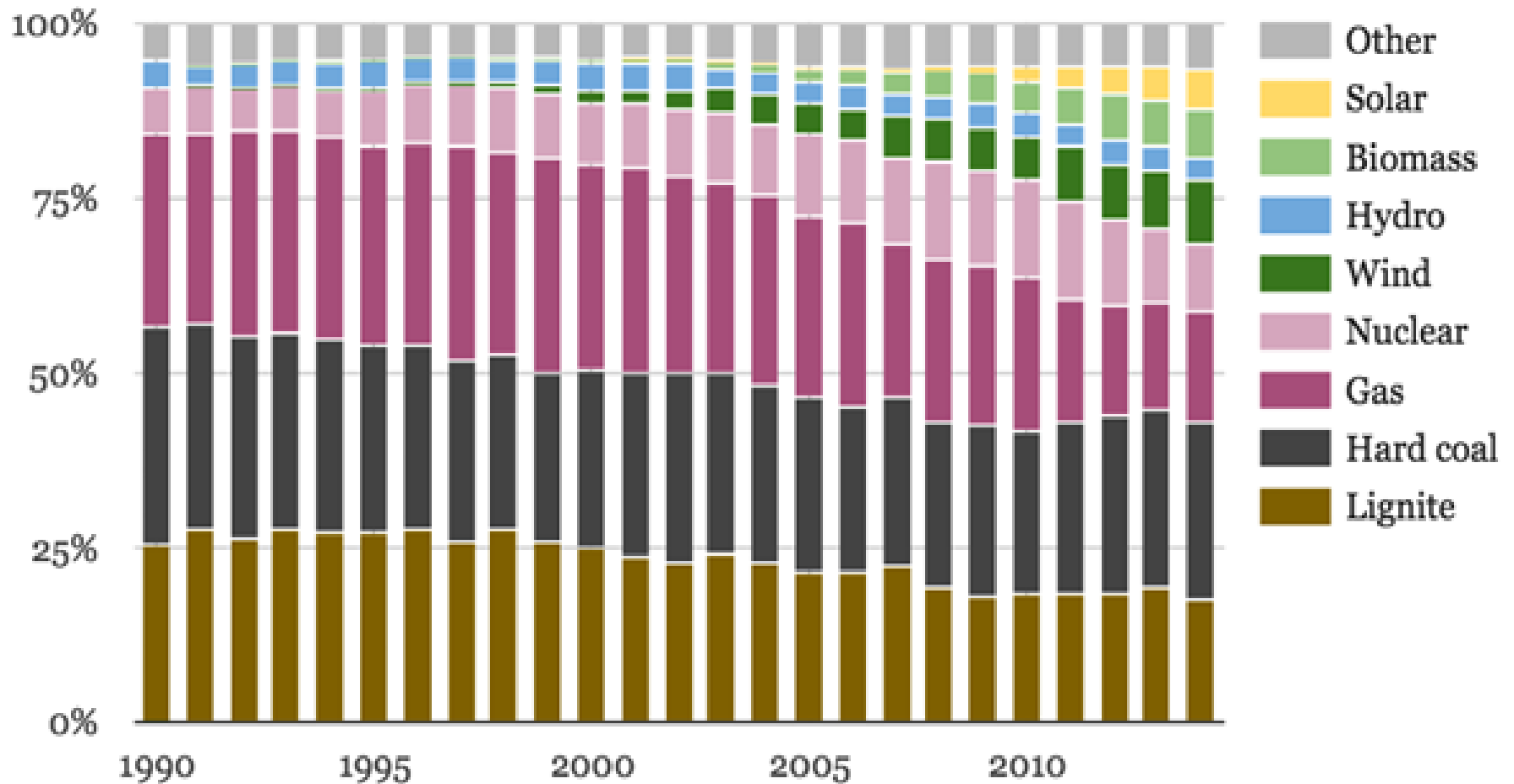
I'M COUNTING  
THIS AS A  
RENEWABLE.

FOSSIL  
FUEL  
SUBSIDIES

THE LEGISLATION  
FOR IT CERTAINLY  
SEEMS TO BE.



## Share of electricity generation in Germany

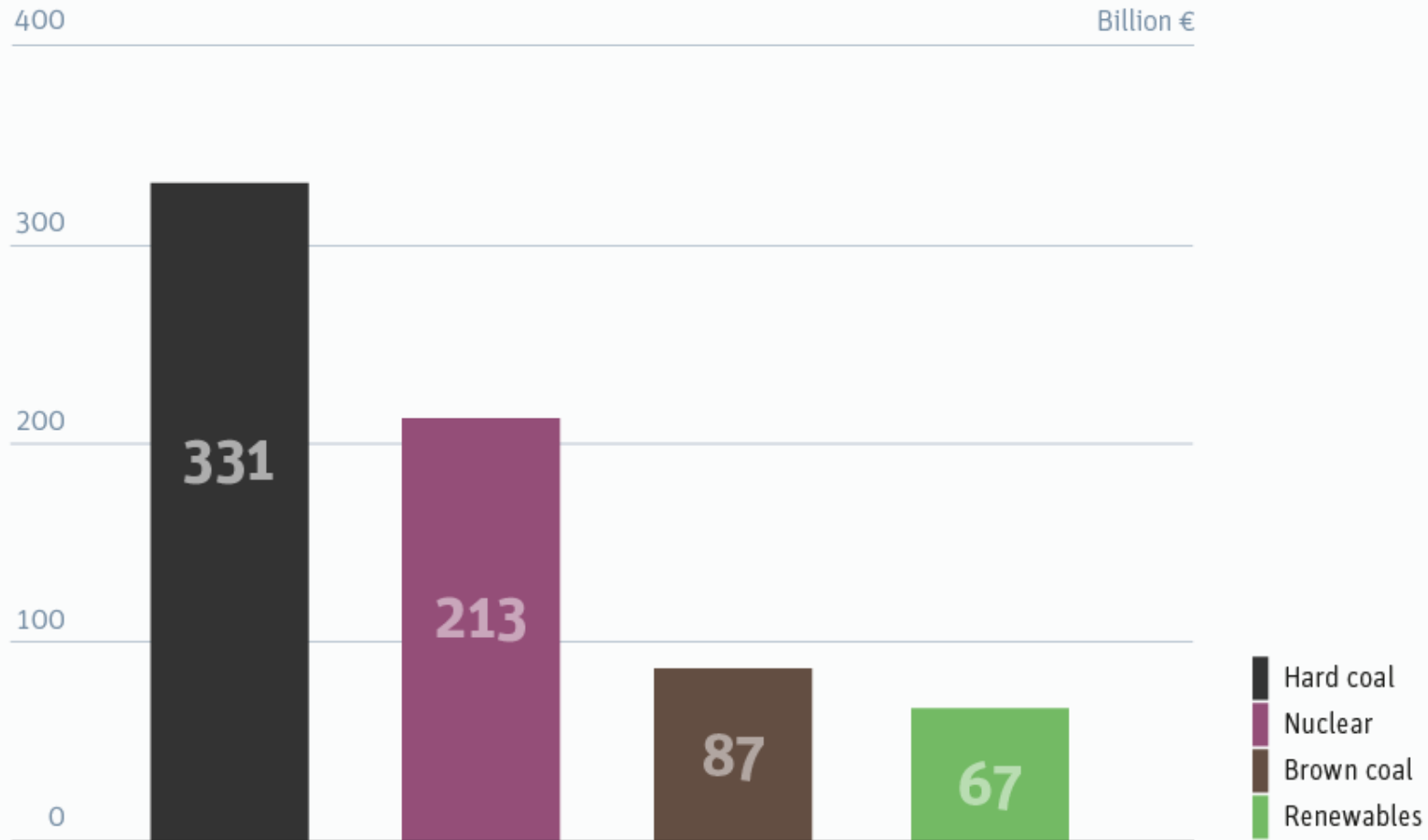


Source: AG Energiebilanzen (AGEB). Chart by Carbon Brief.

# Fossil and nuclear have received by far more subsidies than renewables

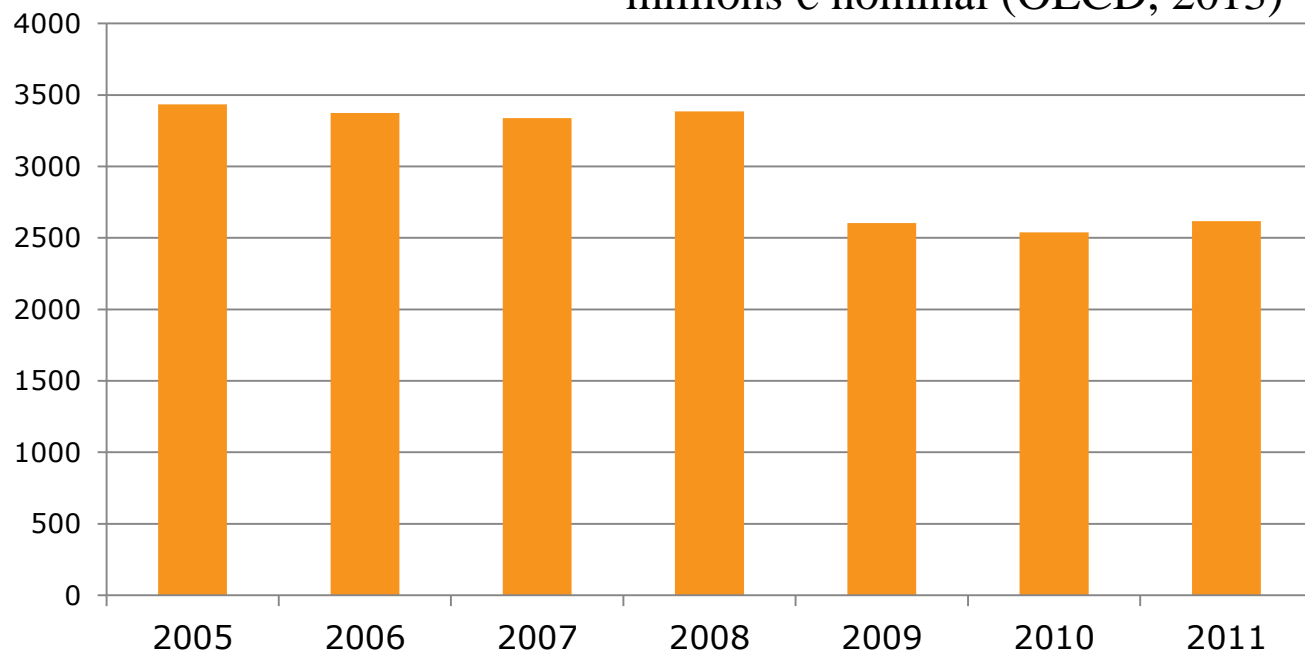
Energy subsidies in Germany, 1972-2012

Source: Green Budget Germany

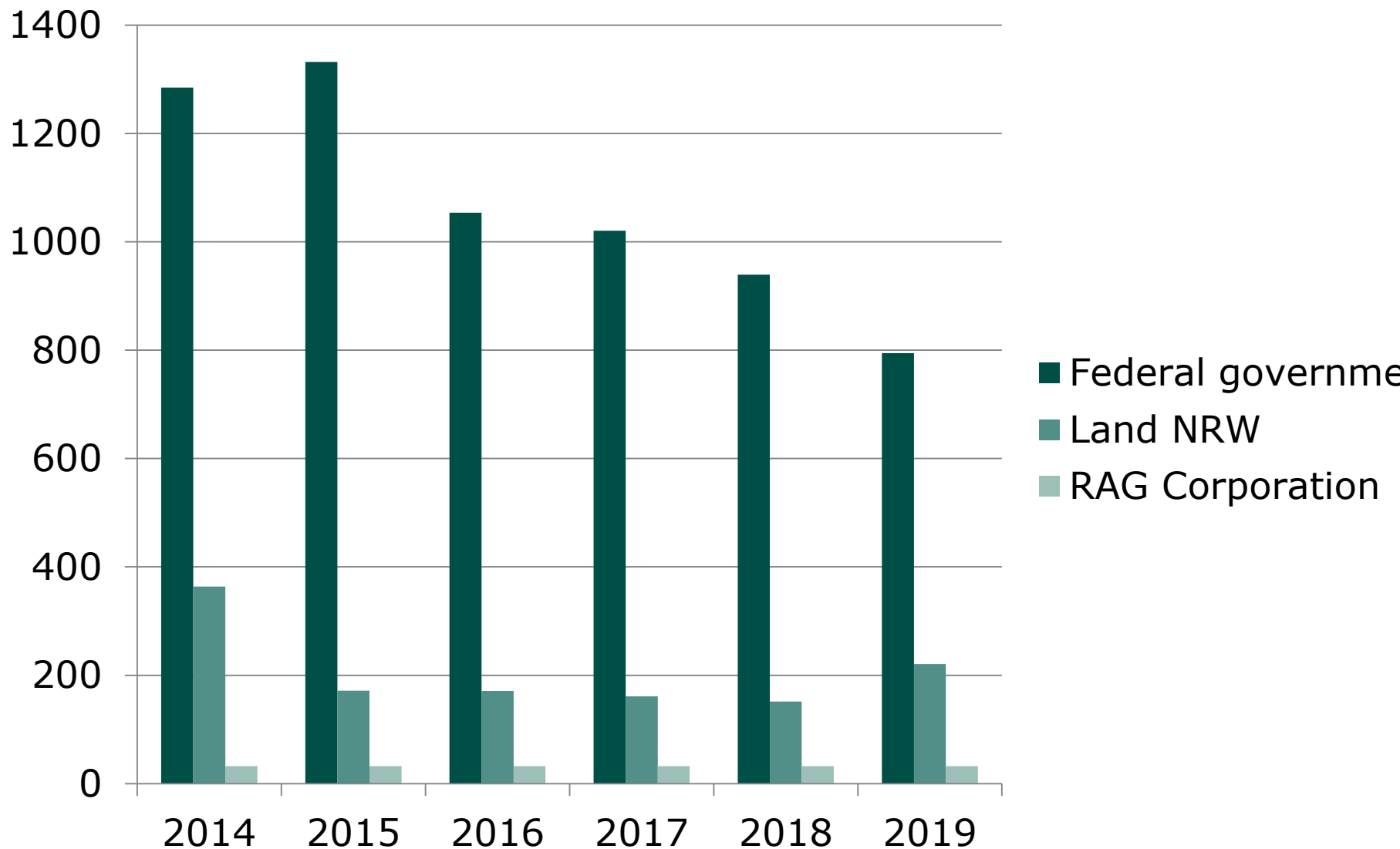


<b>Fossil fuel subsidies in US\$ billions (IMF, 2015)</b>	<b>2013</b>	<b>2015</b>
<b>Pre-tax subsidies</b>	<b>3,17</b>	<b>3,26</b>
<b>Post-tax subsidies</b>	<b>50,29</b>	<b>55,64</b>
Oil	1,9	2,97
Gas	11,24	11,87
Coal	37,15	40,80

Fossil fuel subsidies to production in Germany,  
millions € nominal (OECD, 2013)



Maximum subsidies to hard coal, mln € (BMWI, 2015)





**Conflicts**

**Tension**

**Corruption**





## Production subsidies that remain in place

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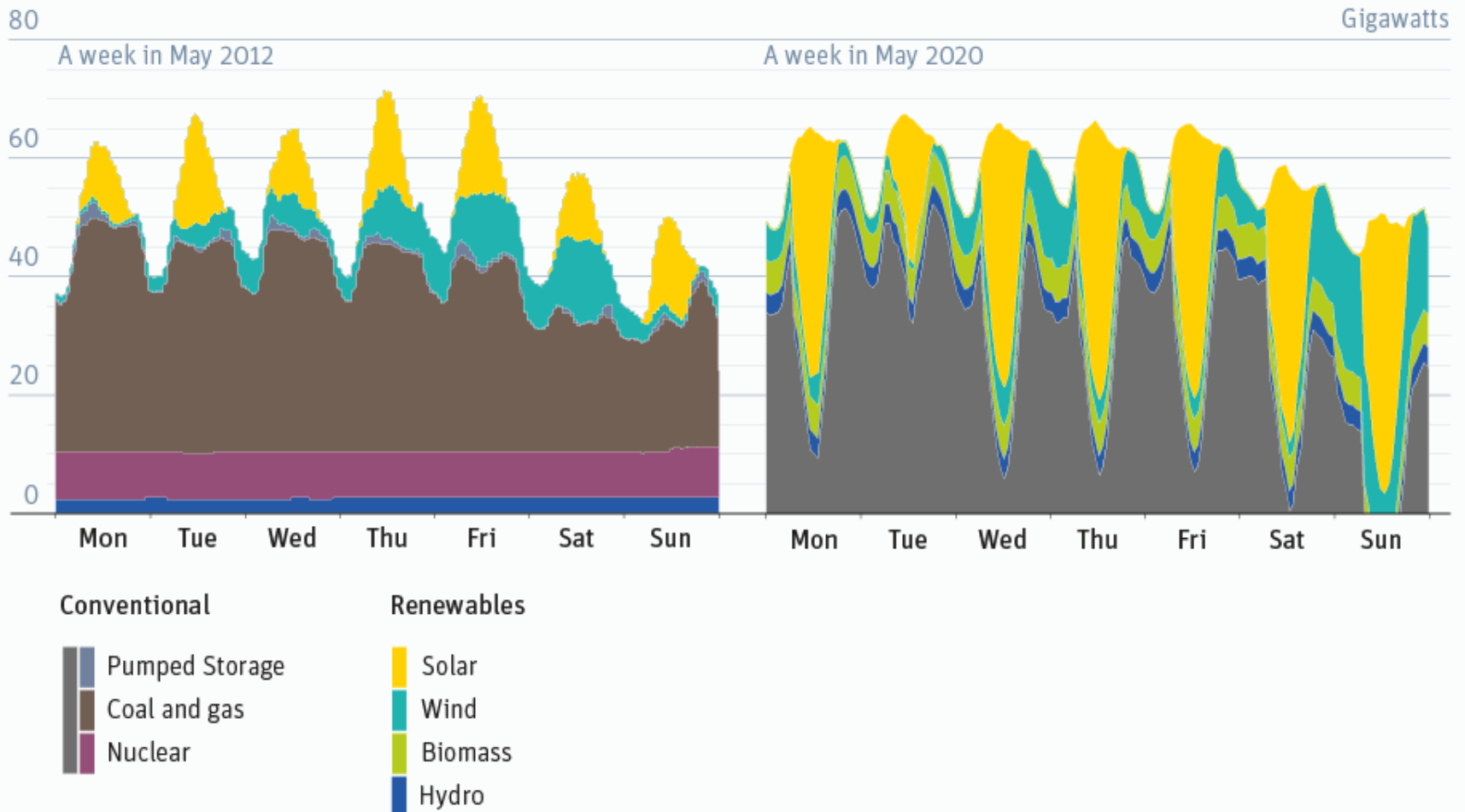
- Early retirement schemes and health insurance in NRW (Anpassungsgeld für Arbeitnehmer des Steinkohlenbergbaus)
  - Rehabilitation scheme (Braunkohlesanierung)
  - Government funding for R&D
  - Royalty exemptions for mining of hard coal and lignite mining
  - Subsidies to inputs in energy production process, for example used in a power station or oil refinery (Herstellerprivileg)
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# Renewables need flexible backup, not baseload

Estimated power demand over a week in 2012 and 2020, Germany

Source: Volker Quaschnig, HTW Berlin





## Suggestions for questions to consider or discuss

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1. Has Germany phased out fast & cheaply enough?
  2. What are potential ways for the government to deal with an increasing share of renewables on the grid, without creating new subsidies to fossil fuels?
  3. To what extent should government step in to ensure the phase out of an industry can be managed in a “socially responsible” way?
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