

FOSSIL FUEL SUBSIDY REFORM PRESS RELEASE – 16 JUNE 2022

New Zealand at forefront of ongoing WTO efforts to drive action towards fossil fuel subsidy reform

Trade and Export Growth Minister Damien O'Connor provided an update on the dialogue to address inefficient fossil fuel subsidies at the WTO's Twelfth Ministerial Conference (MC12) in Geneva this week.

New Zealand demonstrated its continued leadership in tackling damaging fossil fuel subsidies through the launch of a Joint Ministerial Statement on Fossil Fuel Subsidy Reform in December 2021.

Co-sponsors – led by New Zealand as coordinator – reissued the Joint Ministerial Statement at an event this week that featured a range of Trade Ministers, WTO representatives and key international trade and environment organisations. The number of Statement co-sponsors continues to grow, and is now supported by 47 WTO Members.

Minister O'Connor noted the substantial environmental, economic, and social cost of fossil fuel subsidies.

"Fossil fuel subsidies have continued to increase in the past decade, costing governments approximately USD 500 billion of public funds a year. These subsidies work against our efforts to address climate change and build inclusive economies," Damien O'Connor said.

In the Glasgow Climate Pact at COP26, the reform of fossil fuel subsidies was explicitly recognised for the first time as an important mechanism for keeping the 1.5 degree goal alive.

"Co-sponsors seek the rationalisation and phase-out of inefficient fossil fuel subsidies along a clear timeline.

"They have now adopted a work programme to guide our efforts over the coming months. This is to help us in our objective to elaborate concrete options for advancing this issue within the WTO in advance of MC13," Damien O'Connor said.

The work plan sets out three meetings from 2022 to 2023 open to all WTO members and interested stakeholders to take stock of efforts, evidence and priorities on the matter, consider social aspects of the reforms and discuss next steps towards MC13.

At the same event, New Zealand also reiterated its support for two additional joint Ministerial statements – for the WTO's structured discussions on trade, environment and sustainable development and on plastics pollution and sustainable plastics trade.

The Joint Ministerial Statement on Fossil Fuel Subsidy Reform can be [found here](#).