

# Environmentally harmful subsidies hiding behind environmental goals?

## Title

In January during the World Economic Forum in Davos we once again **heard world leaders** urging each other to phase out subsidies for fossil fuels citing reasons such as; they're bad for the climate, make renewable energy development more expensive and are quite possibly propagating global poverty. The EU has already committed to getting rid of environmentally harmful subsidies several times but government subsidies for fossil fuels **have been estimated** to have almost doubled in the past few years.

A big part of the problem is that no country explicitly uses lines like 'support for fossil fuels' or 'damage to the environment' in their budgets. Instead, the subsidies are usually hidden under more appealing political goals like building energy infrastructure, strengthening energy security or even supporting renewable energies. Recent **Guidelines** by the European Commission lay down the principles under which state aid can be given to environmental and energy measures. These offer some neat examples on how it's possible for aid to slip into environmentally harmful practices, even financing fossil fuels.

For example, aid to energy infrastructures, aid to generation adequacy of electricity and aid to bioenergy, particularly in the form of co-firing with coal, all offer opportunities to EU member states to keep on granting environmentally harmful subsidies. In **BirdLife Europe's response** to the **public consultation** on these guidelines we urge the Commission to fill in these loopholes.

The Commission creates these loopholes by saying that aid to energy infrastructure is necessary for a functioning EU internal energy market. The problem is that 'energy infrastructure' includes gas and oil pipelines so allowing this sort of state aid which directly contradicts the commitment to phasing out the use of fossil fuels. They also propose allowing aid for 'generation adequacy of electricity.' Simply put, this means that power suppliers are paid to maintain backup energy of production, which includes conventional fossil fuel power plants, that would otherwise go out of business in the wake of renewable energy development.

Environmentally harmful subsidies also easily come in the form of support for bioenergy use. The EU doesn't provide any environmental conditions for support schemes in regards to burning biomass therefore subsidies by EU countries have led to serious environmental harm as in the case of biogas production from maize.

Even worse, bioenergy subsidies have managed to combine increase pressure on ecosystems with direct support to fossil fuels. In an effort to reduce the use of coal, many EU countries have subsidized the introduction of biomass into coal plants to be co-fired with coal. Despite good intentions, this kind of aid often prolongs reliance on coal-based infrastructures and reduces the amount of resources available for further investment in better renewables. It thus becomes a de facto coal subsidy. It has also led to an explosion in the burning of wood with serious environmental consequences and very questionable greenhouse gas impacts. [Damaging logging operations in Southern US forests](#) have been linked to EU co-firing subsidies. BirdLife believes that aid to co-firing coal and biomass should not be allowed.

To avoid further environmental harm the Guidelines for state aid should at least require minimum efficiency standards from all bioenergy plants and insure that no aid is granted to wasteful electricity production from biomass. Schemes and projects supporting biomass burning should be accompanied by a resource procurement and conversion plan that ensures resource efficiency and respects the waste hierarchy principle.

In its recent communication on [EU's climate and energy framework for 2030](#) the Commission called for 'improved biomass policies'. Guidelines concerning state aid to bioenergy use are one of the strongest tools of the Commission to ensure that state aid from the member states is in harmony with the EU's high level goals. If the Commission is serious about phasing out environmentally harmful subsidies and improving its biomass policies, the time to act is now.

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