

GSI – Reporting on Subsidy Policies

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8 March 2011



Journalism on subsidies

“It is journalists who have the local knowledge about the people and companies who receive the money, who turn the information into stories which people can relate to – therefore making governments more accountable to the people who pay for these subsidies.”

Jack Thurston, Co-founder of Farmsubsidy.org, a European network of journalists of researchers that champion transparency in European agricultural subsidies.



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Why should people care?

- *Scale*: More than US\$700 billion per year spent on subsidies; For comparison: US\$ 100 billion spent in development assistance by OECD countries
- *Positive impacts*: provide essential goods and services; nurture nascent industries; promote environmentally friendly technologies.
- *Negative impacts*: Benefit wealthier recipients more than poor ones; exacerbate environmental degradation; expensive considering their benefits; trade distorting.



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The GSI Agenda

- *Promote Transparency:*
 - Encourage governments to be honest
 - Know where and to whom money is going
- *Analysis:*
 - Economic effects
 - Distributional impacts
 - Environmental impacts



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The GSI Media Relations

Expected Outcomes:

- Supporting quality coverage of subsidy-related issues
- Developing an international network of subsidy-savvy journalists
- Ultimately, stimulating a compelling public debate on subsidy reforms



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Follow the money: subsidies in the news media

Myth vs. Reality

The Washington Post



Mismanagement

Poor targeting

the guardian

Lack of transparency

THE BUREAU OF INVESTIGATIVE JOURNALISM

Environmental harm



The Washington Post

Harvesting Cash: A year-long investigation by the Washington Post

\$1.3 Billion to People Who Don't Farm

EL CAMPO, Tex. -- Even though Donald R. Matthews put his sprawling new residence in the heart of rice country, he is no farmer. He is a 67-year-old asphalt contractor who wanted to build a dream house for his wife of 40 years.

Yet under a federal agriculture program approved by Congress, his 18-acre suburban lot receives about \$1,300 in annual "direct payments," because years ago the land was used to grow rice.

Matthews is not alone.

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Kick all agricultural subsidies (KickAAS)

EU sugar and dairy companies largest recipients of farm subsidies

In France, three giant sugar companies received the largest payments under the Common Agricultural Policy (Tereos €178m, St Louis Sucre €144m, and Cristal Union €57m), while in Spain the top recipient of subsidies was sugar company Azucarera Ebro (€119m) and in Germany the world's largest sugar processor and trader Sudzucker was second largest recipient (€42.9m).

Germany has 268 millionaire recipients, while France has 174 subsidy millionaires, including several banana-producing companies in French overseas territories. Altogether France's subsidy millionaires took over €1bn in 2009.

Track the money: Who gets what from EU Structural Funds

Cigarette factories suck in €1.5m of EU funding

More than €3m in public funds, an estimated €1.5m of which have come from the European Union's structural funds, have been allocated to tobacco companies, helping to equip cigarette factories and fund training projects.

The EU spends more than €16m (\$21m) a year on its antismoking campaign. It also excludes tobacco growers from the subsidy system under its common agricultural policy.

According to data gathered from member countries, British American Tobacco and Japan Tobacco International have received help from EU taxpayers for machinery and training programmes.



Challenges and barriers

- Lack of transparency, particularly with respect to the beneficiaries of subsidies (i.e., who receives what)
- Complexity of subsidy programs: they take different forms (tax grants, loan guarantees, direct payments, etc) and come from different ministries and levels of government
- Pressure from political and private interests – subsidy reporting can be dangerous business
- Impacts are often wide-ranging, including negative and positive affects



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However ...

- There are a number of civil society and academic institutions doing excellent research and analysis on subsidies in India, as we've seen today.
- Barriers to subsidy reporting can be stories in themselves, for example, if the government refusing to release information.
- At the very least; challenge official positions on subsidies (“Diesel subsidy has to continue till poverty disappears from the country”, Minister for New and Renewable Energy, 4 February 2011)



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Thank you



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