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**Cuba withdraws unemployment payments, under economic pressure**

**ANALYSIS:**

**Cuban government withdraws payments to the unemployed, under intense economic pressure**

In the midst of one of the worst economic crises to have hit Cuba since the fall of the Soviet Union, the government of Cuba has been forced to cut back aid provided to workers of the communist state. In particular, the government has announced it will end its policy of providing a guaranteed salary to unemployed workers.

The policy, which pays working-age people 60 per cent of the “regular” wages, has come to be regarded in Cuba as wasteful and inefficient, giving people little incentive to seek regular employment, while augmenting the income of those who work in black market businesses.

Salvador Valdés, Secretary-General of the Workers’ Central Union of Cuba (CTC), announced on 1 February 2009 that the government would soon eliminate the practice, according to Agence France Presse.

“The state cannot continue subsidizing workers who are available to work” said the Secretary-General. Mr. Valdés added that thousands of unemployed workers would be shifted to important productive sectors of the economy, such as agriculture and farming, to reverse the 1.1 per cent decline in productivity the economy registered in 2009.

These sentiments were echoed by CTC Havana chief Luis Castanedo at the LXXXV Plenary of the National Congress of the CTC on 25 January, 2010, where he stated that the practice of sending workers home with a guaranteed salary needed to be rectified, according to the CTC’s news site Trabajadores.cu.

‘Mr Castanedo added that ‘the principle of protecting workers needs to be maintained, but by having people engaging in useful and necessary activities that are economically viable.’

Mr. Castanedo added that “the principle of protecting workers needs to be maintained, but by having people engaging in useful and necessary activities that are economically viable.”

*Subsidy Watch* spoke to Dr. Andy S. Gomez, Senior Fellow at the Institute for Cuban and Cuban-American Studies, at the University of Miami, who said “the Cuban government is facing the biggest crisis since the fall of the Soviet Union,” with exports having decreased by 23 per cent in 2009, and important food imports from the U.S. also having decreased,

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## Cuban government withdraws payments...

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by 24 per cent. "The situation has been worsened by the US\$ 10 billion in damages caused by hurricanes in recent years," he added.

With a foreign debt already at US\$ 31.7 billion in 2008, Dr. Gomez concluded that the Cuban government "does not have the funds to provide these subsidies to unemployed workers any longer."

Many economists, however, do not consider unemployment benefits to be a subsidy, as they can be funded by workers via mandatory insurance payments on their wages and help overcome various real-world costs that are not always factored into theoretical markets, such as the time it takes to find a job, travel and relocation costs, and limitations on opportunities given a worker's skills and training. Numerous OECD countries offer higher levels of support than Cuba proposes to cut.

The challenge is to provide enough of an income to help workers survive unemployment at the same time as ensuring that workers have an incentive to find a job, explains Paul Swaim, Senior Economist at the Employment Analysis and Policy Division of the Organization of Economic Co-Operation and Development (OECD).

"However, it is generally thought that it is possible for a well-designed system of unemployment benefits to maintain adequate incentives for the unemployed to find jobs while also providing them with enough income to live decently while they are not employed," he said.

According to Mr. Swaim, many OECD countries in Europe had high levels of unemployment in the early 1990s, which was blamed at least in part on

excessively generous unemployment subsidies with benefits that an individual could receive for many years, if not forever.

"In the first half of the 1990s, the unemployment rate in western Europe

*"...it is generally thought that it is possible for a well-designed system of unemployment benefits to maintain adequate incentives for the unemployed to find jobs while also providing them with enough income to live decently while they are not employed..."*

got quite high, with people remaining unemployed for 1–2 years," said Mr. Swaim.

The response from these governments was twofold. First, benefits were reduced, as was the length of time a recipient was entitled to receive unemployment subsidies. Second, 'activation measures' were put in place, which required unemployed workers to prove they were actively seeking employment to a government case worker, who in turn would provide the necessary support to help them find a job.

Denmark, for example, lowered the maximum period for the receipt of support from 5 to 1.5 years and instituted activation policies in the 1990s. Its unemployment rate halved, from 7.2 per cent in 1990 to just 3.4 per cent in 2008.

"Since then they raised the limit up to 2 years because they thought they had gotten so strong at activation measures that they could afford to offer benefits for a longer time, without having people drift into unnecessarily long unemployment periods," Mr Swain added.

The unemployment support is just the latest expenditure to be eliminated by the cash-strapped Cuban government in its attempts to trim a budget weighed down by a history of providing generous subsidies to everything from basic food to sporting events.

In late 2008, the government ended heavily subsidised vacations and other benefits awarded to exemplary workers and communist party faithful. According to the Inter Press Service (IPS), the government was spending some US\$ 60 million a year on these subsidies.

In September 2009, the Communist party daily, *Granma*, announced that the government would no longer be providing lunch to the more than 3.5 million government employees (a substantial number, in a nation of just 11.2 million). The policy was costing Cuba US\$ 350 million dollars a year according to the paper. In compensation, the government pays each employee an additional 15 pesos (US\$ 0.60–0.70) per work day as compensation.

The Cuban government's budget was estimated to be around US\$ 40 billion for 2009, according to the CIA World Factbook.



## COMMENTARY:

### Diminishing Expectations: Broken Promises in the Development of Cellulosic Ethanol Production

by Robert Rapier

The United States' Environmental Protection Agency (EPA) recently acknowledged that, despite generous levels of taxpayer funding, cellulosic ethanol was not scaling up as quickly as they had hoped. So they reduced the 2010 cellulosic ethanol mandate from 100 million gallons to 6.5 million gallons. The basis for their decision was contained in a published update to the [Renewable Fuel Standards Program](#).

In [that update](#), from pages 175 and 178, they had the following comments on Range Fuels, a company that had been slated to meet a large proportion of the original target:

At the time of our assessment, we were also anticipating cellulosic biofuel production from Range Fuels' first commercial-scale plant in Soperton, GA. The company received a \$76 million grant from DOE [the Department of Energy] to help build a 40 MGY [million gallon per year] wood-based ethanol plant and they broke ground in November 2007. In January 2009, Range was awarded an \$80 million loan guarantee from USDA [the United States Department of Agriculture]. With the addition of this latest capital, the company seemed well on its way to completing construction of its first 10 MGY phase by the end of 2009 and beginning production in 2010. [...]

As for the Range Fuels plant, construction of phase one in Soperton, GA, is about 85% complete, with start-up planned for mid-2010. However, there have been some changes to the scope of the project that will limit the

amount of cellulosic biofuel that can be produced in 2010. The initial capacity has been reduced from 10 to 4 million gallons per year. **In addition, since they plan to start up the plant using a methanol catalyst they are not expected to produce qualifying renewable fuel in 2010.** During phase two of their project, currently slated for mid- 2012, Range plans to expand production at the Soperton plant and transition from a methanol to a mixed alcohol catalyst. This will allow for a greater alcohol production potential as well as a greater cellulosic biofuel production potential. [emphasis added]

*...taxpayers funded a **40 MGY** (151 million litres per year) wood-based **ethanol** plant and they are instead getting a **4 MGY** (15 million litres per year) wood-based **methanol** plant. [...] ...it appears that the wheel has been reinvented at taxpayer expense.*

So taxpayers funded a **40 MGY** (151 million litres per year) wood-based **ethanol** plant and they are instead getting a **4 MGY** (15 million litres per year) wood-based methanol plant. The technology to produce **methanol** from synthesis gas (the output of Range's gasifier) was invented in 1923, and is widely used in the petrochemical industry today. So, it appears that the wheel has been reinvented at taxpayer expense.

This is a rather remarkable fall for Range Fuels, who burst onto the scene a few short years ago with grandiose claims of producing massive volumes of cellulosic ethanol at a lower price than corn ethanol. They put out a steady stream of press releases, made a number of big claims, and more importantly they took a lot of taxpayer money.

I delve much deeper into the history [on my blog](#), but here is the condensed timeline of events for Range Fuels:

**October 2006** - In an interview with *Wired Magazine* called [My Big Bet on Biofuels](#), Vinod Khosla described his investment in Kergy (which later became Range Fuels).

**February 2007** - [Kergy became Range Fuels](#) and announced that they would build their first "cellulosic ethanol" plant in Georgia. In [a story at Green Car Congress](#), the capacity was announced at "more than 1 billion gallons (3.8 billion litres) of ethanol per year."

**March 2007** - Range Fuels announced a US\$ 76 million grant from the Department of Energy.

**July 2007** - In [a story in USA Today](#), the Phase 1 capacity was announced at 20 million gallons (75 million litres). Range CEO Mitch Mandich said the full scale would be 100 million gallons (380 million litres) at a cost of US\$ 150 million.

**November 2007** - [To much fanfare](#), Range Fuels announced the groundbreaking of their Georgia facility. They maintained that the first 20 million gallon phase would be completely finished in 2008.

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## Diminishing expectations...

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**April 2008** - Range announced a US\$ 6 million grant from the state of Georgia.

**October 2008** - In an ironic story, *Discover Magazine* published “[Anything Into Ethanol](#)” — ironic, because in 2003 *Discover* had written “[Anything Into Oil](#)”, a gushing story about a company called Changing World Technologies (CWT) and their claim that they could make oil from biomass for US\$ 8–12 a barrel. After burning through investor and taxpayer dollars, CWT declared bankruptcy when their actual costs were US\$ 80 a barrel and they couldn’t deliver on their claims. I did a post-mortem on CWT [here](#).

**November 2008** - Range Fuels CEO [Mitch Mandich](#) was replaced by David Aldous, an oil industry veteran. The rate of press releases slowed dramatically.

**January 2009** – Range received another US\$ 80 million, this time from the USDA, and announced receipt of US\$ 158 million in venture capital funding for 2008.

**October 2009** – Range asked for more money. This time [the DOE said “No.”](#)

**December 2009** - *Biofuels Digest* listed Range Fuels as #14 on their [50 Hottest Companies in Bioenergy](#).

**February 2010** – After investments that have been publicly announced at US\$ 320 million, the EPA announced that Range would initially produce 4 million gallons, and it would be methanol. Further, no ethanol is expected before mid-2012.

**February 2010** – I write an article wondering why the mainstream media has completely missed this story.

In summary, when Range was looking for funding they said that it would take US\$ 150 million to build 100 million gallons of *cellulosic ethanol* capacity. Now that they have their money, they need more, and for US\$ 320 million they will have 4 million gallons of *methanol* capacity to show for it.

*We cannot afford to have our energy policy hijacked by those who make the boldest claims and the biggest hype: it will just lead to more of the same, and a completely distorted picture of the energy landscape.*

I don’t think these are isolated cases. I think they are a symptom of things to come. We have gotten a lot of over-promises, because, let’s face it, that strategy has worked to secure funding. But what this leads to are completely unrealistic expectations regarding energy policy, and numerous bad decisions on where to spend tax dollars. The decision to initially fund and then continue funding Range potentially drained investment away from others whose projects were perhaps more deserving on their technical merits, but less vocal.

We cannot afford to have our energy policy hijacked by those who make the boldest claims and the biggest hype: it will just lead to more of the same, and a completely distorted picture of the energy landscape. It is easy to conclude that we have no energy worries when so many start-ups are making unrealistic promises.

Finally, I want to make it clear that I am not criticizing failure. That is normal

and expected. Failure is a part of what it takes to learn and move forward. But when you take taxpayer money to build your business, there needs to be a different level of accountability. Otherwise taxpayers will foot the bill and become cynical about biofuels as a result of too many broken promises, and, ultimately, funding will dry up for everyone in the sector.

*Robert Rapier is an experienced professional in the energy industry, having worked on cellulosic ethanol, butanol production, oil refining, natural gas production and gas-to-liquids (GTL). He currently works as the Chief Technology Officer for bioenergy holding company Merica International. His blog, R-Squared Energy Blog, whose mission is to foster open discussions about energy and the environment, originally hosted a longer version of this article, which can be accessed here: <http://i-r-squared.blogspot.com/>*

**Editor’s note:** Just as the March issue of Subsidy Watch was being put to bed, the 4 March 2010 issue of Biomass Magazine reported that nearly 40 industry-relevant groups, including Range Fuels, had recently signed a letter addressed to U.S. Sen. Max Baucus, (D-Mont.), Charles Grassley (R-Iowa), Rep. Dave Camp (R-Mich.) and Rep. Charles Rangel (D-N.Y.) urging Congress to grant an investment tax credit to “advanced biofuel producers” in order to help spur the development of commercial-scale projects. Advanced biofuel producers are currently eligible for a federal production tax credit of 30 percent, but the incentive is currently not being used because there are no commercial-scale facilities yet operating in the United States.



## NEWS:

### Spotlight on fossil-fuel subsidies: February 2010

*Following announcements that fossil-fuel subsidies will be phased out, from the G-20, the Asian-Pacific Economic Cooperation (APEC) and a number of independent countries, including Iran, Nigeria and Bahrain, Subsidy Watch has decided each month to highlight important news stories that touch on this theme...*

**1 February** U.S. President Barack Obama's 2011 budget is announced, promising to provide billions of dollars of support to clean energy at the same time as cutting fossil-fuel subsidies, [reports The New York Times](#). The subsidies are currently transferred in the form of tax cuts to oil, gas and coal companies, reported to be worth US\$ 40 billion over ten years. The U.S. budget in 2011 alone is worth US\$ 3.834 trillion.

**3 February** The Kirit Parikh Committee report, commissioned to draft a new fuel-pricing policy for India, is submitted to government officials [according to moneycontrol.com](#). A review by the [Business Standard](#) later in the month explains its recommendations. According to the article, the proposed changes would largely liberalize prices, although as world oil prices rise, an increasing percentage of price increases would be absorbed by oil companies. Had support been structured in this manner in 2008, it would have cut costs for one oil-marketing company by over two thirds, almost doubling its profits. The committee also recommends an incremental crude-oil taxation system that would keep the government share of the subsidy around Rs 20,000 crore (US\$ 4.4 billion). Share prices of Indian state-owned oil companies [are said to have risen following the release of the report](#).

**9 February** Egyptian fuel subsidies will rise to 66 billion Egyptian pounds

(US\$ 12 billion) by the end of the fiscal year, [reports Reuters](#). Minister of Petroleum Sameh Fahmy, discussing the issue at an American Chamber of Commerce event, stated that although Egypt had no announcements to make at the time, "for the long term we have a strategy". According to the article, subsidy programs represented more than one third of government spending in 2008/09.

**12 February** Spain passes a law to boost power generated by domestically produced coal, [reports Point Carbon](#). The step is said to have been taken because of strong competition from Spain's renewable energy sector, also supported by subsidies, and the desire to protect Spain's miners and to make use of a 10 million tonne stockpile of coal. Spain has committed to rationalize and phase out fossil fuel-subsidies in the medium-term.

**13 February** [According to Maclean's](#), a Canadian current-affairs magazine, Iran should still expect controversy over its proposed subsidy reforms, which includes reforming subsidies to fossil fuels. It reports that the Iranian parliament's research wing, the Majlis Research Center, has estimated that the inflation rate will rise to 60 per cent as a result of the cuts, which are to take place by the end of Iran's next five-year economic plan, 2015. Given protest over previous reform attempts, the article suggests that the policy will face significant popular opposition.

**17 February** India's fossil-fuel subsidies are an unsustainable burden on its oil companies, argues [P.M.S. Prasad](#), Executive Director of Reliance Industries Limited, in [The Economic Times](#). According to his op-ed, it is Indian oil companies who bear the cost of keeping volatile prices stable, a task that has

become increasingly difficult with the increasing world oil price, and losses due to a national refining overcapacity. He argues that reform would not hurt consumers because other policies could more effectively support agriculture, and that transport costs are only 1.5 per cent of the total price of goods in India. Reliance Industries Limited is a Fortune Global 500 company whose activities include fossil-fuel exploration, production, refining, marketing and the sale of petrochemicals.

**21 February** According to automotive information and news source [Paul Tan](#), details about Malaysia's new MyKad system to allocate fuel subsidies are to be published in March 2010, two months before the program's implementation in May. At this time, it is thought that qualification for the subsidy will be dependent on Malaysian nationality, socio-economic factors and vehicle engine capacity.

**26 February** Indian Finance Minister [Pranab Mukherjee announces his intention in India's budget speech](#) to make fuel subsidies more transparent by granting all aid to oil companies in cash. Previously, special government bonds called '[oil bonds](#)' have been given to oil companies in compensation for the losses, which essentially guarantee a regular payment to the companies, or can be sold on in financial markets. Due to India's accounting rules, this form of debt stays off-budget. Minister Mukherjee also committed to reinstating customs duties on crude petroleum and refined oil products, originally suspended during high world oil prices in June 2008.

**26 February** The International Monetary Foundation (IMF) releases [a report](#) recommending that governments reform their fossil-fuel subsidies and estimating

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## Spotlight on fossil-fuel subsidies...

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global fiscal losses on such subsidies in 2010 to be either US\$ 250 or \$US 740 billion. It notes the potential for reform to contribute towards reductions in countries' budget deficits. For more information, see the 'Studies' section of this issue of Subsidy Watch.

**27 February** According to the *Daily Times*, Pakistan is set to radically cut its spending on subsidies from Rs 199 billion to Rs 104 billion (US\$ 2.3 billion to US\$ 1.2 billion) in 2010-11. This includes a cut of Rs 73 billion (US\$ 840 million) in energy subsidies, which the paper reports as made up of 'power and

fuel subsidies' to the Pakistan Electric Power Company (PEPCO), Karachi Electric Supply Company (KESC) and oil refineries.

**28 February** The *Jakarta Globe* reports that Indonesia's government has decided to increase energy subsidies in the 2010 budget to Rp 143 trillion (US\$ 4.7 billion). This amount is slightly less than reported in January, when spending was expected to be increased to Rp 150 trillion (US\$ 4.9 billion). However, the new spending still represents a Rp 37 trillion (US\$ 3.95 billion) increase in energy subsidies which, along with

additional subsidies to fertiliser and food, is predicted to increase the 2010 budget deficit from 1.6 per cent of GDP to 2.1 per cent of GDP. The decision has still to be approved by the House of Representatives.

*For readers interested in keeping track of fuel-pricing developments worldwide, GTZ's monthly Fuel Price News is an invaluable resource that announces publications and events, and major fuel-pricing news stories in different regions of the world. For more information see: <http://www.gtz.de/en/themen/29957.htm>*

## NEWS:

### Will budget deficits provide leverage for farm subsidy reform?

According to a recent analysis by farmsubsidy.org, in order to understand how the EU establishes its budget it is first necessary to appreciate the different characters and priorities of the EU's Member states. The report, *Does the CAP fit? Budget reform, the common agricultural policy, and the conflicting views of EU member states*, analyses countries' willingness to modernize the budget and their 'relative thriftiness', concluding that each fits into one of five rough categories: modernizers, misers, fence sitters, big spenders and gold diggers.

Given the number of EU governments with large budget deficits, the authors conclude that Members are unlikely to increase their contributions, and that perhaps this will provide the leverage needed to reduce farm subsidies in

favour of spending on other priorities. At the same time, farmsubsidy.org warns that a "new wind of protectionism is blowing" following the food and financial crises.

The International Centre for Trade and Sustainable Development's *Bridges Weekly Trade News Digest* reports that the latest official EU notification of subsidies to the WTO shows a rise in total agricultural support of more than than €90 billion (US\$ 123 billion) in 2006/7.

Although this signals a return to high levels of spending on farm subsidies, the article notes that the type of subsidies have changed, with the most trade-distorting categories having been reduced significantly, and the majority being made up of 'green box' subsidies, thought to

have little or no impact on trade. This takes the EU closer towards standards agreed in the Doha Round of trade talks.

Across the Atlantic, the United States budget for 2011 announced this February proposed to cut back spending by reducing agricultural subsidies by US\$ 10 billion over ten years. It suggested that subsidies only be granted to farmers earning under US\$ 250,000 a year, down from a current cap of US\$ 500,000 a year, and cutting aid to crop insurance companies. *According to Reuters*, this proposal was rejected on 3 March by the U.S. House Agriculture Committee, who stated that changes to farm policies should wait until the next farm law is negotiated in 2012.



## STUDY:

### VTPI says save money by raising public transport taxes

In February, the Victoria Transport Policy Institute (VTPI) published a report which argues that urban households in the United States could save money overall if taxes were raised to pay for better public transport.

The report, *Raise My Taxes, Please!: Evaluating Household Savings From High Quality Public Transit Service*, written by VTPI Executive Director Todd Litman, argues that conventional cost-benefit analysis concludes that automobile transport is a cheaper option only because it fails to take into account the costs of owning and maintaining a vehicle, and parking

fees. In an analysis of the money spent by urban households and the U.S. government on vehicles, parking, roads and transit, Litman concludes that the average annual cost of high-quality public transport systems is US\$ 329 per capita, but with the added benefit of annual average savings of US\$ 1,040 per capita – making it significantly preferable to taxpayers than the current automobile-dependent transport system currently dominant in most U.S. cities.

The analysis summarizes but does not try to build into its calculations other potential benefits conferred by high-quality public transport, such as

reductions in road congestion, lower spending on new roads and parking facilities, improved mobility for non-drivers, reductions in travel-related accidents, improved fitness and health, energy savings and potential boosts to economic development and rational urban design. It also suggests that a number of trends, such as an aging U.S. population, rising fuel prices and growing congestion, may increase the value of a good public transport system in the future.

The full report can be downloaded from the VTPI's website: <http://www.vtpi.org/raisetaxes.pdf>

## STUDY:

### IMF call for fossil-fuel subsidy reform

In February, the International Monetary Foundation released a Staff Position Note on the size and impact of fossil-fuel subsidies, and the need for their reform, *Petroleum Product Subsidies: Costly, Inequitable, and Rising*.

The report notes that as fossil-fuel prices continue to increase, so will the fiscal burden on subsidizing states. It estimates that in 2010 the global value of fossil-fuel subsidies will be either US\$ 250 or US\$ 740 billion, depending on the method of estimation.

The IMF derive the US\$ 250 billion estimate from the 'price-gap' approach, calculated using the difference between countries' national prices and an international benchmark price based on the market price prevailing in the United

States. They note that this is likely to be an under-estimate as producer subsidies, which affect how much oil produced by not its price, will not be captured.

The US\$ 740 billion estimate takes into account subsidies granted by under-taxing fossil fuels, calculated in the same way as the price-gap approach, but using an international benchmark price that includes an 'optimal' tax of \$US 0.30 or US\$ 0.40 per liter. This taxation rate is called optimal because it is thought to be the best level to raise revenue and off-set the environmental side effects of fossil-fuel use, such as increased carbon emissions. This approach is more open to dispute than the first price-gap method, as there can be considerable controversy over what level of taxation is optimal.

A key argument of the IMF's report is that reducing fossil-fuel subsidies could significantly contribute towards the reduction of fiscal deficits. According to their analysis, halving tax-inclusive subsidies in subsidizing countries could reduce their projected fiscal deficits by one sixth and reduce GHG emissions by around 15 per cent over the long run.

Although various obstacles can make it difficult to reform such subsidies, the IMF outline basic policy advice for how they can be overcome, including the protection of the poor with targeted welfare transfers and the creation of welfare nets, promoting transparency, and overcoming vested interests with public information campaigns.

The full IMF Staff Position Note can be read here: <http://www.imf.org/external/pubs/ft/spn/2010/spn1005.pdf>



## **STUDY:** Methods for subsidy identification and assessment tested by the IEEP

A number of subsidy identification and analysis tools developed by the Organisation for Economic Co-operation and Development (OECD) have been road-tested by the Institute for European Environmental Policy (IEEP), in a report published November last year called *Environmentally Harmful Subsidies: Identification and Assessment*.

Based on a review of the OECD's 'quick scan', 'checklist' and 'integrated assessment' methods, the report identifies best practice and potential short-comings by applying them in the context of six case studies: three in

the energy sector, two in the transport sector and one on irrigation. The study's key finding was that the three approaches could be integrated into one single method, given the fact that they sometimes overlapped, and otherwise complemented one another.

The IEEP have also developed a 'recipe book', providing guidance for policy-makers trying to calculate the size of environmentally harmful subsidies, and a subsidy 'identity card', a suggested way to visually represent the different properties of subsidies. The emphasis of the report is on

making subsidy identification and assessment tools quick and easy-to-use, while retaining their value for more in-depth analysis.

Notably, the authors suggest that the large budget deficits following the financial crisis may provide the additional momentum needed for the wide-scale reform of environmentally harmful subsidies in the medium term.

The full report can be downloaded from: <http://www.ieep.eu/publications/publications.php?pub=97581>

## **STUDY:** Lessons learned reforming Polish coal subsidies

*Lessons learned from the restructuring of Poland's coal-mining industry*, written by Professor Wojciech Suwala of the Mineral and Energy Economy Research Institute, analyses how the reform of subsidies to coal mining was conducted as Poland moved from a centrally planned to a market economy.

The report describes the various stages in the reform process and the annual spending on each form of compensatory measure: in total around US\$ 9.3 billion between 1990 and 2006, the most substantial having been dedicated to social programs for workers.

A key lesson drawn in the study is that half-hearted plans do not work. Progress was only achieved once the reform process had a clear road map for restructuring, combined with significant funding and strong political will. With an end goal of privatization, generous social programs helped miners leave the industry and reduced over-employment, securing the endorsement of the Solidarity trade union. State intervention to finance the closing of mines and site remediation activities also helped prevent long drawn out, ineffective and expensive interventions by the private sector. Today, coal companies have nearly achieved

long-term viability and the process of privatization has commenced.

The report is the first in a series of case studies on fossil-fuel subsidy reform commissioned by the Global Subsidies Initiative. Up-coming reports will focus on experiences in Brazil, France, Ghana, India, Indonesia, and Senegal. The report can be downloaded from the GSI's website at: <http://www.globalsubsidies.org/en/research/case-study-restructuring-polands-coal-mining-industry>

## **STUDY:** United States' renewable-energy support programs catalogued

At an impressive 834 pages, *Renewable Energy Government Incentive Programs*, released in February by Energy Business Reports (EBR), offers an in-depth look at the United States' many programs supporting renewable energy.

The report summarizes the basics about each subsidy program, explaining which technologies they support, how much aid they grant (e.g. a 10 per cent reduction in taxes to every consumer availing themselves to a tax credit) and the duration of

the scheme, as well as conditions for qualification. From the excerpt made available to *Subsidy Watch*, it appears that the descriptions are general only, and would not be of interest to readers requiring more precise information. Complex pricing mechanisms, for example, are not explained, and at the state level, the duration of programs was not mentioned, leaving it unclear if a program's duration was indefinite or had simply not been reported.

The full edition costs US\$ 497 in pdf and US\$ 597 in hard copy and can be

ordered from EBR's website: <http://budurl.com/IISD>. Media samples are available to give users a taste of the full contents.

Energy Business Reports is also beginning a monthly program that summarizes all the major energy legislation and litigation in the United States. The price for subscription is US\$ 497 a month. More information can be found on their website: <http://energybusinessreports.com/shop/>