

**MTEG Launch of the Fossil Fuel Subsidy Reform Ministerial Statement.  
3 – 5 minutes (611 words)**

- Tēnā koutou katoa and Greetings.
- I am pleased to join you virtually today to launch the MC12 Joint Ministerial Statement on Fossil Fuel Subsidy Reform.
- While the Ministerial Conference could not go ahead as envisioned, we are determined to continue to make progress.
- The Fossil Fuel Subsidy Reform statement is co-sponsored by over 45 WTO Members from a range of developed and developing countries, and from many regions.
- This broad support is a clear indication that the trade community wants to contribute to global efforts to address climate change.
- It also reflects the momentum we have seen building over the past year.
- In November, New Zealand and 20 other APEC economies made progress to turn the tide on fossil fuel subsidies in the region. While it will take time to remove such entrenched policies, we were pleased to reach consensus to stop the expansion of such regressive and damaging policies.
- Then, a week later at COP26 in Glasgow, 196 United Nations Members explicitly acknowledged for the first time that fossil fuel subsidies must be reformed if we are to stay on the 1.5 degree pathway. It is vital that we shift from business-as-usual as soon as possible.
- Today's co-sponsors recognise the adverse trade, social, and environmental impacts of fossil fuel subsidies. Today, we are advancing the

conversation on reform of inefficient fossil fuel subsidies at the WTO.

- Fossil fuel subsidies distort trade and investment decisions, making it harder for renewable energy to compete. Subsidies are a well-established trade issue. It makes sense to pursue fossil fuel subsidy reform within the rules-based architecture and transparency frameworks of the WTO.
- Worryingly, fossil fuel subsidies have continued to increase in the past decade, costing governments approximately 500 billion US dollars in public funds each year. To be clear, these subsidies work against our efforts to address climate change by artificially lowering the cost of fossil fuels, and encouraging their ongoing use. This is the opposite of what we should be doing. While these subsidies are environmentally damaging to the planet there's also the opportunity cost of what that public money could undoubtedly be better used for elsewhere.
- Now as we look to the future, beyond the COVID-19 pandemic, we have the opportunity to implement climate-resilient and sustainable economic policies.
- The co-sponsors of this Statement aim to seek the rationalisation and phase out of inefficient fossil fuel subsidies that encourage wasteful consumption along a clear timeline.
- The Statement recognises that reform needs to take into account the specific needs and conditions of developing countries and minimise possible adverse impacts on development in a way that helps protect poor and affected communities. It has never been a 'one size fits all' approach – this is a fundamental principle that will continue to guide our efforts.

- The Statement makes explicit what we see as the next key step: sharing information and experiences to continue to develop a supportive international setting for addressing these subsidies, and to assist domestic reform efforts.
- As co-sponsors we intend to explore and elaborate concrete options for advancing this issue within the WTO in advance of MC13. We have set ourselves a timeframe so that we can move towards action in a coherent and transparent manner.
- New Zealand also welcomes the Trade and Environmental Sustainability Structured Discussions, and the Informal Dialogue on Plastics Pollution initiatives, which we are very pleased to co-sponsor. We look forward to engaging actively across these complementary initiatives.
- I want to thank all the co-sponsoring WTO Members for your support for the fossil fuel subsidy reform Ministerial Statement. Together, we will demonstrate that trade policy can make a difference. Through our efforts we will support progress towards a cleaner future that contributes to the Marrakesh Agreement objective of sustainable development, seeking to protect and preserve the environment we all live in.

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