6

The OECD and Fossil Fuel Subsidies

The Knowledge Provider

Both before and after the G20 commitment, the OECD has played a central role in providing knowledge about fossil fuel subsidies and promoting their reform. As an institution focusing on knowledge production, the OECD's involvement has not attracted the kind of public attention that the G20 commitment has done. The OECD's efforts have been more low key and, in many ways, linked to those of the G20, but undisputedly important to the international efforts to reform fossil fuel subsidies. Furthermore, the OECD involvement with these subsidies dates further back than that of the G20 and most other institutions.

This chapter proceeds with an outline of the OECD's (formal and informal) knowledge output on fossil fuel subsidies, which have an important cognitive dimension in terms of defining what fossil fuels are and how we can understand their implications. The subsequent section explains that the OECD initially addressed fossil fuel subsidies on the OECD bureaucracy's own initiative, but their involvement was lifted by interaction with the G20 and shaped by the institutional worldview inherent to the OECD Secretariat. This worldview emphasised the economic aspects of fossil fuel subsidies, but its influence was restricted by the limited autonomy of the OECD Secretariat. Finally, the consequences of the OECD output are discussed, with the finding that the output has had a cognitive influence on the domestic level and especially the international level.

6.1 Output: Knowledge Reigns Supreme

The OECD output on fossil fuel subsidies is knowledge oriented, either in the shape of formal publications or providing informal venues for learning about such subsidies and being socialised into the norm of fossil fuel subsidy reform. The OECD addressed fossil fuel subsidies before the G20 commitment as part of the regular environmental performance reviews of individual member states, studies of pricing policies and more general studies. Already in 1999, the OECD discussed fossil fuel

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subsidy reform as an instrument to achieve the Kyoto Protocol targets (OECD, 1999). The OECD Secretariat organised three workshops on environmentally damaging subsidies in 2002, 2003 and 2005 (OECD, 2002, 2003, 2005b), focusing mainly on finding a common definition for a subsidy and on methods for measuring subsidies and their environmental impact (Potier, 2002), that is, providing a forum for producing cognitive output in terms of learning and new knowledge. Most of the workshop presentations focused on subsidies in general or agricultural and fisheries subsidies, but a few addressed subsidies for coal, energy or transport (e.g. Franz, 2005). This was arguably a reflection of the fact that the OECD Directorate of Food, Agriculture and Fisheries was the main Directorate leading both workshops and publications, albeit in close cooperation with the Directorates of Environment, Trade as well as the IEA. The subsidies were framed in terms of their impact on sustainable development (OECD Secretariat, 2005; Pearce, 2002a). The Economics Department (the most influential OECD directorate) and the Environment Directorate have also – both before and after the 2009 G20 Pittsburgh commitment – focused on fossil fuel support in their 'Economic Surveys' and 'Environmental Performance Reviews' respectively, which analyse individual OECD member states. In the summer of 2009 – before the Pittsburgh G20 Summit – the OECD Secretariat published modelling of the climate change (and economic) impact of eliminating the subsidies measured by the IEA in *The Economics of Climate Change Mitigation* (OECD, 2009). This book was drafted by the Economics and Environment Directorates, and unlike subsequent OECD output framed fossil fuel subsidy reform in the context of adopting global carbon pricing. Their estimate that eliminating these subsidies would reduce emissions by 10 per cent was taken up by the G20 in the Pittsburgh commitment (see also Chapter 5 and Section 6.3).

Following the Pittsburgh commitment, the OECD increased its output on fossil fuel subsidies. This output was mainly drafted by the Trade and Agriculture Department with important input from the Environment Department and the Centre for Tax Policy and Administration. The OECD Secretariat co-authored reports to the G20 (IEA and OECD, 2018; IEA et al., 2011; OECD and IEA, 2019; OECD Secretariat, 2010a), and organised workshops on the topic. Perhaps most importantly, in 2011, the OECD published its first inventory of fossil fuel subsidies or 'estimated budgetary support and tax expenditures for fossil fuels' in twenty-four member states (OECD Secretariat, 2011). Given the sensitive nature of defining policies as fossil fuel subsidies in most OECD countries, this was an important cognitive output that reframed several national policies as subsidies, highlighting their negative environmental and economic impact. It also constituted important cognitive output in terms of collecting and producing new knowledge about these subsidies, including about their fiscal costs. The inventory has been updated regularly in the following years (OECD, 2012b, 2015b, 2018b), expanding the countries covered to all thirty-six member states as well as Argentina, Brazil, Colombia[1], China, India, Indonesia, Russia and South Africa). The OECD has also published country briefs about fossil fuel subsidies in the individual countries covered in the inventory since 2015, a potentially controversial output due to the sensitive nature of fossil fuel subsidies (see Section 6.4).

More recently, the OECD Secretariat has chaired the G20 voluntary peer reviews, thus playing an important role in the production of knowledge about the subsidies in the countries reviewed and to some degree also in the institutionalisation of the norm of fossil fuel subsidy reform. The peer reviews are central to the G20's work on fossil fuel subsidies (see Chapter 5), and with the OECD Secretariat chairing the reviews, the sharing of best practices among countries are facilitated (Interview with senior OECD official, 3 February 2020). Importantly, the OECD Secretariat has significantly more expertise on the issue than the states participating in the review (International Organisations [IOs] such as the World Bank and the IEA also participate in some of them), and is a continuous presence in the peer reviews, unlike the other IOs. Altogether, the OECD Secretariat plays an influential role within the peer reviews. The OECD Secretariat's expertise is also the background for the OECD Secretariat and the IEA reviewing review Dutch fossil fuel subsidies in a similar way to how they have reviewed fossil fuel subsidies as part of the G20 peer reviews.

In terms of defining fossil fuel subsidies, the OECD has opted for what is referred to as a Total Support Estimate, combining an inventory and a price-gap approach to identify both consumption and production subsidies (Jones and Steenblik, 2010; Koplow, 2018). Importantly, the Total Support Estimate does not include externalities in its benchmark price. The OECD tends to speak about support rather than subsidies, since the term subsidy is seen as referring to a smaller set of measures than support[2], and since it may be legally problematic in relation to WTO disputes to define a measure as a subsidy (interview with OECD officials, 29 April 2015). The OECD uses the term fossil fuel support in the way that others use fossil fuel subsidies. Hence, when analysing how the OECD has addressed fossil fuel subsidies, I will focus on its efforts regarding what it itself refers to as fossil fuel support. More recently, the OECD and the IEA have combined their respective estimates to produce joint estimates of global fossil fuel subsidies to the G20 (IEA and OECD, 2018; IEA, OPEC, et al., 2010; OECD and IEA, 2019) and have combined their knowledge outputs within a joint portal (OECD and IEA, 2020).

[1] Colombia joined the OECD as its thirty-seventh member in April 2020.
[2] According to this approach, fuel priced above the world market price can be defined as supported but not as subsidised.

Importantly, the OECD Secretariat placed a strong emphasis on environmental (particularly climate) and fiscal consequences of fossil fuel subsidies, and rather less on the macroeconomic dimensions (e.g. the costs of subsidies to society and their distortionary nature) and significantly less on distributive consequences. For instance, the OECD Secretary-General Angel Gurría wrote in the foreword to the 2011 Inventory that 'reforming or eliminating support for the consumption or production of fossil fuels can contribute to achieving economic and fiscal objectives, while also helping tackle environmental problems like climate change' (OECD, 2011a). The fiscal emphasis is evident in that subsidies are measured in terms of budgetary expenditure and tax expenditure (reductions in tax rates also known as tax rebates), that is their impact on public budgets, an emphasis also present in the OECD's work on agricultural subsidies. The macroeconomic costs of their climate impact are not measured.

6.2 Causes

The OECD's output addressing fossil fuel subsidies was particularly shaped by two factors: institutional interaction and the OECD worldview. Institutional interaction constitutes the most important factor increasing OECD interest in fossil fuel subsidies (the first aspect of economisation) with less influence on how the OECD addressed the issue (the second aspect of economisation). The G20 is the most important institution in this respect. Its request to the OECD Secretariat to analyse fossil fuel subsidies and the implementation of the Pittsburgh commitment lifted OECD involvement to a new level (interview with OECD officials, 29 April 2015). In the following years, the OECD Secretariat arranged workshops for representatives of member states and reported (individually and with the IEA, OPEC and the World Bank) to the G20 on fossil fuel subsidies. Furthermore, it was only following the G20 commitment that the member states gave the OECD Secretariat the mandate to scrutinise their national fossil fuel subsidies (interview with OECD officials, 29 April 2015). More recently, the decision by the G20 members that have committed to voluntary peer reviews to invite the OECD Secretariat to chair those peer reviews once again lifted OECD Secretariat involvement to a new level (see also Chapter 5). Interaction with other institutions was more important in shaping *how* the OECD addressed fossil fuel subsidies. As regards the drafting of the reports, especially country-specific ones, the OECD staff collaborated with the World Bank and the IEA, which in this way influenced the OECD approach to the subject (interview with OECD officials, 29 April 2015).

The worldview proved more important regarding the second aspect of economisation, how the OECD addressed fossil fuel subsidies, particularly in

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cognitive terms. The OECD Secretariat is a bureaucracy characterised by emphasising the economic aspects and consequences of policy issues and instruments, and prioritising economic growth and development (see Chapter 3). Addressing fossil fuel subsidies fit such a worldview that in cognitive terms focuses on the economic impacts of policies and in normative terms prefers free-market policies. Fossil fuel subsidy reform has in many countries meant deregulation and leaving price-setting and investment decisions to the market without government interference. Such reform also agrees with the norm complex of liberal environmentalism, which the OECD Environment Directorate was instrumental in developing and which is prevalent in global environmental policy and predicates international environmental protection on a liberal economic order (Bernstein, 2001). Furthermore, the OECD Secretariat – consisting predominantly of officials with degrees in Economics – has the production of knowledge and data as its main task and prefers producing data that can be and are analysed econometrically and which highlights the economic consequences (Lehtonen, 2009; Ruffing, 2010).

In more specific terms, the OECD's Total Support Estimate is rooted in its work on other subsidies, particularly agricultural subsidies. The Trade and Agriculture Directorate was the most important Directorate because of its agricultural subsidy expertise. Because of this institutional legacy, the OECD definition of fossil fuel subsidies is derived from the OECD definition of agricultural subsidies, again derived from the WTO's definition of subsidies (of all kinds) as 'direct transfers, fiscal incentives and provision of goods and services' (OECD Secretariat, 2005, p. 17). The past experience of working with agricultural subsidies was entrenched in the organisation and hence influenced the definition of fossil fuel subsidies and the general framing of fossil fuel subsidies.

Other factors have also influenced the OECD efforts regarding fossil fuel subsidies to some degree. Policy entrepreneurs in the OECD Secretariat played an important role in seizing the opportunity provided by the increasing attention to the issue. Yet, they played a more important role regarding how the OECD addressed fossil fuel subsidies. Particularly Ronald Steenblik, until his retirement in 2018 the OECD's chief fossil fuel subsidy expert and perhaps the foremost expert on the topic globally, has shaped the OECD's approach both through internal discussions and policy and academic publications on fossil fuel subsidies published long before Pittsburgh (Jones and Steenblik, 2010; Steenblik, 1999, 2003, 2016; Steenblik and OECD, 2003; Steenblik et al., 2018). The influence of Steenblik and other policy entrepreneurs within the OECD Secretariat is most pronounced regarding the Total Support Estimate, which they have been committed to, and the fact that they have often been critical of alternative approaches such as the IMF's (Steenblik, 2014).

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The influence of policy entrepreneurs and the institutional worldview of the Secretariat have been circumscribed by the role of another set of factors, namely the relations with member states. Member states have not been directly involved in drafting the most important OECD publications, which were published on behalf of the OECD Secretariat. Yet, member states played an indirect role by limiting how far the OECD staff could go (interview with Swedish Ministry of Foreign Affairs official, 30 April 2015). The consensual nature of OECD policy processes, even as regards OECD Secretariat publications (which are discussed but not approved by member states) means publications that go directly against the preferences of large groups of members states are highly unlikely (Carroll and Kellow, 2011). Thus, the relatively low degree of OECD Secretariat autonomy (at least compared to the IMF or the World Bank) acted as a scope condition for the influence of the institutional worldview and policy entrepreneurs, especially before Pittsburgh. If the Secretariat had had more autonomy than is actually the case, the institutional worldview and policy entrepreneurs could have been more influential.

The membership circle of the OECD covers more countries than the G20, but the thirty-seven OECD countries only include developed countries plus a few countries (Colombia Mexico, Chile and South Korea) classified by the World Bank as upper-middle income countries. The OECD addressed the fossil fuel subsidies of its member states as well as a number of other selected states, and addressed their subsidies differently from how the IMF or the IEA did, although the membership circle is very similar to the IEA's (only Chile, Colombia, Iceland, Israel and Slovenia are members of the OECD but not the IEA). Altogether, there is far from a perfect correlation between the preferences of the member states and the output of the OECD. Rather, the output was shaped predominantly by the institutional worldview and to some degree entrepreneurs within the OECD within the limits of the OECD Secretariat's autonomy.

6.3 Consequences

6.3.1 International Consequences

Given that the OECD's output has been ideational, mainly in terms of providing cognitive knowledge about fossil fuel subsidies and how to reform them, but also promoting the norm of fossil fuel subsidy reform, it is not surprising that the consequences have been ideational. At the international level, the most important consequence of the OECD's output on fossil fuel subsidies has been its effect on the **G20**. The OECD together with the three other IOs has provided several reports to the G20, which have shaped the debate within the G20 working groups and consequently also G20 output. In the working groups, the OECD could disseminate knowledge about fossil fuel subsidies to officials, who especially in the early years

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had little knowledge of what was still an emerging subject. More recently, the OECD Secretariat chairing the G20 peer reviews has meant significant influence over the definition of what constitutes a fossil fuel subsidy in the countries reviewed. The G20 has de facto adopted an approach similar to the OECD's, identifying fossil fuel subsidies in terms of policies, rather than price levels, and focusing on a wide range of policies including reduced tax rates, the provision of services at below-market rates, etc., including for the production of fossil fuel subsidies. When the OECD approach was used in the 2016 G20 peer reviews of fossil fuel subsidies in the United States and China, it became the de facto standard for identifying fossil fuel subsidies, as is also evident in the efforts to measure fossil fuel subsidies in the context of the Sustainable Development Goals (SDGs) (see later in this section).

Counterfactually, had the peer reviews used a different definition of fossil fuel subsidies, e.g. one based on the IEA's price-gap approach or the IMF's inclusion of non-priced externalities, both the identification of fossil fuel subsidies and the policy recommendations would have been different (see also Chapter 7). The OECD's framing of fossil fuel subsidies in economic, especially fiscal, terms thus influenced how the G20 addressed the issue. Hence, the OECD's economisation of fossil fuel subsidies contributed to the ongoing economisation of the issue in the G20. The G20 treatment of fossil fuel subsidies is also shaped by other factors than the OECD Secretariat, which was only one of the participants in the peer review, but still constituted an important and constant factor.

Beyond the G20, the OECD has also contributed technical expertise to **APEC** peer reviews. The OECD Secretariat officials are closely involved in the development of a definition of fossil fuel subsidies in the monitoring of the **SDGs**. This definition is important, as it will be used to monitor all signatories to the SDGs' (virtually all countries in the world) efforts to live up to SDG 12.c and to 'rationalize inefficient fossil fuel subsidies that encourage wasteful consumption . . . ' (United Nations, 2015). More precisely, it is used to measure progress in terms of indicator 12.c.1 the 'Amount of fossil fuel subsidies per unit of GDP (production and consumption)', an economic framing of fossil fuel subsidies (UNEP et al., 2019). The definition was adopted by the SDG Expert Group on Fossil Fuel Subsidies chaired by Ron Steenblik from the OECD Secretariat and Pete Wooders from the International Institute for Sustainable Development (IISD). It draws on the fossil fuel definitions of the WTO, which the OECD also draws on and which identifies fossil fuel subsidies in terms of policies, as well as the IEA definition which identifies them in terms of prices (UNEP et al., 2019). More specifically, it includes direct budget transfers (based on the WTO definition), so-called induced transfers (based on the IEA definition and measured in terms of price-gaps rather than policies and also used by the OECD), as well as 'tax expenditures, other government revenue foregone and under-pricing of goods and services, including risk' (UNEP et al., 2019, p. 41) which is optional for governments to report. Risk transfers, part of the OECD definition, are not included.

6.3.2 Domestic Consequences

The domestic consequences of the OECD output are harder to discern.[3] The OECD's output is cognitive and normative, and it is difficult to distinguish the influence of the OECD from other international institutions on the domestic level. In the case of all the five countries studied, the OECD published country briefs focusing specifically on fossil fuel subsidies and also addressed the issue in environmental performance reviews. It also arranged several workshops for officials on fossil fuel subsidies, which was important especially immediately after the Pittsburgh commitment. At this time, fossil fuel subsidies constituted a new concept the understanding of which was still to be shaped, also among officials from finance and energy ministries (author's observation as a Danish official participating in one of these workshops in 2010).

Regarding **the United States**, the OECD identified federal fossil fuel subsidies to producers of oil, gas and coal, as well as to the energy costs of low-income households, together valued at several USD billions (OECD, 2020a). OECD influence on the United States was arguably most salient in the case of the G20 peer review, which as discussed in Chapter 5 constituted a small but significant effect on the Obama administration's efforts to reform US fossil fuel subsidies.

Table 6.1 *Fossil fuel subsidies and the OECD in the US media:* New York Times *and* Washington Post

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Articles referring to US fossil fuel subsidy reform *and* the OECD	0	0	0	1	0	0	2	0	0	0	0	**3**
All articles referring to fossil fuel subsidy reform (international and domestic)	3	6	20	22	9	8	16	0	0	1	15	**100**

[3] This section expands on and updates Skovgaard (2018).

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Besides the peer review, the OECD had already recommended reforming environmentally harmful subsidies in its environmental performance reviews (OECD, 1996, 2005a) and in its country brief on US fossil fuel subsidies (OECD, 2019g). Yet, the OECD defining specific policies as subsidies in these reports had little impact, since these policies were already acknowledged as subsidies, and actors in the United States, including environmental NGOs and parts of the Democratic Party, sought to reform them but faltered due to domestic opposition (see also Chapter 5). On the public agenda, very few references were made to the link between the OECD and fossil fuel subsidies (see Table 6.1), but in one case referring to the OECD's definition of fossil fuel subsidies as including tax breaks for fossil fuel companies and to such tax breaks in the United States (Schwartz, 2015).

In the case of **the United Kingdom**, the OECD identified fossil fuel subsidies worth billions of pounds targeting heating and power consumption by households as well as the production of oil, natural gas and coal (OECD, 2019f, 2020a). In terms of promoting the norm of fossil fuel subsidy reform, the OECD Secretariat commended the United Kingdom for phasing out sizable subsidies for coal production, but also noted the introduction of tax reductions for oil and gas production (OECD, 2019f). The OECD's influence was most pronounced with regard to the House of Commons' Environmental Audit Committee's (which includes members of all major parties) report on energy subsidies (2013) and the related debate about UK subsidies.

While the report and the debate were brought on by the G20 commitment and the UK government's claim that it provides no inefficient fossil fuel subsidies (Kirton et al., 2013), the OECD's output on fossil fuel subsidies shaped the report and the debate. The OECD's definition of fossil fuel subsidies as including all policies that confer benefits on fossil fuels, including reduced tax and value-added tax (VAT) rates, differed from the UK government's definition of fossil fuel subsidies as 'any Government measure or programme with the objective or direct consequence of reducing, *below world-market prices* [author's emphasis], including all costs of transport, refining and distribution, the effective cost of fossil fuels paid by final consumers, or of reducing the costs or increasing the revenues of fossil-fuel producing companies' (UK Department of Energy and Climate Change and HM Treasury, 2013, item 112). In other words, policies that lowered fuel prices below what they would be if they were fully taxed but above the world market price including transport, refining and distribution costs, would be considered a subsidy by the OECD but not by the government. Hence, the OECD's finding that the United Kingdom's reduced VAT rate of just 5 per cent on the heating fuel and power consumption of private households constituted a subsidy worth billions of pounds annually ran counter to the UK government's claims but was used by the Environmental Audit Committee (2013). Likewise, the Environmental Audit Committee drew on OECD fossil fuel subsidy reports to identify reduced tax rates for fossil fuel extraction as subsidies (House of Commons Environmental Audit Committee, 2013). In 2019, the OECD's definition became again the topic of debate, when the UK government responded to questions from the House of Lords' European Union Committee and a petition to redirect fossil fuel subsidies to renewable energy with reference to the United Kingdom not having such subsidies according to the IEA definition, and that the OECD's inclusion of individual tax reliefs is 'devoid of their context within our overall tax regime' (HM Treasury, 2019, item 2; UK Department for Business, 2019c). This reply led the House of Lords' European Union Committee to suggest that the UK government should use the OECD's definition, as this was more compatible with UK climate leadership (House of Lords European Union Committee, 2019).

As is evident in Table 6.2, the OECD had only a limited impact on the UK public agenda, and only in the period 2012–15. Moreover, few of these articles directly linked OECD estimates and UK fossil fuel subsidies, although the Overseas Development Institute and Oil Change International's (two NGOs) use of OECD data to criticise G20 countries' fossil fuel subsidies was referred to (Vidal, 2014b).

Thus, the OECD had an important cognitive influence on the policy debate regarding fossil fuel subsidies, especially regarding the question of what constitutes a subsidy. It played a more indirect normative role, as the House of Lords' European Union Committee associated the OECD's approach to identifying fossil fuel subsidies with climate leadership. Yet, this did not lead to reform of fossil fuel subsidies, as the United Kingdom has rather increased fossil fuel subsidies for oil

Table 6.2 *Fossil fuel subsidies and the OECD in the UK media:* The Guardian *and* The Independent

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Articles referring to UK fossil fuel subsidy reform *and* the OECD	0	0	0	1	1	1	2	0	0	0	0	**5**
All articles referring to fossil fuel subsidy reform (international and domestic)	0	0	8	11	10	9	27	11	18	16	46	**156**

and gas production through improving the possibilities for deducting extraction costs from corporate taxes (OECD, 2019f).

India is not an OECD member state but has nonetheless been part of the OECD's inventories of fossil fuel subsidies. According to the OECD, fossil fuel subsidies in India consist mainly of selling diesel, kerosene and liquid petroleum gas (LPG) at a loss, and are estimated at INR hundreds of billions or several USD billions (OECD, 2019d). The OECD acknowledged the substantive Indian fossil fuel subsidy reforms. These conclusions have not caused debate in India, since the policies are widely acknowledged as constituting subsidies. Indian fossil fuel subsidies have been significantly reformed since 2013 (Garg et al., 2020; Jain et al., 2018), but these reforms were driven by domestic fiscal and macroeconomic concerns (see also Chapter 5). The OECD played a more background role compared to the GSI and the World Bank as regards providing opportunities for learning about how to best undertake such reform (Lemphers et al., 2018; Skovgaard, 2018). Regarding the public agenda, it is perhaps unsurprising given that India is not a member of the OECD, that the Indian newspapers studied have not even once linked the OECD and Indian fossil fuel subsidies (see Table 6.3).

Indonesia, like India, is not an OECD member state but has been part of the OECD's inventories of fossil fuel subsidies. The OECD identifies fossil fuel subsidies in Indonesia as consisting of setting the price on oil products and electricity below the market price as well as of production subsidies, and estimated them at around IDR 100 trillion or USD 7 billion (OECD, 2020a). The OECD also commended Indonesia for its subsidy reforms, but noted that fuel prices were fixed

Table 6.3 *Fossil fuel subsidies and the OECD in the Indian media:* The Hindu *and* Times of India

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Articles referring to Indian fossil fuel subsidy reform *and* the OECD	0	0	0	0	0	0	0	0	0	0	0	**0**
All articles referring to fossil fuel subsidy reform (international and domestic)	0	1	10	35	37	19	17	4	7	4	4	**138**

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Table 6.4 *Fossil fuel subsidies and the OECD in the Indonesian media:* Kompass *and* Tempo

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Articles referring to Indonesian fossil fuel subsidy reform *and* the OECD	0	0	0	0	0	0	0	0	0	0	0	**0**
All articles referring to fossil fuel subsidy reform (international and domestic)	0	1	4	61	28	45	18	19	48	60	26	**310**

in 2018 in response to rising international oil prices (OECD, 2019e). More importantly, the OECD Secretariat chaired the G20 peer review. As discussed in Chapter 5, the peer review forced the Indonesian government to undertake a more in-depth analysis of its fossil fuel subsidies, especially production subsidies, and commended Indonesia for its reforms (G20, 2019b). The G20 followed an approach to defining fossil fuel subsidies in line with the OECD's (see Section 6.4.1). The OECD's chairing of the G20 peer review meant it could play a cognitive role in shaping the G20 analysis of Indonesian subsidies, including the focus on production subsidies, which the OECD has prioritised to a greater extent than the IEA or the IMF. Nonetheless, it may be difficult to precisely distinguish when the OECD's influence began and the G20's influence ended in this respect. Yet, Indonesian reforms have been driven by domestic economic concerns rather than the G20 or the OECD. In terms of cognitive influences such as learning about successful reform, the OECD has participated in workshops about Indonesian reform, but have not played the same role as the World Bank and the IMF (Diop, 2014; interview with senior Bappenas official, 20 December 2016). Just as in India, none of the newspapers studied have linked the OECD and Indonesian fossil fuel subsidies.

Finally, regarding **Denmark**, according to the OECD, the Danish government subsidises fossil fuels by reducing energy taxes for fuels used for specific purposes (combined heat and power generation) and diesel. The subsidies that the OECD was able to estimate amounted to above DKK 1 billion or USD 200 million, although falling significantly after 2015 due to reductions in tax rebates for diesel and in the support for combined heat and power (Danish Ministry of Climate Change, 2019, OECD, 2019c, 2019h, 2020a). These reforms seem to have been driven at least as much by economic concerns as by environmental ones. The 2019 OECD Environmental Performance Review mentioned Danish fossil fuel consumption subsidies, but did not include the reform of these subsidies in its forty-four recommendations for improving Danish environmental policy, and unsurprisingly these subsidies were not subsequently addressed in Danish policy or public agendas, which focused on the recommendations. Otherwise, opposition Members of Parliament have raised the issue of Danish fossil fuel subsidies a couple of times in the Danish Parliament (Danish Ministry of Climate Change, 2015; Danish Ministry of Taxation, 2019). In this context, the Danish government has acknowledged that fossil fuel production is subsidised, but argues that tax expenditure on consumption (defined by the OECD as subsidies) do not constitute subsidies since total fossil fuel taxes exceed the total externalities (Danish Ministry of Climate Change, 2015). Later, in its 2019 National Energy and Climate Plan submitted to the EU, the Danish government acknowledged the existence of indirect fossil fuel subsidies, highlighted that some of these subsidies were being phased out, and that the government would look into further fossil fuel subsidy reform (Danish Ministry of Climate Change, 2019). In general, the various Danish governments have been hesitant to acknowledge that particular policies constitute fossil fuel subsidies as this was seen as contrary to the Danish promotion of the norm of fossil fuel subsidy reform.

Concerning cognitive influences, participation in workshops on fossil fuel subsidies arranged by the OECD enhanced knowledge on and awareness of the topic within the Finance Ministry and other ministries (author's observation, including as a participant on one of those workshops). Yet, within the Danish ministries, fossil fuel subsidies have been perceived as mainly a developing country phenomenon, which did not necessitate changes to Danish policy (interview with senior Danish government official, 13 January 2014). While there were discussions within the Danish government of undertaking a self-review of Danish fossil fuel subsidies using the OECD's definition, it was decided not to carry out the review as the timing would collide with the ongoing analysis of Danish energy subsidies, and (at the time) could be politically sensitive (interview with former Danish senior civil servant, 5 May 2020). Consequently, learning has mainly been relevant in terms of changing Danish beliefs regarding how to best undertake fossil fuel subsidy reform in developing countries, not in developed ones.

The OECD reports have not led to any changes to the public agenda (see Table 6.5), where they have not appeared (although one article mentioned the OECD's role in the G20 peer review of Chinese fossil fuel subsidies; Andersen, 2016).

Table 6.5 *Fossil fuel subsidies and the OECD in the Danish Media:* Politiken *and* Jyllands-Posten

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Articles referring to Danish fossil fuel subsidy reform *and* the OECD	0	0	0	0	0	0	0	1	0	0	0	**1**
All articles referring to fossil fuel subsidy reform (international and domestic)	0	0	3	3	5	8	9	1	10	4	13	**56**

6.4 Summary

The OECD, a knowledge producing institution, has unsurprisingly had the greatest impact in terms of cognitive output defining what fossil fuel subsidies are and how we can understand their implications. Thus, the OECD has produced an extensive amount of cognitive knowledge about what is important about fossil fuel subsidies and which policies in individual countries can be understood as fossil fuel subsidies. A crucial aspect of this output has been the framing in terms of economic, particularly fiscal impact. The extensive data gathering endeavour as well as the efforts to promote the OECD's definition has had a significant impact on how fossil fuel subsidies – until 2009 an extremely marginal issue – have been addressed, especially at the international level. At the domestic level, the influence of the OECD is more difficult to discern, not least because the OECD Secretariat has often been most influential when it has chaired G20 peer reviews, making it rather difficult to precisely distinguish the OECD's influence from the G20's. It is worth contemplating how different the international efforts to promote fossil fuel subsidy reform might have been had the OECD adopted a different definition, for example, if it had included the non-pricing of externalities in the way the IMF (Coady et al., 2015, 2019) has done, or development finance supporting fossil fuel production, the way the NGOs such as Oil Change International have done (Oil Change International et al., 2017). The OECD output has primarily been driven by institutional interaction with the G20, which lifted OECD involvement to a new level, and the institutional worldview inherent to the OECD Secretariat, which emphasises the economic aspects of fossil fuel subsidies. The relatively limited autonomy of the OECD Secretariat has acted as a scope condition for the influence of this worldview.