

Argentina

G20 coal subsidies



Despite its subsidy peer review commitment, Argentina is **not transparent** on its support to the Río Turbio coal project

Coal and Argentina's economy

US\$20,414



GDP per capita, PPP
(2016–2017 average)

819



2016 imports
(kilotonne oil equivalent)

36



2016 exports
(kilotonne oil equivalent)

2%



Share in power mix
(by generation)

Key findings

- Argentina provides multiple forms of government support to fossil fuels. Coal plays only a minor part in the energy mix, however it still receives significant support.
- ARS\$9,667 million (US\$596 million) of government support was identified per year (2016–2017 average) for coal and coal-fired power production, and a limited amount was identified for coal-fired power consumption. None was identified for rehabilitation of coal mining sites or transition support to miners and communities.
- In July 2018 Argentina agreed to conduct a peer review of its fossil fuel subsidies together with Canada. However, at the time of writing it is unclear whether this has started.

Prominence of fossil fuels and subsidy phase-out commitments

- Argentina still obtains 67% of its electricity from fossil fuels (IEA, 2019) and continues to provide significant government support towards the production and consumption of oil and gas and fossil fuel-powered electricity, including major investments in state-owned oil and gas enterprises (Pickard, 2015).
- As a member of the G20, Argentina has committed to phasing out inefficient fossil fuel subsidies over the medium term, as agreed in 2009 (G20, 2009). As a signatory of the Convention on Biological Diversity (Aichi Target 3), it has also committed to phasing out environmentally harmful subsidies, including those to fossil fuels, by 2020 (UN, 1992).

Government support to coal and coal-fired power production

- As only 2% of Argentina's electricity is produced from coal, government financial support to the coal sector is lower than for other fossil fuels. However, these amounts remain considerable.
- Government support comes in the form of state ownership of – and investments in – coal mining and electricity generation company Yacimientos Carboníferos Fiscales Río Turbio (YCRT), which

built Argentina’s only coal-fired power plant: the mine-head unit at the Río Turbio coal mine in Santa Cruz. However, coal shortages have left the unit non-operational and in March 2018 the government rescinded the plant’s licence to operate (BNamericas, 2015). YCRT is now considering converting the unit to be able to operate on gas. Capital expenditure figures for YCRT investment in both the coal mine and power plant are unavailable at the time of writing.

Government support to coal and coal-fired power consumption

- Since 1991, Argentina has provided support to consumers in areas with high electricity prices via the National Fund for Electric Power, of which 47.7% is allocated to the Subsidiary Fund for Regional Tariff Compensation of Final Users (International Business Publications USA, 2008). As part of Argentina’s electricity supply is from thermal coal, this mechanism lowers the cost of coal-fired electricity.

Government support to the transition away from coal and coal-fired power

- This research has not identified any policies or mechanisms to support a transition away from coal. However, in July 2018, Argentina agreed to undergo a peer review of its fossil fuel subsidies together with the government of Canada, in line with G20 recommendations (IISD, 2018).

Argentina’s government support to coal and coal-fired power production and consumption

AR\$\$ millions, 2016–2017 annual average

| Instrument | Coal production ⁱ | Coal-fired power | Coal consumption ⁱⁱ | Transition support ⁱⁱⁱ |
|---|------------------------------|------------------------------|--------------------------------|-----------------------------------|
| Fiscal support (budgetary transfers and tax exemptions) | 3,719 | 5,948 | 6.8 | none identified |
| Public finance | none identified | none identified | none identified | none identified |
| State-owned enterprise investment | not quantified ^{iv} | not quantified ^{iv} | none identified | none identified |

Note: for more detail and sources see the Argentina data sheet available at odi.org/g20-coal-subsidies/argentina.

ⁱ This category includes support for coal exploration, mining, processing and transportation.

ⁱⁱ This category includes support for consumption of coal-fired power, and of coal other than for its use for coal-fired power generation (or for co-generation of power and heat).

ⁱⁱⁱ This category includes support for closing down mining sites, and for workers and communities in their transition away from coal and coal-fired power.

^{iv} While unquantified, government support comes in the form of state ownership of – and investments in – coal mining and electricity generation company YCRT.

References

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- UN – United Nations (1992) Convention on Biological Diversity. 1760 UNTS 20619, entered into force 29 December 1993 (www.cbd.int/convention/text/default.shtml)



This country study is one in an 18-part series. The country findings are collated in the summary report, which you can find at odi.org/g20-coal-subsidies along with full references, acknowledgements and further information about methodology and data sources.

Unreferenced information in this summary is from the analysis conducted for this report, available in the Argentina data sheet at odi.org/g20-coal-subsidies/argentina.

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