Saudi Arabia

Overall ranking and score *(out of 8 countries)*		8th	C+
1. Transparency	**8th** / Opaque	**$77 billion** total government support to fossil fuels, 2017–2019 average, USD ($35.4 billion induced transfers, $600 million public finance, $41 billion SOE investment)	
2. Pledges and commitments	**8th** / Weak		
3. Scale of support for coal exploration, production, processing, and transportation	**1st** / None identified	**No support** identified coal exploration, production, processing, and transportation	
4. Scale of support for oil and gas exploration, production, refining, and transportation	**8th** / Very high	**$33 billion** of support to oil and gas exploration, production, refining, and transportation	
5. Scale of support for fossil fuel power	**8th** / Very high	**$17 billion** of support to fossil fuel-based power	
6. Scale of support for fossil fuel use	**8th** / Very high	**$27 billion** of support to fossil fuel use	
7. Progress in ending support for fossil fuels	**2nd** / Mediocre	**33% decrease** in SOE investment relative to the 2014–2016 average	

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD ($) and are annual averages based on the following sources:

- *For direct transfers and tax expenditure: OECD (2020) data, 2017–2019 averages*
- *For induced transfers: International Energy Agency (2020) data, 2017–2019 averages*
- *For public finance: Oil Change International data collected from several sources, 2017–2018 averages*
- *For SOE investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages*

Summary

The Kingdom of Saudi Arabia scores the lowest of the G20 non- Organisation for Economic Cooperation and Development [OECD] member countries due to its continued support for oil and gas production and fossil fuel-based power, predominantly due to large capital expenditure (capex) from its state-owned enterprises (SOEs) and continued support for fossil fuel consumption via low energy prices.

Saudi Arabia holds the G20 presidency in 2020, and, despite commitments to remove inefficient fossil fuel subsidies, the government has requested all mentions of the term “subsidy” be removed from the G20 expert briefings and policy proposals (Farand, 2020).

BIGGEST RED FLAG → Saudi Arabia continues to provide significant support for fossil fuels through SOE investments. Saudi Aramco provided around USD 33 billion each year for oil and gas production, and the Saudi Electric Company invested USD 8.2 billion annually in fossil fuel-based power (2017–2019 average).

Author: Mostafa Mostafa

IISD International Institute for Sustainable Development | ODI Evidence. Ideas. Change. | OILCHANGE INTERNATIONAL

PROGRESS → The government introduced energy subsidy reforms in 2016 and 2018 that increased fuel and electricity prices as part of a larger economic reform package, Vision 2030 (Kingdom of Saudi Arabia, 2019; Krane, 2019; Lahn, 2016). While 2018 price rises were sharp, domestic prices remain a small fraction of international prices—for example, domestic gasoline (91 Octane) and diesel prices were 55% and 18%, respectively, of international benchmark prices in 2018 (Krane, 2019, Table 3). SOE investment dropped by 33% relative to 2014–2016 averages, predominantly due to a drop in investment by Saudi Aramco over the period.

MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT → There remains limited publicly available information on direct budgetary transfers or tax expenditures offered to the fossil fuel industry in Saudi Arabia. Therefore government support to oil and gas exploration, production, refining and transportation, and fossil fuel-based power is very likely underestimated in this report (Pickard & Burg, 2015).

COVID-19 GOVERNMENT SUPPORT → In response to the COVID-19 pandemic, the Energy Ministry, at the order of the King, extended a 30% discount on electricity bills for commercial, industrial, and agricultural sectors for April and May 2020 (Energy Policy Tracker, 2020; SPA Services, 2020).

TRANSPARENCY & PEER REVIEWS → As part of Saudi Arabia's Vision 2030, the Ministry of Finance increased the availability of financial and economic information, and the government began publishing a budget for the first time in 2016 (Ministry of Finance, 2020). While this is a significant step in the right direction, transparency around direct budgetary transfers and tax expenditures remains very low. As such, it is not possible to accurately estimate the support the government provides for the fossil fuel industry.

References

Farand, C. (2020). *Saudi Arabia censors fossil fuel subsidy discussion as G20 host.* https://www.climatechangenews.com/2020/07/14/saudi-arabia-censors-fossil-fuel-subsidy-discussion-g20-host/

International Energy Agency. (2020). *IEA subsidies database.* https://www.iea.org/topics/energy-subsidies

International Institute for Sustainable Development, Insitute for Global Environmental Strategies, Oil Change International, Overseas Development Institute, Stockholm Environment Institute, & Columbia University. (2020). *Energy Policy Tracker: Track public money for energy in recovery packages.* https://www.energypolicytracker.org/region/g20/

Kingdom of Saudi Arabia. (2019). *Increasing the competitiveness of our energy sector.* https://vision2030.gov.sa/en/node/94

Krane, J. (2019). *Energy governance in Saudi Arabia: An assessment of the kingdom's resources, policies, and climate approach.* https://www.bakerinstitute.org/research/energy-governance-saudi-arabia/

Lahn, G. (2016). *Fuel, food and utilities price reforms in the GCC: A wake-up call for business.* https://www.chathamhouse.org/publication/fuel-food-and-utilities-price-reforms-gcc-business

Ministry of Finance. (2020). *Financial report.* https://www.mof.gov.sa/en/financialreport/Pages/default.aspx

Oil Change International. (2020). *Shift the subsidies database.* http://priceofoil.org/shift-the-subsidies

Organisation for Economic Cooperation and Development. (OECD). (2020). *OECD inventory of support measures for fossil fuels.* http://www.oecd.org/fossil-fuels/data/

Overseas Development Institute. (2020). *State-owned enterprise investment database.*

Pickard, S., & Burg, L. v. d. (2015). *G20 subsidies to oil, gas and coal production: Saudi Arabia.* https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9973.pdf

SPA Services. (2020). *Ministry of Energy: New SR900 million package for private sector includes discounts on electricity bills for commercial, industrial and agricultural sectors.* https://www.spa.gov.sa/viewfullstory.php?lang=en&newsid=2075121