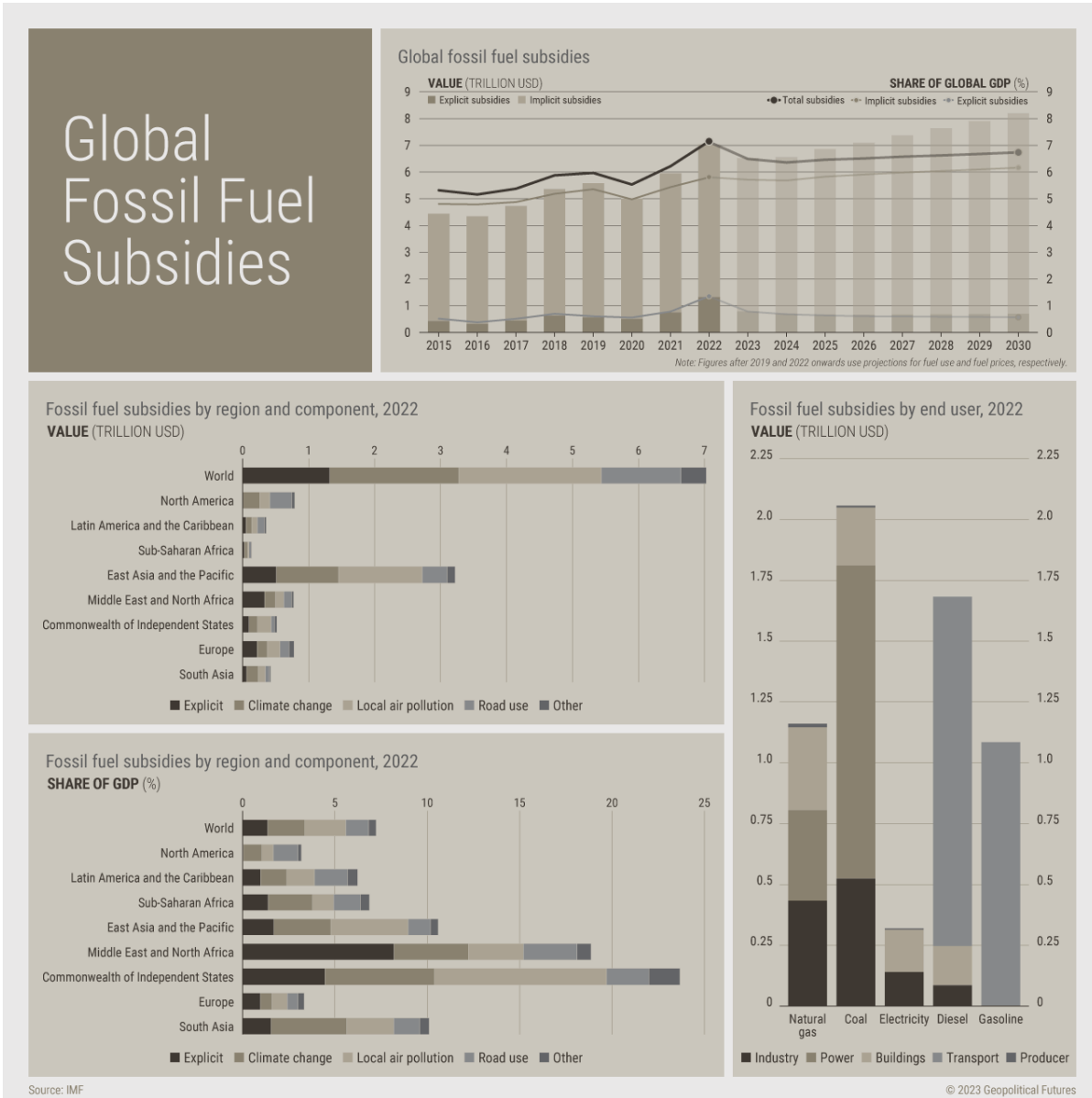


The Price of Cheap Energy

by Geopolitical Futures - September 9, 2023



Notwithstanding the hype around green energy and electric vehicles, governments worldwide spent some 7 percent of gross domestic product subsidizing fossil fuels in 2022. For some energy sources,

such as natural gas, location has a major effect on pricing. In North America, natural gas costs approximately \$7 per gigajoule, compared with \$25 in East Asia. Oil products, on the other hand, are traded in a more interconnected international market and thus do not fluctuate so much on cost.

But geopolitics plays a role as well, and no one subsidizes energy like China. The Middle Kingdom spent \$2.2 trillion on fossil fuel subsidies last year, several times more than the next country, the United States (\$760 billion). Notably, despite the costs of its war in Ukraine, Russia spent \$420 billion. China, the U.S., Russia, India and the European Union together accounted for 57 percent of all fossil fuel subsidies.

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