

MAKING POLLUTERS PAY FOR CLIMATE DAMAGES

Making polluters pay is a huge opportunity to unlock greater levels of climate finance for climate action.

Making polluters pay is a chance to provide more financial support for the communities who are dealing with devastating climate impacts right now, and the people who are the least responsible for causing climate emissions in the first place.

- For example, Oxfam has calculated that a permanent polluter profits tax on oil and gas corporations could raise up to [US\\$400 billion in its first year](#).
- If a [fossil fuel extraction levy](#) was imposed by the world's richest countries alone (G7 countries), beginning at a low rate of \$5 per tonne of CO2 equivalent, increasing by \$5 per tonne each year, it would raise a total of \$540 billion by 2030.
- This money could be used to pay for climate losses and damages and a just transition. Lower-income countries are estimated to face climate-related losses and damages of over [US\\$300 billion annually](#).

Making polluters pay is also a powerful way to undermine the financial viability of dirty oil and gas corporations so we can speed up the global phaseout of fossil fuels altogether and protect our climate.

- Half of the world's CO2 emissions come from just [36 fossil fuel firms](#), and around [85% of global CO2 emissions](#) come from fossil fuels.
- But the current tax rules incentivise this behaviour. IMF researchers have [calculated](#) that governments lose at least US\$44 billion per year in tax revenues thanks to tax dodging (through profit shifting) in the extractives sector - including oil, gas and mining.
- Governments continue to give out [subsidies](#) to encourage more fossil fuel production to the tune of billions of dollars per year.

This is an agenda that is gaining political traction and is extremely popular with the public. For example, the [UN Secretary General](#) endorsed “solidarity levies” for aviation, shipping and fossil fuel extraction, to raise more public finance for international climate finance. 17 countries and groups of countries, including France, Kenya, Barbados, Spain, Germany and Colombia, have joined the [Global Solidarity Levies Task Force](#), a coalition focused on taxing polluting industries for climate and development. And a recent Greenpeace and Oxfam commissioned [survey](#) conducted across 13 countries found that 86% of people support channeling revenues from higher taxes on oil and gas corporations towards communities most impacted by the climate crisis.

To make polluters pay in practice, we need policies at both the national level and the international level.

- **At the national and regional level, governments should introduce more ambitious taxes - such as profit taxes and extraction levies on oil and gas corporations.** The revenues could then go towards supporting the most vulnerable communities to rebuild after devastating floods, storms, typhoons and other climate impacts. Global North governments should give some of their revenues towards UN climate funds as part of this effort, which would help to ensure that communities in the Global South who are least responsible and most impacted by climate change get the support they deserve.
- **At the international level, there is also an exciting new opportunity - via the UN Tax Convention - to introduce a global profit tax on international oil and gas corporations, where the revenues could be channelled directly into UN climate funds.**
 - The negotiations for a new UN Tax Convention kicked off this summer and will continue until the end of 2027. This gives us a once in a generation chance to rewrite the rules for taxing big multinational corporations like oil and gas, and the super-rich. It's our chance to make sure they pay their fair share and are held to account, globally, for the disproportionate amount of carbon emissions - and therefore climate damages - that they are responsible for.
- The next round of UN Tax Convention negotiations are taking place in Nairobi this November - at exactly the same time as countries will be debating who picks up the tab for international climate finance at the next global climate negotiations in Brazil (COP30). **This gives us a huge chance to highlight the opportunity of taxing oil and gas polluters to help unlock the climate finance that's so urgently required.**

We are calling on politicians to make bolder commitments this November at both COP30 and the UN Tax Convention to make polluters pay. What does that look like in practice?

- **Within any climate finance outcomes at COP30:** Push for a clear signal on the need for progressive environmental taxation in line with the Polluter Pays Principle and the Principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), in the context of innovative sources of public finance - such as taxes on fossil fuel profits and the super-rich.
- **At the 3rd round of UN Tax Convention negotiations:**
 - Agree on a sub-commitment relating to the sustainable development commitment (paragraph 10c of the Terms of Reference) committing

- countries to cooperate internationally on progressive environmental taxation, in line with the Polluter Pays Principle and CBDR-RC.
- Support the Africa Group's demand for an additional commitment under paragraph 10 of the ToR) on taxing the income from the extraction of natural resources.
 - And speak out in support of a new global mechanism to tax the profits of multinational oil and gas corporations for climate damages.
- **For governments who are [members](#) of the Global Solidarity Levies Task Force:** Ensure that the Task Force's COP30 declaration publicly endorses bold global fossil fuel profit taxation for international climate finance under the UN Tax Convention, alongside the need for bolder fossil fuel profit taxes and extraction levies at the national and regional levels to help communities at home and around the world rebuild from climate disasters and invest in climate solutions.

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