



PAYMENT OVERDUE

Fair ways to make polluters across the UK pay for climate justice

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As large sources of emissions, wealthy countries, fossil fuel companies and rich individuals, are disproportionately responsible for the climate crisis in which we find ourselves. Yet, for decades, they have been let off with not paying to deal with its consequences.

As a result, the world is far behind on the spending needed to ensure a fast and just transition and to deal with increasing climate impacts. Climate action must be fair, meaning that those with the responsibility for the harm and capacity to pay should be footing this growing bill. But it is often those with least responsibility and capacity to pay who are bearing the brunt of the costs.

Here, we outline four ways to raise new finance across the UK through fair ways to make polluters pay.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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SUMMARY

We have around six years left to bring about the transformational change needed to avert the worst of the climate crisis.¹ Today's decisions on spending for climate action will have repercussions for decades to come. We urgently need to find large sums of money to finance a just transition globally, and to support people living in the Global South who are already dealing with escalating climate impacts.

The climate crisis is now a reality: its effects range from the UK breaching 40°C for the first time in 2022 to a devastating and ongoing drought in East Africa, which would not have occurred without global heating.² In the UK and globally, it is people living in poverty who bear the consequences of inaction. Public finance is a critical lifeline for communities on the frontlines of the climate crisis, yet we are increasingly looking to dwindling aid budgets to meet escalating needs. Meanwhile, billionaires amass yet more wealth and fossil fuel producers post record profits.

These polluters have caused – and continue to cause – irreversible damage to our planet, and it's only fair that they pay for the harm caused by their actions. Fairer taxes on the largest polluters would not only generate additional finance but could also create financial incentives for them to reduce their emissions.

The UK is a huge historical emitter.³ It must take responsibility for this, but the onus of paying should not be split equally among the public. Those who have emitted the most and profited while doing so – particularly fossil fuel producers and wealthy people – should be doing the heavy lifting. This paper sets out four options to do this.

The options explored here are a permanent excess profits tax on fossil fuel producers; redirecting fossil fuel producer subsidies; a Frequent Flyer Levy; and taxing high-emitting luxury travel. These options target those who are most responsible for emissions, and who also have the capacity to pay. It is crucial that such measures to raise new finance for climate justice shield lower-income households from having to shoulder the costs.

This report estimates that had these four measures been in place last year, **they could have raised £12.62bn in much-needed new finance for climate justice.** A system that fairly taxes extreme wealth could have contributed up to a further £10.48 bn for climate action last year. Altogether we estimate that in 2022, **the UK may have missed out on £23.1bn for climate action by not making polluters and the wealthiest in our society pay.** That is double the amount that the UK government has committed to spending on crucial international climate finance in the five years up to 2026.

This finance could be used to combat the climate crisis in ways that simultaneously lift people out of poverty, both across the UK and overseas. The money is there – why aren't we harnessing it?

NOTES

¹ Forster, Professor Piers., Rosen, Dr Debbie., Lamboll, Dr Robin., Rogelj, Professor Joeri. (2022). *Guest post: What the tiny remaining 1.5C carbon budget means for climate policy*. Carbon Brief. <https://www.carbonbrief.org/guest-post-what-the-tiny-remaining-1-5c-carbon-budget-means-for-climate-policy/#:~:text=Combining%20the%20latest%20insights%20from,around%20six%20and%20half%20years.>

² World Weather Attribution (2023, April 27). *Human-induced climate change increased drought severity in Horn of Africa*. <https://www.worldweatherattribution.org/human-induced-climate-change-increased-drought-severity-in-southern-horn-of-africa/>

³ Evans, S. (2021). *Analysis: Which countries are historically responsible for climate change?* Carbon Brief. <https://www.carbonbrief.org/analysis-which-countries-are-historically-responsible-for-climate-change/>

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