Greenpeace International
Surinameplein 118, 1058 GV, Amsterdam, Netherlands
t +31 20 718 2000 f +31 20 718 2002
k.v.k. reg. 41200415 stichting greenpeace council
www.greenpeace.org

New Collective Quantified Goal and new sources of finance based on the polluter pays principle

Submission from Greenpeace International to the New Collective Quantified Goal Eleventh Technical Expert Dialogue and Third Meeting of the Ad Hoc Work Programme

5 August 2024

We welcome the opportunity to respond to the call for Parties and Observer Organizations to submit views on what should be discussed at the next meetings of the New Collective Quantified Goal on climate finance (NCQG).

It is vital that the eleventh TED (TED11) and the third meeting under the ad hoc work programme (AHWP3) advance discussions and convergence on sources of finance and the role the fossil fuel industry, and other high emitting sectors, should play in scaling up public finance to strengthen the global response to climate change.

THE CASE FOR ACTION

The NCQG must respond to the need for significantly scaled up international public climate finance - making polluters pay offers an equitable approach to raising much needed revenues.

The costs of climate change should be borne by those with most responsibility for causing it – the most polluting countries, corporations and individuals - and those most able to pay. As well as enshrining the responsibilities of states, the NCQG needs to recognise the need for the fossil fuel industry, and other high emitting sectors, to pay for the harm and destruction their products cause.

The proposal for a Climate Damages Tax (CDT) on the extraction of fossil fuels is one example of a new (innovative) source of finance based on the polluter pays principle that has the potential to generate billions of dollars for climate action.[1] If introduced by OECD countries alone, a CDT could generate $900 billion by 2030 (starting in 2024 at a low initial rate of $5 per tonne of CO_2e, increasing by $5 per tonne each year). The bulk of which could go towards international support for climate action in developing countries that need it, while the rest could support communities with the climate transition in countries where the tax is imposed.

[1] S. Sharma & D. Hillman (2024) *The Climate Damages Tax: A guide to what it is and how it works*, Stamp Out Poverty

In the face of blockbuster fossil fuel company profits, rising emissions and vast human suffering linked to climate induced extreme weather, the moral, economic and environmental case for making the fossil fuel industry and other high emitting sectors pay has never been stronger. Agreement on the NCQG must mark a turning point.

RECOMMENDATIONS

Recognise the polluter pays principle in the NCQG decision:

"*Recognises,* in line with the **polluter pays principle**, that the fossil fuel industry and other high emitting sectors should contribute towards the costs of adaptation, mitigation and addressing loss and damage."

Operationalise the polluter pays principle in the NCQG decision:

"In order to meet global finance needs for adaptation, mitigation and loss and damage, *[calls on] [urges]* Parties to introduce equitably designed **domestic** taxes/levies on the fossil fuel industry, and other high emitting sectors, for international support as applicable in line with Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), and domestic action. *Recognising* developed countries' responsibility to lead in introducing taxes on polluters for international support."

"Decides to establish [XXX process/dialogue/high-level panel] to assess the contribution, operationalisation, and potential for co-operation around equitably designed **international sources** of finance for adaptation, mitigation and loss and damage from the fossil fuel industry, and other high emitting sectors."

FOR MORE INFORMATION, CONTACT:

Tracy Carty
Global climate politics
Greenpeace International
tracy.carty@greenpeace.org

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