

Polluters Pay! Carbon Majors Funding Loss and Damage

Fossil fuel producers (the “Carbon Majors”) should pay for the loss and damage their product is causing on poor communities via a levy to the International Mechanism for Loss and Damage.



Billions of people in poor communities are innocent victims in the climate change equation. They pollute the least, yet they are already suffering from loss and damage caused by climate change through impacts such as:

- drought and changing rainfall patterns in the Sahel region; sea-level rise and coastal erosion in small islands;
- the double challenge of rising sea levels and severe cyclones in Bangladesh; and
- the devastating effect of super-Typhoon Haiyan on the Philippines.

These impacts have already gone beyond the ability of communities to adapt. It is expected that loss and damage from climate change will increase dramatically in the poorest parts of the world.

63% of global carbon emissions can be traced back to the 90 biggest oil, gas and coal producers, and cement manufacturers – the “Carbon Majors”. These entities include Chevron, ExxonMobil, Saudi Aramco, BP, Gazprom, and Shell.

The Carbon Majors have made massive profits from extracting and selling the fossil fuels that cause climate change without paying for the damage from climate change that their products are causing. In the decade to 2012, the top five oil and gas companies alone made more than US\$1 trillion in profits.

To safeguard the climate we must phase out fossil fuels by mid-century. The Carbon Majors have a moral and legal responsibility to pay for the loss and damage caused by the emissions traced back to them. Adding a levy to the extraction of fossil fuels can help meet these goals.

The International Mechanism for Loss and Damage has been agreed and discussions on how it will work are happening. But the current level of climate finance under discussion by the international community is already grossly inadequate for mitigation and adaptation efforts - without taking loss and damage into consideration.

Therefore, we need a new source of finance.

This new source of finance could come from a levy – based on the historical emissions of the Carbon Majors and on the extraction of fossil fuels in the future.

This approach is based on the “no harm” principle in international law and the principles of transboundary harm. It is consistent with the UNFCCC and is informed by precedents from other fields developed in line with the Rio Declaration on Environment and Development (1992), including the oil spill compensation regime, the nuclear damage regime, and the biosafety regime.

We propose that the Carbon Majors pay a levy – based on their emissions to date and on future extraction of fossil fuels – to the international Loss and Damage Mechanism.

This funding would be used to assist the poorest and most vulnerable communities suffering the worst impacts of climate change. This levy on the Carbon Majors needs to be part of a general phase-out of fossil fuels.

The full discussion paper is available at www.boell.de/en/2014/06/06/cost-climate-change-must-be-met-polluting-industries and www.climatejustice.org.au/polluters-pay-carbon-majors-funding-loss-and-damage.

If you wish to engage with this idea, please contact us via this short form: <http://goo.gl/7Dbdfs>

Contacts

Representatives for the Climate Justice Programme and the Heinrich Böll Foundation are in Lima. If you’d like to have a further discussion, please contact them at:

Julie-Anne Richards (CJP) jar@jarclimate.net

Stephen Leonard (CJP) stephen.v.leonard@gmail.com

Lili Fuhr (hbf) fuhr@boell.de

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How would it work?

