

Greens call on government to bring in carbon tax at COP26



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- **Carbon tax a critical lever to help shift the UK towards a clean green economy**
- **Tax yield will help deliver social dividend by funding cheap and accessible public transport, free home insulation, and a basic income**

The Green Party is calling on the UK to announce a carbon tax at COP26, describing it as one of the greatest levers to drive change in society.

Greens propose the tax should start at £100 per tonne of carbon dioxide released, rising to £500 per tonne by 2030. [1]

The tax would apply to all carbon emissions, but the tax yield would provide a 'dividend' which would prevent poorer people being hit with higher costs. It would in part be used to fund a Universal Basic Income for all and help those on lower incomes meet the costs of transitioning to a carbon free future.

The party estimates the UK will be responsible for around 800 million tonnes of CO₂ equivalent in 2021 [2]. Its proposal for a carbon tax and dividend, starting at £100 per tonne of CO₂e, would mean up to £80 billion would be generated, which could then be used to invest in the big changes needed for a rapid transition to a zero carbon economy, and to support UK residents through the transition. [3]

Adrian Ramsay, newly-elected co-leader of the Green Party, said:

"A carbon tax is one of the greatest levers we can apply to help shift us towards a clean green economy and fairer society.

"Just 100 companies have been responsible for three quarters of the world's greenhouse gas emissions since 1988 [4]. A carbon tax would target these big polluters, particularly energy and oil companies, and render coal, oil and gas financially unviable as cheaper renewable energies rise up to take their place.

"But as well as tackling the climate crisis, a carbon tax will offer a social dividend which will help the UK to genuinely become a more equal society. Carbon tax yields will provide funds to invest in cheap and accessible public transport, free home insulation, and a basic income.

"A carbon tax is a win-win for the climate and for social justice. We urge the government to show true leadership and introduce such a tax as a key plank of its COP26 strategy."

ENDS

Notes

1

Summary of Green party carbon tax proposal:

A carbon tax of £100 per tonne of carbon dioxide rising to £500 by 2030, applied to all emissions, with some of the tax yield used to compensate those on lower incomes.

Cost increases from carbon taxes will be more than offset for families through the introduction of Universal Basic Income. Home heating costs would be reduced by a large-scale nationwide home retrofit programme. Additional transport-related costs would be reduced by investment in good-quality, cheap public transport and infrastructure for active travel.

The carbon tax rate will rise as the use of fossil fuel declines, which will help balance the yield out over time, but the ultimate purpose of the tax is to eliminate fossil fuel use and drive the green transition. Making fossil fuels unaffordable is part of the point of the tax.

While pushing other countries to follow suit on introducing a carbon tax, it would be important that such a tax does not place the UK at an economic disadvantage. There would therefore need to be a tariff or 'carbon border adjustment' on goods imported from countries that are not seen to be playing their part in reducing emissions to levels required to meet the Paris Agreement limit 1.5C – a policy currently being debated by the EU.

2

The Green Party has calculated the UK will be responsible for around 800 million tonnes of CO₂ equivalent in 2021 – 520m tonnes of production emissions, including aviation and shipping; an additional 30m tonnes for the high altitude factor on aviation; and 302m tonnes from imports.

3

The Green Party included its carbon tax and dividend in its 10 point climate plan published last year:

https://www.greenparty.org.uk/assets/files/Communications/10_Point_Climate_Plan.pdf

4

<https://www.theguardian.com/sustainable-business/2017/jul/10/100-fossil-fuel-companies-investors-responsible-71-global-emissions-cdp-study-climate-change>

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