Introduction to the Polymer Fee

Developing nations face a funding gap of US$350 to 500 billion to implement an ambitious treaty that ends plastic pollution by 2040.

Current estimates of resources that could be mobilized from Official Development Assistance (ODA), Extended Producer Responsibility (EPR) and other sources of private finance equate to a shortfall of US$25 to 35 billion per year in developing countries.[1] The Co-Chairs' report following the August 2024 Bangkok intersessional meeting on means of implementation confirmed that public financing "can only partly address the funding gap", and complementary financing from private sources is "vital" to achieve Treaty objectives[2].

A small fee on primary polymer production as an additional source of funding would close the funding gap and enable developing countries to implement an ambitious treaty in full.

Analysis demonstrates that full uptake of a fee of US$60 to 90 per tonne on primary polymer production would generate US$350 to 500 billion by 2040 – enough to close the funding gap[3].

Whilst full uptake of the fee would close the funding gap, even partial adoption of the fee could deliver major benefits in tackling plastic pollution and have a decisive impact on the success of the Treaty.

At INC 5.1, there was broad recognition that private sector contributions are essential, with countries indicating a strong interest in having the option of a fee from polymer producers. To avoid the risk that a non-mandatory fee remains a vague and distant prospect, countries must explicitly reference the primary polymer fee in the Treaty and include minimum safeguards to ensure appropriate implementation by producer nations. The Treaty could, for instance, mandate the COP to develop guidelines on reporting, transparency, and minimum fee levels.

1 Charles D & Cumming P, The Polymer Premium: A Fee on Plastic Pollution, Minderoo Foundation (2024).
2 Report of the Co-Chairs (EG1) (17 October 2024, UNEP/PP/INC.5/5), paras. 7-8, 10-13.
3 Charles D & Cumming P, The Polymer Premium: A Fee on Plastic Pollution, Minderoo Foundation (2024); A.S. Pottinger et al., Pathways to reduce global plastic waste mismanagement and greenhouse gas emissions by 2050, Science (2024).

The fee would provide funding for areas of Treaty implementation that are of critical importance to developing countries and for which there are no other funding source.

Including (1) a remediation fund to address legacy plastic pollution, (2) developing critical waste management infrastructure, (3) supporting upstream transformation to a safe and efficient circular economy through, for example, investment in reuse systems (4) ensuring a just transition for waste workers, and (5) addressing the human health impacts of plastic pollution.

The fee would have a positive impact on developing economies, with no meaningful negative impact on consumer prices.

Funded activities would have a positive impact on developing economies, stimulating job creation and economic growth through investment in infrastructure for a circular economy and safe waste management systems, raising the living standards of millions of waste workers globally and improving local environmental quality for billions of citizens. At the same time, the impact of the fee on consumer prices would be negligible. Analysis shows that the average impact of the fee on consumer prices would be just a fraction of a single percentage point, even for the most cost-sensitive products in the most price-sensitive developing countries.[4]

The fee would be relatively simple to administer and could rapidly inject funds that could be sustained over time.

The fee proceeds could be distributed through one or more of the funds foreseen under the Treaty (such as a new fund, including a remediation fund). One of the advantages of a fee on primary polymer producers is the relative ease of administration due to the small number of entities affected – only 50 companies account for 90% of primary polymers produced.[5] The polymer fee is also uniquely placed to provide rapid assistance, supporting capacity building that will maximize the effectiveness of other complementary funding sources, such as EPR. This could be a significant benefit, as other financial mechanisms, including effective EPR in developing countries, are expected to take an extended period to establish.

Imposing a fee on the production of primary plastic polymers, at the start of the plastics value chain, is consistent with the polluter pays principle.

Primary polymers are the source of all plastics in the supply chain and, hence, all pollution. Polymerization plays a decisive role in plastics becoming not only a valuable product, but also an environmental hazard. The fee helps to create fair burden sharing across the plastics value chain, imposing some costs on primary polymer producers, while EPR and other fees impose costs on mid- and downstream producers.

4 Primary Plastic Polymer Fee Regional Analysis – Technical Annex www.reloopplatform.org/technical-annex.
5 Charles D & Kimman L (2023), Plastic Waste Makers Index 2023, Minderoo Foundation.

Polymer Fee FAQ

1.0 The basics

1.1 What is a polymer fee?

The polymer fee is a financing instrument – a small, standardized fee paid by primary plastic polymer producers to help fund the implementation of the Global Plastics Treaty in developing countries. This approach implements the polluter pays principle, with the fee imposed on companies producing polymers at the very first stage of plastic production.

1.2 Why do we need a polymer fee?

Developing countries face a funding gap of US$350 to 500 billion to implement the Treaty[6]. Full uptake of a small fee of US $60 to 90 per tonne on primary polymer production would close the funding gap and enable developing countries to implement an ambitious treaty by developing waste management infrastructure, supporting upstream transformation, enabling a just transition and cleaning up legacy pollution. This could have a decisive impact on the success of a treaty to end plastic pollution by 2040. The fee also helps to create fair burden sharing across the plastics value chain, imposing some costs on primary polymer producers, while EPR and other fees impose costs on mid- and downstream producers.

1.3 Will a polymer fee impact the cost of goods to consumers?

The adverse economic impacts of the fee are expected to be limited. Assuming full uptake, the proposed fee would increase the price of primary polymers by only 5-7% on average, in a context where prices have historically fluctuated by +/-20% on average over the past decade. Moreover, even assuming that 100% of the cost is passed on from producers to consumers, the impact of these increases on consumer prices would be significantly diluted because the cost of primary polymers is typically a small fraction of the price of final products. Analysis shows that the average impact of the fee on consumer prices would be just a fraction of a single percentage point, even for the most cost-sensitive products in the most price-sensitive countries. The impact on the cost-of-living from the fee, therefore, would be negligible – an estimated average additional cost per capita of US$1 to 2 per year in lower-income countries.[7]

1.4 What is the benefit of including the option of a polymer fee within the Treaty?

Such a fee could have a decisive impact on the success of the Treaty. At INC 5.1, there was broad recognition that private sector contributions are essential, with countries indicating a strong interest in the option of a fee from polymer producers. Inclusion of the fee within the Treaty would provide the parties a route to implementing the fee collectively and consistently. The treaty could also include minimum safeguards to ensure appropriate implementation by producer nations, such as mandating the COP to develop guidelines on reporting, transparency, and minimum fee levels. Without explicit reference to the fee and minimum safeguards, parties would be less likely to implement a fee and the critical mass necessary for an impactful outcome would be much less likely.

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6 Minderoo Foundation (2024) 'The Polymer Premium: A Fee on Plastic Pollution'.

7 Primary Plastic Polymer Fee Regional Analysis – Technical Annex www.reloopplatform.org/technical-annex.

2.0 The role of the fee

2.1 Does the polymer fee replace traditional sources of funding for Treaty implementation?

The fee would complement - not replace - traditional sources of funding for treaty implementation (e.g., official development assistance (ODA) and other public and private financing) to meet some of the large and unique costs of ending plastic pollution in developing countries. The predictability offered by the fee and the potential for its proceeds to support substantial grant programmes would help to derisk private and multilateral investment and so would serve to crowd in and unlock other funding sources that would otherwise be less likely to materialize.

2.2 Will the polymer fee duplicate national funding through EPR schemes?

No, the polymer fee would complement national EPR schemes without charging parties twice to cover the same costs. The fee could be mobilized quickly, funding critical waste management infrastructure in developing countries in advance of EPR schemes, as well as helping to fund capacity building to ensure that other funding sources can be deployed effectively.

Who pays?

The polymer fee is a source of private funding collected from upstream polymer producers who supply the raw materials used to make plastic products. EPR schemes, on the other hand, are a form of private funding applied to midstream companies (e.g., brands and retailers) placing plastic products on the market.

Which activities are funded?

EPR schemes are designed to fund the costs of managing plastic pollution within the country in which funds are collected. However, most plastic pollution does not occur in the same countries where plastics are produced. The polymer fee would cover additional costs of managing plastic pollution where they are most needed in developing countries.

Where are funds distributed?

EPR schemes would typically cover the operating and financing costs of waste management for select plastic products such as packaging. The polymer fee could be applied to support more substantial investment in the capital costs of scaling up infrastructure to address all sources of plastic pollution, magnifying the impact of EPR. The fee could also cover the costs of cleaning up legacy plastic pollution, developing circular economy infrastructure such as reuse systems, ensuring a just transition for waste workers and addressing the human health impacts of plastic pollution.

2.3 Is the fee consistent with national fiscal sovereignty?

Yes - including the option of a fee would be consistent with national fiscal sovereignty. Each country would agree to implement the fee to support Treaty implementation, in an exercise of its national sovereignty, following its own constitutional approval and ratification procedure. National authorities could, at their discretion, choose whether and how to impose and collect the fee, within the framework agreed through the Treaty, with the fee imposed and collected by national authorities.

3.0 Fee implementation

3.1 Will the polymer fee be complex to administer?

One of the advantages of a fee on primary polymer producers is the relative ease of administration due to the small number of entities affected – only 50 companies account for 90% of primary polymers produced[8]. The polymer fee is also uniquely placed to move quickly, supporting capacity building that will maximize the effectiveness of other complementary funding sources. This could be a significant benefit as other financial mechanisms, such as effective EPR in developing countries, are expected to take an extended period to establish.

3.2 How are the fee revenues distributed?

Countries collecting the fee from their polymer producers could retain part of the revenues (e.g., 10% retained share), while the remainder would be distributed among a group of eligible countries (e.g., 90% redistributed share). The retained share would cover the producing countries' costs of collecting the fee and create an incentive for participation. The redistributed share would be shared among eligible countries, including both producer and non-producer countries. Countries could agree a different balance between the retained and distributed shares, and that balance could evolve over time. Countries could also agree a higher retained share for developing producer countries as compared to high-income producer countries, as well as de-minimis exemptions for developing countries with nascent primary polymer production industries.

The fee should be viewed as a means of revenue raising that is largely agnostic to the mechanism for distribution to developing countries, providing flexibility to integrate or otherwise with other financial mechanisms agreed within the Treaty.

8 Charles D & Kimman L (2023), Plastic Waste Makers Index 2023, Minderoo Foundation.