

If oil prices stay low we need new taxes on it

Published: January 13, 2026, 1:50 am

According [to the FT](#) Opec has said it will not cut oil production even if the price of oil falls to \$20 a barrel.

That is their right of course: no one can tell them what to do.

Equally the potential for harm that this could create is something we should not ignore.

We cannot ignore the rate of depletion of oil stocks that this might encourage.

Or the massive environmental impact.

Or the instability it would create in the economies of many countries.

Or the harm it would cause to the development of alternative energy sources when investment in them is vital.

These are all potentially devastating.

So let me suggest the obvious, which is that if Opec wishes to cut prices, we should let them. But we must respond by taxing carbon to make sure that all the harmful consequences do not flow.

The benefits of such a tax would be enormous - especially if put in place across the EU as a whole, for a start (I cannot see the US cooperating).

A new source of government revenue would be opened.

Oil would remain the resource whose use we should seek to minimise.

And financial flows would reduce - which would be seriously beneficial for many countries.

In addition, oil purchase from higher priced states might remain possible if the tax rate was variable dependent upon source price.

I think there is no chance of such a tax right now. Its design would be controversial. But I float the idea: it may be something whose time will come much quicker than people expect if oil prices stay down.