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EU Carbon Tax Could Cost Russia 33Bln Euros – RBC

KPMG warns leading businesses of higher emissions tariffs.

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The EU is discussing whether to introduce a carbon border tax. **Pixabay**

An EU carbon border tax would cost Russian exporters more than five billion euros a year in tariffs, consultants KPMG have told Russia's leading businesses.

At a meeting of the Russian Union of Industrialists and Entrepreneurs — a powerful lobbying business lobbying group — on Monday, KPMG added that the costs could hit 50 billion euros over the next decade should the EU introduce the strictest kinds of emissions fees on goods imports within the next few years, Russian business daily RBC has reported.

The EU is currently debating a carbon border tax to levy an additional fee on goods imported to the 27-member bloc based on emissions levels. KPMG assessed that if the EU introduces the levy from 2025, and charges taxes based on direct carbon emissions in production, Russian exporters will face a 33.3 billion euro tax bill between 2025-2030.

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If the EU were to adopt a more stringent tax regime, charging fees based on both direct and indirect emissions, Russian companies could have to pay 50.6 billion euros by the end of the decade.

Europe is Russia's single largest export market. Russia exported 143 billion euros worth of goods to the EU — around two-thirds of which was oil and gas — in 2019.

Russia has slowly woken up to the dangers of climate change in recent years, with analysts saying external pressure — such as carbon taxes or rising environmental concerns among investors — is likely to be the biggest factor in pushing Russia to reduce its emissions levels.

Businesses are "starting to understand that the competitiveness of their products on the global market could be lost soon, because of cross-border carbon taxation and sustainable development standards," said Alexey Zhikharev, director of the Association for the Development of Renewable Energy (RREDA).

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