



## **EU CARBON TAX**

The introduction of the EU carbon levy will cost Russian companies between EUR 6 billion and EUR 50.6 billion.

KPMG has presented three possible scenarios for the introduction of an EU-wide carbon tax. The base-case scenario envisages that the proposed tax will be introduced from 2025, covering only direct greenhouse gas emissions (resulting directly from production activities). In this case, the cost to Russian companies will total EUR 33.3 billion between 2025 and 2030.

In the best-case scenario, the EU will introduce the tax as late as 2028, and it will be applied to the difference between the actual emissions from producing the goods and the cap set in the EU. The cost for Russian exporters will reach EUR 6 billion between 2028 and 2030. Under the worst-case scenario, the tax will be introduced as early as 2022 and be applied to both direct and indirect emissions. In this case, the cost to Russian companies will hit EUR 50.6 billion before 2030.

According to Igor Korotetskiy, Head of Operational Risk & Sustainability, KPMG in Russia and the CIS, the industries most at risk of having certain commodities covered by the carbon border tax include the coal industry, iron and steel, nickel, copper and derivative products, nitrogen-based fertilisers, natural gas, plastics and elastomers. Regardless of how it plays out, this regulation will undermine the overall competitiveness of enterprises.

He also noted that, at this point in time, it is difficult to accurately assess the implications of the proposed tax on the Russian market, as its details are yet to be approved.