

RUSSIA'S VISION OF THE EUROPEAN GREEN DEAL: INSIDIOUS PROTECTIONISM OR OPPORTUNITIES FOR COLLABORATION?

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Abstract. *The current paper provides an analysis of the European Green Deal on the territory of the Russian Federation. The development of relations between the European Union and Russia throughout the green transition has a significant impact on global prospects for deep decarbonization. This paper will demonstrate that the European Union cannot simply replace these imports with primary goods from other countries, and that Russia is not motivated to cut GHG emissions unless the European Union provides extra incentives. The current research emphasises the European Union and Russian Federation's common dependence on a carbon-intensive goods flows. Throughout this article, I will draw a parallel between the opportunities that the European Green Pact can offer to the Russian Federation's territory and the challenges that are perceived as a bad process for the economy and Russian exports. I will also present how essential this possibility for cooperation is for both governments, as well as the impact of the issues that have exacerbated the relationship between the EU and Russia, which has recently been brittle because of the causes of recent disputes.*

Keywords: *Post-Soviet Russia, European Union, European Green Deal, greening.*

1. Introduction

The current paper proposes a thorough analysis of the European Green Deal and the impact that it has on the interdependence between Russia and the European Union, given the constraints imposed by the current conflict and the factors that have contributed to the deteriorating of the partnership between the European Union and Russia, which I will discuss in this paper. During this paper, I will additionally draw parallels between Russia's vision of this Green Deal in order to provide as clear a comprehension of what the European Green Deal represents for Russia as possible. On the one hand, it is a challenge or, as former prime minister Dmitry Medvedev put it, treacherous protectionism; on the other hand, this pact is perceived as an opportunity for cooperation. In the first section of this paper, I will provide Russia's perspective on the country's greening efforts, which, as we all know, have the primary goal of providing a healthy environment. This term has two connotations in this context: first, it refers to environmental care, and second, it refers to the health of the people in the respective states. We will see what applies and what doesn't, with a focus on the Russian Federation, where greening hasn't been a top priority in years. In the second section of the article, I will discuss the extent to which the European Green Pact is viewed as murky

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protectionism emanating from the West, and how this process can have a detrimental impact on Russia's exports of consumer goods. If the European Union achieves its goal of decreasing greenhouse gas emissions, it could be viewed as treacherous protectionism against Russian exports to Russia. In the third section, I will discuss how Russia sees the European Green Pact as helpful to its own exports since it can open up prospects for collaboration between the EU and Russia, which, as we will see throughout the work, requires significant political will from both countries. I elaborated in this paper by referring to the main studies made by famous experts on the consequences of the European Green Pact on the territory of the Russian Federation, such as Igor Makarov, James Henderson, and a number of professionals with analyses written in Russian. I thus agree with the assessments made by the aforementioned writers, highlighting both the prospects and risks/emerging problems of the European Green Pact from Russia's perspective, as well as the development of a robust and sustainable cooperation in the sphere of green transition.

2. Russian Perception of the process of environmental greening

Climate Watch, a website that gathers information regarding climate development around the world, published a report in 2018 highlighting the fact that the Russian Federation has made the commitment provided for in the Paris Agreement, which was intended to register a 5% reduction in global greenhouse gas emissions. (Climate Watch, 2018) With the revival of the economy, these big changes, position the Russian Federation as a valuable actor on the international climate change scene. In 2004, Russian President Vladimir Putin accepted the Kyoto Protocol, an agreement calling for substantial decreases in greenhouse gas emissions that have been thought to be inflicted severe changes in the environment. This protocol covers the following hazardous substances: carbon dioxide (CH₄), nitrogen oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆). (Tardi, 2024) The protocol was signed on December 11, 1997, and 172 governments have already approved it. The protocol includes 28 articles and two annexes: the first contains a list of greenhouse gases and economic sectors, and the second brings together the 38 Protocol parties that have agreed to reduce emissions of environmentally damaging gases. By ratifying this Protocol, Russia has agreed not to increase its greenhouse gas emissions above the existing level. Since 1990, Russia has experienced the most drastic decrease in greenhouse gas emissions of any country, with emissions falling by about half, owing mostly to the deep crisis, upheaval that followed the dissolution of the USSR, and sectoral economic reorganisation. (Deutsche Welle, 2004) At the same time, Russia has one of the most unfavourable export-related specialisations in the world. Russia is the world's largest exporter of fossil fuels (hydrocarbons, coal, oil, and natural gas, which are the fossilised remains of dead plants and animals) and one of the primary suppliers of energy-consuming industrial goods (such as electricity). (United Nations, 2010)

Given the Russian Federation's economic situation since the beginning of the 2000s, under the leadership of current President Vladimir Putin, Russia has never shown an appetite for drastic climate change, neither to itself, nor to other international political actors. For example, former President Dmitry Medvedev wanted to make ecology a mandatory subject in schools, mentioning the fact that there were no such essential subjects in the past, but that there has been little progress in the field of ecology on Russian Federation territory since then and until now. The Presidential Decree, drafted by the Russian Federation and signed by President Putin in 2020, further called for a

substantial decrease in emissions of greenhouse gases. The executive order also stipulated for a shift in the techniques applied to use in agricultural land (use and change of the method of use of agricultural land) and forestry (volume of wood production) across the Russian Federation's territory, according to LULUCF (Land Use, Land-use Change and Forestry). (United Nations.Climate Change, 2020) This indicates that modifying present agricultural and forestry practices across the Russian Federation can reduce greenhouse gas emissions, which have a negative impact on climate, land, and, eventually, human health. The target formed from this presidential decree could further drive an increase in greenhouse gas emissions relative to the scenario in 2020. This can happen if we do not take into account what we indicated earlier, namely the phrase LULUCF (Land Use, Land-use Change and Forestry). According to the Ministry of Economic Development, a long-term strategy to minimise carbon emissions published in 2020 states that by 2050, carbon emissions, or GHG, on Russian territory will be higher than they are now. (Makarov, 2020:3)

Russia takes an aesthetically conservative approach to carbon neutrality. What exactly does this mean? This necessitates a balance between carbon emissions and the control of carbon dioxide emissions in the atmosphere. For example, many industries in Russia engage in mining, which generates a large amount of emissions that have a negative impact on the environment. Russia is heavily reliant on fossil fuel exports, and GHG emission reductions are viewed as a means of alleviated negative consequences on the national economy rather than addressing climate change. In contrast to the other leading countries, where domestic climate agendas serve as the foundation for international commitments, in Russia, international developments drive national climate policies. (Makarov, 2020:3) In Russia, common people have a vague understanding of greening. Some non-governmental organisations argue that the issue of greening is more about adaptation than a specific trajectory for reducing greenhouse gas emissions.

In addition, the topic of greening on Russian Federation territory says little about what precautions the country has done to combat greenhouse gas emissions, which continue to have a harmful impact on the environment and human health. Furthermore, in Russia, all of these non-governmental organisations are seen with suspicion, as the perfidious hand of the West. The European Green Pact is also a Western influence viewed sceptically by the Kremlin, as a challenge, and as something beneficial, which would bring many opportunities for cooperation between the EU and Russia. I will explain why Russia sees the European Green Pact as a challenge or shadowy protectionism in the following chapter.

3. The European Green Deal as a treacherous protectionism for Russia

Given that Russia is the world's largest exporter of fossil fuels and one of the countries manufacturing a wide range of carbon-intensive commodities (I should emphasise that Russia is a producer of crude oil and natural gas). The most important component of the measure affecting Russian exports is the European Union's proposal to minimize greenhouse gas emissions without increasing carbon dioxide in the atmosphere. Igor Makarov, one of the leading experts in this sector and the person I chose for the purpose of this study, examines the first challenge for Russian fossil fuel exports. According to Makarov's estimates, if the European Union meets its nationally determined contribution (NDC) to the Paris Agreement (-40% greenhouse gas emissions by 2030 compared to 1990), Russian coal exports to Europe will drop by up to 55% and Russian gas exports to Europe will fall by 6% compared to a normal scenario, as shown in Figure 1.

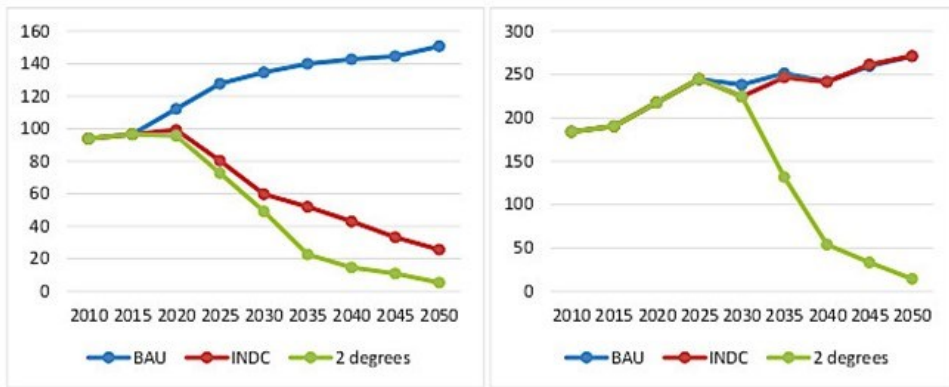


Figure 1. Russian exports of fossil fuels in Europe. BAU=Russian exports of business-as-usual scenario; INDC=exports based on the EU's Intended Nationally Determined Contribution to the Paris Agreement; 2 degrees=exports based on goal of limiting global temperature increase to 2° Celsius. (Igor Makarov, et al., 2020).

A second issue that may operate as a barrier to Russian exports is CBAM (Carbon Border Adjustment Mechanism), which poses a risk to Russia that extends beyond 2030. The carbon border adjustment system was not established until 2022, after which a number of discussions were held between European institution members and EU trading partners.

According to former Russian Commissioner for Human Rights Vladimir Lukin, the BCG estimates potential losses ranging from 3 to 4.8 billion dollars per year, KPMG estimates a loss of 4 to 8 billion euros per year (Makarov, 2020:5), and the RAS Institute of Economic Forecasting estimates a loss of 3.6 billion euros per year. (Широв,2021) All of the data estimated by the two Russian professionals demonstrate that matching the piece in the Russian economy's game is highly perilous and poses dangers due to the fragility of oil and gas exports, which are not totally covered by CBAM. Igor Makarov predicts losses that are totally contingent on CBAM, including sectoral coverage and the principles of creating the carbon price at the border. (Makarov, Chen, Paltsev, 2020: 1242-1256)

Over the years, there have been several debates within European Union structures aimed at implementing the above-mentioned measure (the CBAM Carbon Border Adjustment Mechanism); these debates have sparked numerous contradictory discussions on Russian Federation territory. Dmitry Medvedev, the former prime minister and current deputy chairman of the Russian Security Council, convened an assembly on the main topic, or better said, a central objective, of applying the CBAM measure to Russian consumer goods exports to the EU, as well as calling the European Green Deal and CBAM treacherous protectionism “it would have a significant impact on the Russian economy: our basic industries such as iron and steel, non-ferrous metallurgy, chemical industry, the energy sector may suffer. Due to such transnational regulation there may be a significant decrease in consumption of Russian oil and coal.” (Security Council of the Russian Federation, 2020)

Ruslan Edelgeriyev, the President's climate advisor, and other business and political elites emphasized that the best way for Russia to respond to the CBAM would be to implement domestic carbon pricing, which would eliminate any payments to the EU while keeping all carbon fees within the country. (Edelgeriyev, 2020) The Union of

Russian Industrialists and Entrepreneurs (RUIE), a group of activists who solely support the nationalist economy, plays an important role in the Russian Federation's political and corporate domains. RUIE further claims that the CBAM is a protectionist measure that infringes both the Paris Agreement and the World Trade Organization (WTO). (Давыдова, 2020) The European Union has consequently asked Russia to request that the Dispute Resolution Facade (WTO) prohibits the implementation of the Carbon Frontier Adjustment Mechanism (CBAM). Looking back at former Prime Minister Dmitry Medvedev's statement, we can conclude that his view of the European Green Deal now appears to be the dominant concern among the elements that contribute to a political decision, and finally, actors dealing with the European Green Deal game should not view it with skepticism, but as a profit for Russian exports and an opportunity to work with the EU to reduce climate change. In the following, I shall examine the potential provided by the European Green Pact to the Russian Federation.

4. The European Green Deal is seen as benefits of cooperation between Russia and EU

As I said in the last chapter, CBAM and the European Green Deal are viewed by a significant portion of Russia's political and corporate elite, as either sneaky protectionism or a genuine threat to the country's national economy. The European Green Deal may provide benefits (opportunities) for Russia, as well as obstacles and negative consequences, but for all of these to be effectively implemented, the EU and Russia must change their mindsets. One of the primary benefits of the European Green Deal is the ability to slow climate change. Carbon neutrality in the European Union's economic sphere, which accounts for only 10% of total global emissions, would have little impact, with the exception of Russia making exports of various consumer goods (in this case, carbon intensive goods, various raw materials, and intermediate goods) available to the European Union, which would aid in decarbonization. Russia's emissions are not purely a domestic affair and its own responsibility about a third of them are generated for the production of goods for exports, mostly to the EU. (Makarov, Sokolova, 2017: 21)

To some extent, Russia's exports of fossil fuels and decarbon-intensive goods reflect increasing consumption in the West. This is evident in the table's last column, which shows a clear distinction between developed countries, major consumers of carbon-intensive goods, countries with a significant level of net carbon consumption, and BRICS countries, including Russia. This line of demarcation may be expanded in the future, moving the European Union closer to carbon neutrality (reduction of carbon intensive emissions), and it may even replicate an element to replace goods from Russian exports, which have increased carbon intensive emissions in the BRICS countries, to which Russia also belongs.

Country	Production-based emissions		Consumption-based emissions		Net exports of emissions	
	Mt	% of world	Mt	% of world	Mt	% of national emissions
OECD, total	12 602	34.6%	13 865	38.1%	-1 264	-10.0%
Canada	587	1.6%	588	1.6%	-2	-0.3%
France	332	0.9%	442	1.2%	-110	-33.3%
Germany	755	2.1%	862	2.4%	-106	-14.1%
Italy	348	1.0%	466	1.3%	-118	-33.8%
Japan	1 136	3.1%	1 312	3.6%	-177	-15.6%
Spain	270	0.7%	288	0.8%	-18	-6.6%
Sweden	42	0.1%	71	0.2%	-29	-69.5%
United Kingdom	380	1.0%	540	1.5%	-160	-42.1%
United States	5 425	14.9%	5 767	15.8%	-343	-6.3%
BRICS, total	15 178	41.7%	13 554	37.2%	1 624	10.7%
Brazil	467	1.3%	489	1.3%	-22	-4.8%
China	9 957	27.3%	8 960	24.6%	997	10.0%
India	2 591	7.1%	2 355	6.5%	237	9.1%
Russia	1 691	4.6%	1 415	3.9%	277	16.4%
South Africa	472	1.3%	335	0.9%	137	29.0%

Figure 2. Production and consumption based emissions in OECD and BRICS countries in 2018. (Pierre Friedlingstein, et al., 2020).

Taking Russian-origin carbon intense emissions as a worldwide issue, it can provide us with a clear image of a solution to climate concerns and Russia's high carbon level, but also there may be significant energy losses due to outdated infrastructure. I could deduce that because of this infrastructure, Russia has a minimal opportunity to cut carbon-intensive emissions. Another benefit of the European Green Deal is that if reducing carbon intensive emissions in the Russian Federation is less expensive than in the European Union, Russia will be able to participate in shared market mechanisms. This could lead to other opportunities, such as attracting European investors willing to finance low-carbon projects by establishing common markets; however, all of this is still in its early stages in Russia; At the moment (given the current conflict between Russia and Ukraine), such projects have frozen, and in the future, it will be up to the government alone to promote and broaden such projects to reduce carbon intensity emissions that are beneficial to reducing climate change. If national carbon pricing is implemented in Russia over the next decade, the country will gain considerably from tying it to the EU Emission Trading System (ETS). (Makarov, 2020: 7)

The proliferation of energy from renewable sources in Russian Federation territory has occurred in segments. Its development is motivated by technology policy: the Russian government is attempting to close a technological gap with other nations by establishing an export-oriented renewable industrial sector that receives government support in exchange for manufacturing localization. (Henderson, Mitrova, 2020: 104-105)

Another possibility provided by the European Green Deal to Russia is its reliance on the hydrogen market. Russia has a relatively large capability for producing lower-carbon commodities utilizing nuclear and hydropower energy, which are the most basic resources. Blue hydrogen, derived from methane, is a Russian variant of green energy because it exhibits modest carbon fluctuations. The production of hydrogen has the potential to expand the development of wind and solar energy in the Russian Federation. Russia's significant advantage as a potential hydrogen supplier to Europe is a pipeline network that might transition, at least partially, from gas to hydrogen. (Henderson, Mitrova, 2020: 104-105)

The first step toward cooperation between the European Union and Russia is the development of hydrogen production facilities on Russian Federation territory.

5. Conclusions

The goal of this analysis was to explain and demonstrate what the European Green Deal may provide to Russia. Starting with the premise that, despite the current crisis, which threatens Russia's dependency with the European Union, developing beneficial collaboration in the field of green energy is a difficult task. Through this work, I hoped to capture an overview of Russia's perception of the European Green Deal: on the one hand, the Green Deal is viewed as shady protectionism emanating from the West and tending to undermine Russian exports to the European Union; on the other hand, the European Green Pact is viewed as a process full of opportunities for Russian exports and the economy. The European Union, through this Green Deal, should be accessible to Russia, which is regarded as a key player in addressing climate issues.

Of course, the most crucial stage in this process of solving challenges in the field of green transition is a transformation in perspective for both parties involved in the European Green Deal table, and with this shift in mindset, additional doors of opportunity will open up in a variety of fields. Joint projects (between Russia and the European Union) involving lower carbon emissions, carbon commerce, and, in the case of renewable resources on Russian Federation territory, of course with the involvement of technologies from the European Union, can also be carried out within the framework of cooperation between Russia and the EU, as can supplies of low-carbon hydrogen from the Russian Federation to the European Union. The difficulties produced by climate change in recent years necessitate a green agreement that includes a lucrative and sustainable interdependence between Russia and the EU.

All of this requires an effective basis of interconnectedness through possibilities for financing, commodities, and innovations. Establishing and upholding a partnership like this between Russia and the European Union over a longer period of time is a dangerous endeavor that requires a strong political will, but it has the potential to be beneficial and bring many opportunities for Russia and the European Union in terms of low-carbon or other goods exports. Environmental issues are important and must be addressed by both Russia and the EU. Given the ongoing crisis between Russia and Ukraine, it is difficult to discuss a relationship between Russia and the EU because of the sanctions imposed. Even though these sanctions remain in place and political negotiations differ between Russia and the European Union, a potential partner in the greening process that leads to significant progress in mitigating climate change should not be avoided; in short, Russia should see the European Green Pact as progress toward many opportunities that benefit both sides.

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