

## LT in Focus

# President of Russia approves national environmental security strategy

On 19 April 2017, President of Russia approved the national environmental security [strategy](#) until 2025 (the Strategy). The Russian government has three months to approve a detailed implementation plan for the Strategy. Read about the priorities it sets and the implications it causes for the business in the comments by Deloitte's professionals.

[Russian environmental security status](#)

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*"The Strategy defines Russia's environmental security as an integral component of the country's national security, which makes it a critical element of the national and foreign policy and evidences a consistent shift towards the sustainability-driven economic development model."*

### Russian environmental security status

The Strategy expressly declares that Russia is currently facing a lot of environmental concerns. In particular, the following challenges are named:

- **15 percent of the Russian territory**, where the majority of the country's population and industrial capacities are concentrated, are said to be the most polluted
- **17.1 million** people live in the cities with high or very high air pollution levels
- 30 to 40 percent of the Russian population use water that does not meet the health safety requirements as **90 percent of waste waters** are discharged without proper treatment
- **Over 30 billion tons of** industrial and consumption waste have been accumulated from previous commercial and other activities. Nearly **4 billion tons of** industrial and consumption waste are generated annually
- **Waste is not recycled or processed**, but placed in landfills and dumps causing damage to agricultural lands
- **Wear and tear** of high-hazard production facilities' equipment exceeds **60 percent**
- **Higher morbidity and mortality rates** are attributed to unhealthy environment
- Economic losses driven by the environmental degradation and related economic factors amount to **4 - 6 percent of GDP** annually

### Key Strategy objectives and mechanisms

The Strategy envisages the following measures geared to ensure the environmental security and reduce the ecological footprint:

- To introduce innovative and environmentally clean technologies
- To develop the waste disposal and recycling industry
- To build and upgrade treatment facilities
- To introduce technologies to reduce emissions into air and water
- To train and develop environmental safety specialists
- To license activities posing a potential threat to the public and environmental health

- To set limits and standards and issue environmental permits
- To introduce comprehensive environmental permits for polluting facilities employing the best available technologies
- To introduce a system of environmental audit; enhance the environmental governance through controlling, supervision, and monitoring
- To foster introduction of the best available technologies through subsidies, tax and tariff benefits, and other incentives

### Implications for the business

The activities envisaged by the Strategy are expected to be financed both from the budgetary and extra-budgetary sources. Furthermore, the document implies the use of different financial and non-financial mechanisms meant to help certain industrial manufacturers to effectively deliver on the Strategy objectives. In our opinion, businesses might be obliged to finance certain Strategy initiatives.

- To be eligible for tax incentives and other support from the government, the businesses will have to ensure compliance with the statutory criteria
- The manufacturers must anticipate additional expenses from the introduction of the best available technologies, equipment replacement, installation of treatment facilities, and other innovations
- The manufacturers might be obliged to train and develop their staff employed at high-hazard production facilities at their own expense
- The employers may also face a severe shortage of qualified and experienced workforce capable of working with the new innovative equipment and energy-saving technologies. The issue may be addressed through a systemic reform and revision of the professional training and qualification framework
- Passing environmental audits, obtaining environmental permits and licenses, and performing other mandatory activities requires setting aside a great deal of administrative and human resources and time



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*"Over the past few years we have witnessed the Russian Government's commitment to ensuring sustainable economic development and reducing the ecological footprint: by limiting emissions with pollution charges, (please refer to [LT in Focus of 20 March 2017](#)), incentivising the manufacturers to implement the best available technologies (please refer to [LT in Focus of 6 December 2016](#)), introducing stricter manufacturer liability, and developing the chemical and environmental safety strategies (please refer to [LT in Focus of 23 January 2017](#)). These measures evidence that the environmental tasks set by the President of Russia are gradually being addressed".*

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We hope that you will find this newsletter interesting and informative. Please feel welcome to contact us for more information on the topics covered.

Best regards,

**Deloitte CIS Partners**

# Contacts

## Tax & Legal

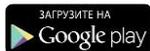


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## TaxSmart app



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