Russia

Overall ranking and score *(out of 8 countries)*	4th	B-
1. Transparency	**5th** / Poor	**$80.9 billion** total government support to fossil fuels, 2017–2019 average, USD ($200 million direct transfers, $11 billion tax expenditure, $27.5 bn induced transfers, $900 million public finance, $41.3 billion SOE investment)
2. Pledges and commitments	**8th** / Weak	
3. Scale of support for coal exploration, production, processing, and transportation	**3rd** / Very low	**$60 million** of support to coal exploration, production, processing, and transportation
4. Scale of support for oil and gas exploration, production, refining, and transportation	**7th** / High	**$52.6 billion** of support to oil and gas exploration, production, refining, and transportation
5. Scale of support for fossil fuel power	**7th** / High	**$13.1 billion** of support to fossil fuel-based power
6. Scale of support for fossil fuel use	**5th** / Medium	**$15.2 billion** of support to fossil fuel use
7. Progress in ending support for fossil fuels	**4th** / Poor	**15% increase** in SOE investment relative to 2014–2016 average

See Table 2 in the main report for score descriptions and their relationship to numerical scores. Estimates in the table are in USD ($) and are annual averages based on the following sources:

- *For direct transfers and tax expenditure: OECD (2020) data, 2017–2019 averages*
- *For induced transfers: International Energy Agency (2020) data, 2017–2019 averages*
- *For public finance: Oil Change International data collected from several sources, 2017–2018 averages*
- *For SOE investment: capex data collected by Overseas Development Institute (2020) from annual reports, 2017–2019 averages*

Summary

Russia is the second-largest provider of government support to fossil fuels by absolute value at USD 80.9 billion annually (2017–2019 average) due to large capital expenditure by state-owned enterprises (SOEs), tax breaks for upstream oil and gas, and regulated gas and electricity prices.

BIGGEST RED FLAG → Overall tax expenditures for fossil fuels increased 79% relative to 2014–2016 averages, mostly via increased support for oil and gas production. In 2013, the volume of oil extraction eligible for subsidized tax rates was below 30% of the total, but in 2019 this volume exceeded 50%. It is expected to exceed 90% in 2035 (Accounting Chamber of the Russian Federation, 2020; Ministry of Finance of the Russian Federation, 2019). It is estimated that government revenue foregone from under-taxing oil extraction in Russia could reach USD 32 billion by 2033 (RBC, 2019).

PROGRESS → Russia's support for oil and gas production increased by 17% relative to 2014–2016 averages to reach USD 52.6 billion.

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This was mostly due to an increase in SOE investment by 15% relative to 2014–2016 averages and growing tax expenditures. Between 2013 and 2019, Russia gradually phased out the property tax exemption for trunk oil and gas pipelines (Gazprom 2014; State Duma, 2011), a measure that helped to replenish subnational budgets.

MAIN UNACCOUNTED FOR AND UNQUANTIFIED SUPPORT → Russia provides significant but unquantified induced transfers to support coal exports through preferential rail tariffs (International Energy Agency, 2014; Khusainov, 2018). Oil and gas developments in the Russian Arctic benefit from wider regional support programs, including the development of the state-funded nuclear icebreaker fleet (Lunden & Fjaertoft, 2014). Lax environmental regulations provide additional support to oil companies. According to Greenpeace Russia (2020), damage from oil spills alone is estimated at RUB 10 billion (USD 140 million) per year by official sources but can be up to RUB 280 billion (around USD 4 billion).

COVID-19 GOVERNMENT SUPPORT → At the time of data collection, August 12, 2020, Russia had a relatively small stimulus package. Within it, the government allocated RUB 59.3 billion (USD 855.6 million) to support fossil fuel-intensive sectors such as airlines, airports, and automobile manufacturers (International Institute for Sustainable Development et al., 2020).

TRANSPARENCY & PEER REVIEWS → While Russia reports and quantifies its tax expenditures in detail, only one study has been undertaken by the government that quantifies and reports upon its subsidies (Analytical Centre of the Government of the Russian Federation, 2014). Russia has not committed to a G20 peer review of its fossil fuel subsidies.

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