The Secretariat of the Energy Community (EC), the organization in charge of the energy market in Europe, expects that the new EU taxes will, among other things, refer to electricity produced in coal-fired power plants.
Citizens will pay higher electricity bills in the future, and there may be a drop in living standards. These are the forecasts of the experts with whom the Center for Investigative Journalism of Serbia (CINS) discussed the new border customs tax (the Carbon Border Adjustment Mechanism).
Namely, if the companies in the so-called third countries by producing some goods pollute with carbon dioxide (CO_2) more than allowed in the European Union, these goods will be additionally cleared upon import by the EU. The plan for this fee will be presented by the European Commission in the middle of the year. The EU is doing this to prevent “carbon leakage” that causes climate change, ie to discourage company owners from avoiding paying pollution taxes by relocating the factory to countries where there are no such taxes – such as Serbia. They announced that the introduction of measures is expected by 2023, for the sectors that carry the greatest risk.
CINS research shows that this will be a problem for Serbia as well, which, according to the framework estimate of the Serbian Chamber of Commerce (SCC), will report about 8% of the electricity produced in the EU in 2021. It is not known how much of this electricity will come from thermal power plants, but Serbia produces almost 70% of its energy by burning coal.
Viktor Berishaj of the Climate Action Network Europe, which monitors climate change and energy policy in Southeast Europe, explains how future levies could be calculated
“If the EU introduces a tax on the import of electricity produced from fossil fuels from Serbia, it could pay customs duties per unit, megawatt-hour, or the amount of emitted carbon dioxide (CO_2) for imported electricity, whereby in both cases the price had to reflect the level of CO_2 emission charges in the EU. ”
In 2019, domestic thermal power plants emitted over 27.3 million tons of CO_2 – of which only TPP Nikola Tesla in Obrenovac over 20.3 million tons.
New measures for third countries could be similar to this system, but other options are being considered, Commissioner Paolo Gentiloni told the European Parliament in March.
Bojan Stanic from the Sector for Strategic Analysis, Services and Internationalization in PKS says that the company’s large energy consumers are registered in the chemical and rubber industry and companies from the metal and automotive industries, which make up about 52% of Serbia’s total exports to the EU.
The ten largest exporters from these industries, many from non-European countries,

account for about 21% of total EU exports, he added. The first seven companies on this list, according to him, are: Tigar Tires, HBIS Group, Serbia Zijin Bor Copper (Zidjin), Yura Corporation (Jura), Philip Morris International (Filip Moris), Fiat (Fiat) and Oil Industry of Serbia.

Consequences for citizens

Zvezdan Kalmar from the NGO Center for Ecology and Sustainable Development (CEKOR) concludes that all this will be broken on the citizens, because they will pay higher electricity bills:

“Electric Power Industry of Serbia (EPS), quite certainly, does not have the funds to cover environmental measures from its trade, so the citizens will cover that.”

Slobodan Minić from the Fiscal Council agrees with that. He adds that Serbia is not a big exporter of electricity, but when there is a surplus, it exports it. However, he believes that this will not be as much of a problem for EPS as it is for the rest of the economy that uses energy that is not clean.

“If we have foreign investors who know that Serbia has 70% of dirty electricity, would (they) open their plants here at all if they know that they will pay high taxes when trying to export those products to the EU?” Minić wonders.

He adds that an opportunity is being created for citizens employed in those companies to lose their jobs. If Serbia becomes less desirable for investment, it would mean less economic growth, and maybe stagnation or a decline in living standards, explains Minić and adds that without quality foreign investments, neither technology nor new knowledge is transferred, which enters a vicious circle of economic stagnation.

He adds that the new tax in practice also means that our products will be more expensive on the market, ie a decline in the competitiveness of the domestic economy.

The introduction of the tax in other industries would increase the price of products in Serbia, which would have a direct impact on the economy due to intensive trade between Serbia and the EU, Berishaj explains.

He adds that initially there may be restrictions in the introduction of taxes on those branches of industry that help economic development, but also that this “credit” would eventually disappear in order to modernize and reduce emissions. However, Berishaj adds that he does not see that these exceptions will apply to energy from fossil fuels.

Source: cins.rs