

# Carbon tariff may hurt EU more: Officials

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The government is studying the possible impact of the European Union's (EU's) Carbon Border Adjustment Mechanism (CBAM) on India vis à vis other countries, as it gears up to tackle the bloc's move to impose a levy on imported carbon-intensive products.

As part of a detailed assessment of the possible repercussions of the CBAM, officials believe the EU will also feel the pinch as the carbon tariff will increase inflationary pressure on the bloc. They said considering that the EU is already facing the risk of a recession, the CBAM may hurt European nations more than India.

"The EU is bringing the CBAM in a manner which will be inflationary for them. The cost of steel and aluminium in the EU will go up since (its) industry will have to match up to the standards," a senior government official told *Business Standard*.

Recently, members of the European Parliament approved the mechanism to "prevent the risk of carbon leakage and support the EU's increased ambition on climate mitigation".

Since the CBAM will impact all non-EU nations, the government is analysing trade statistics and other details -- including whether the trade bloc is a net importer of aluminium, its suppliers that are getting affected, and how other countries are getting affected -- to look for an opportunity in disguise.

"It will be crucial to assess how India gets impacted vis à vis other countries. This is a challenge and an opportunity for the Indian industry, although it is early to determine the overall and exact impact of the CBAM," another government official said.

The CBAM's transition phase will kick in from October, followed by the levying of a carbon tax from January 2026 onwards. According to the EU, the



## First India-EU trade tech council meet tomorrow

The first ministerial level meeting of India-European Union Trade and Technology Council (TTC) will be held on May 16 in Brussels to discuss ways to increase cooperation in strategic technologies, digital connectivity, clean energy, trade and investments, an official statement said on Sunday.

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CBAM is a tool to put a fair price on the carbon dioxide emitted during the production of carbon-intensive goods that are entering the EU.

India, however, believes that measures like the CBAM will result in a market access issue with the EU's trading partners, since this a case of dragging environmental issues into trade matters, especially since India, along with other nations, has already made commitments towards safeguarding the environment through commitments under multilateral environmental agreements, such as United Nations Framework Convention on Climate Change (UNFCCC) and Conference of the Parties (COP).

According to Indian officials, repercussions of the CBAM were a matter of concern, but there is no need to panic since the share of steel and aluminium exports to the trade bloc with respect to total exports is not "very high".