

# EU's carbon tax seeks to doubly punish India: FM

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The European Union (EU) cannot double-punish India by imposing the Carbon Border Adjustment Mechanism (CBAM) to green itself at a time when both economies are making efforts to decarbonise their industries, Finance Minister Nirmala Sitharaman told *Business Standard*.

"Your steel, which has to be green, and my steel, which also has to be green, are both in transition mode. We both invest in greener assets. So, if you're punishing us doubly in the meantime, how fair is it? Our disapproval of CBAM has been clearly conveyed to them," Sitharaman said.

The CBAM is set to enter a transition phase on October 1, during which EU importers of carbon-intensive products such as cement, fertiliser, steel, and aluminum will be required to report on the embedded emissions of their imports, but they will not have to pay any financial adjustment.

Full implementation of CBAM is planned by January 2026, which will result in the imposition of a levy on CBAM-covered imported products. According to the EU, CBAM is a tool to put a fair price on the carbon emitted during the production of carbon-intensive goods entering the bloc.

Through the levy, it aims to encourage cleaner industrial production in non-EU countries.

Sitharaman said she has communicated to the European parliamentarians who met her recently that the EU is seeking to make India pay for greening its own steel production, and it is a punishment for India as it will be left with less money to green itself having paid the carbon tax. "This is fleecing India," she said.

The finance minister said the EU has to consider India's concerns, and other countries will not view them kindly. "There is no way they can rip off other countries to green themselves, as if we are to be punished while they are not. So, in

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**NIRMALA SITHARAMAN**  
Finance Minister



## India, Brazil begin talks on sugar at WTO

**India and Brazil have started talks to mutually resolve a sugar-related trade dispute at the World Trade Organisation (WTO)** and as part of the solution the South American nation may share ethanol production technology with New Delhi, an official said. "Few rounds of talks have been

held as part of our efforts to resolve the dispute. We have also held inter-ministerial meetings here. Brazil is saying that they will share with us technology for ethanol (production). It is a positive thing," the official said. Ethanol is used to blend with oil to power vehicles.

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principle, the unacceptable authority with which this has been imposed on other countries has been rejected," she added.

Top officials from India and the European Commission have initiated discussions to address India's concerns over CBAM. Considering that India and the EU are 'trusted partners', especially after setting up a Trade and Technology Council last year, the trade bloc has begun engaging with New Delhi on potential challenges it could face due to CBAM's implementation.

When asked whether India wants an exemption or a carve-out for its micro, small and medium enterprise sector under CBAM, Sitharaman said India will see how the negotiations go.

According to the think tank Global

Trade Research Initiative, CBAM is expected to pose a significant challenge for India's metal industry. As much as 27 per cent of India's iron, steel, and aluminum exports, worth \$8.2 billion, went to the EU in 2022.

India and other developing countries, including China, Indonesia, and South Africa, have questioned unilateral trade policy measures by the EU, such as CBAM and the Deforestation Act, at the World Trade Organization.

During the Trade Policy Review of the EU, India stated that while bilateral economic and commercial relations have been on the upswing, certain "irritants" are acting as barriers, preventing both sides from achieving the full potential of their economic partnership.