

Govt to review preparedness of steel mills ahead of transition to CBAM

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The Steel Ministry has initiated the process of reviewing preparedness of the country's steel mills and integrated steel producers ahead of the European Union's proposed Carbon Border Adjustment Mechanism (CBAM) entering a transition phase.

A meeting has been scheduled for August 25 to review the preparedness of Indian steel exporters and the effect of CBAM on Indian steel exports. An e-mail, accessed by *businessline*, has been sent to various mills seeking their representation at the meeting.

The CBAM regulation officially entered into force, following its publication in the Official Journal of the EU, on May 16. The mechanism (reporting standards) will enter into application in its transitional phase on October 1, with the first reporting period for importers ending on January 31, 2024, the e-mail mentions.

'DISCRIMINATORY'

The trade and taxation department of the Steel Ministry, in a recent letter to the Department of Commerce, mentioned that EU's CBAM "does not take into account the principle of 'common but differentiated responsibilities' or the fact that longer transitional periods are necessary for countries since the nationally determined contributions (NDCs) are different. These

NDCs are based on the development levels, availability of raw materials, fossil fuels and other factors in the respective countries. It also stated that, EU has been going ahead with the implementation of CBAM without a harmonised system to measure carbon emissions. "A basic threshold may be determined above which such emissions reporting is required or else it may cost undue compliance burden," the letter mentioned, adding that, "emissions could be calculated in multiple methods for the steel exported" which include facility-wise or for plant-wise or business entity-wise calculation. Each will have varying results.

For instance, India's emission intensity is 2.55 tonnes of CO₂ emitted per tonne of crude steel produced; Meanwhile the global average is 1.85. At a plant-wise level, numbers are different. For instance, the Tata Steel's Dutch plant has a carbon emission of 1.8 tonnes per tonne of steel produced, while emission at Tata Steel's Jamshedpur plant is at 2.11.

"In CBAM, by not recognising this disproportionate advantage that the developed nations, in general, have gained, the regulation is discriminatory," the Ministry wrote.

Reportedly, some of the larger steel mills in the country, like Tata Steel, have carried out trials with hydrogen injection in blast furnace and Kalyani Steel is utilising solar power in their electric arc furnace.