

EUROPEAN UNION CARBON TARIFF

India Prepping for Fight at WTO

New Delhi sees CBAM as unilateral move by European bloc, exploring multiple actions

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New Delhi: India is considering a challenge against the European Union's Carbon Border Adjustment Mechanism (CBAM) at the World Trade Organization, ET has learnt. CBAM mandates non-EU steel producers to report direct and indirect emissions.

New Delhi sees it as a unilateral move that would be detrimental for its iron and steel, cement, aluminium, electricity, and hydrogen sectors, and is eyeing multiple actions to deal with it, officials said. "We have been getting ready for a dispute. Multiple actions are being taken at all levels including bilateral engagement," said one of the officials familiar with the

deliberations.

CBAM will lead to imposition of 20-35% tax on select imports into the EU from January 1, 2026. From that date, EU importers will have to declare and purchase CBAM certificates to cover the emissions associated with producing imported steel products. The EU tax drill began on October 1,



2023, when non-EU steel producers began reporting direct and indirect emissions.

"It is a unilateral action, and we are seeking legal opinion on what can be done," the official added.

India's exports to the EU in FY24 amounted to \$75.9 billion, with mineral fuels, electrical machinery and iron and steel being the top products.