

[CII-ELP Conference on the European Union's Carbon Border Adjustment Mechanism]

Agenda

1. Concept and Objective

On October 1, 2023, the European Union brought into effect the initial phase of the world's first Carbon Border Adjustment Mechanism (CBAM). The CBAM is an anti-carbon leakage measure aimed at preventing companies from shifting production outside the EU to jurisdictions with less ambitious emissions standards, thereby avoiding compliance with the EU's stringent environment norms. Designed to ensure that imports into the EU meet the same emissions standards as domestic products, CBAM holds significant implications for Indian businesses looking to export to the EU.

During the ongoing transitional phase (from October 1, 2023, to December 31, 2025), importers would need to comply with quarterly reporting requirements on embedded emissions, and there is a penalty for non-reporting. At present, the CBAM covers iron and steel, aluminium, fertilizers, cement, hydrogen, and electricity. Carbon charges will have to be paid during the definitive phase commencing from January 1, 2026. By 2034, the CBAM is slated to include all items covered by the EU's Emission Trading System for its domestic producers.

Given this background, understanding CBAM has become not only a regulatory requirement but also a strategic imperative. Since the adverse impact of CBAM would be directly proportional to the carbon intensity of the products exported to the EU, countries with carbon-efficient production processes are likely to have a competitive advantage.

A World Bank study found that Indian iron and steel exports have the second-highest carbon emission intensity among all exports, with only Kazakhstan's being higher. The study reveals that India's carbon emission intensity is around 2 KG/USD, while the carbon intensity for EU-produced iron and steel is only 0.16 KG/USD. On average, the carbon intensity for global iron and steel exports to the EU is 0.59 KG/USD. Accordingly, it is important for Indian businesses to take proactive measures to ensure that the additional costs imposed by CBAM do not impact their competitiveness in the EU market. Moreover, reporting obligations would mean sharing of data and addressing the related challenges including ensuring confidentiality as well as capacity to comply with the norms.

India has also laid down the administrative frameworks for establishing its own carbon market. Leveraging carbon credits, carbon bonds, and other market-based tools can drive sustainable investments, foster innovation, and promote the adoption of green technologies. However, measures such as the CBAM need to be looked at from a trade and competitiveness perspective. In this context, it is also crucial to understand the potential of carbon markets, the workings of carbon credits and other market-based instruments, as well as their impact on investment opportunities and the adoption of green technologies.

This conference aims to demystify the regulatory landscape of the CBAM and carbon markets and discuss ways in which businesses may adopt greener practices while retaining competitiveness in a fast-changing global regulatory environment.

2. Venue: Virtual

3. Date: November 28, 2023

4. Time: 2:00 PM to 4:30 PM

5. Agenda

2:00 PM – 2:05 PM	Welcome Address: <i>Mr. Vir Advani, Executive Director, Blue Star and Chairman, CII International & Trade Policy Council</i>
2:05 PM– 2:10 PM	Opening Address: <i>Mr. Sumanta Chaudhuri, Principal Adviser – International Trade Policy, Confederation of Indian Industry</i>
2:10 PM – 2:20 PM	Keynote Address: <i>Mr. Nagendra Nath Sinha, Secretary, Ministry of Steel, Government of India*</i>
2:20 PM– 2:30 PM	Inaugural Address: <i>Mr. Rajesh Agarwal, Additional Secretary, Department of Commerce, Government of India</i>
2:30 PM - 3:15 PM	<p>Panel I: Introduction to CBAM and its implications Speakers:</p> <ul style="list-style-type: none"> • <i>Mr. Aashish Chandorkar, Counsellor, Permanent Mission of India to WTO, Geneva</i> • <i>Mr. Parthsarathi Jha (Moderator/ Speaker), Partner, Economic Laws Practice</i> • <i>Mr. Arnoud Willems, Partner, Baker & McKenzie</i> • <i>Ms. Ulka Kelkar, Executive Director, Climate, WRI India</i> <ul style="list-style-type: none"> ➤ What is the background and rationale for the introduction of CBAM by the EU? ➤ What is the potential impact of CBAM on global trade and market dynamics? ➤ What measures can be taken to balance the interests of developed and developing nations in CBAM adoption?

3:15 PM – 3:25 PM	Q&A and discussion on Panel I issues
3:25 PM– 4:10 PM	<p>Panel II: Decoding compliance with CBAM</p> <p><i>Speakers:</i></p> <ul style="list-style-type: none"> • <i>Mr. Sanjay Notani, Senior Partner, Economic Laws Practice</i> • <i>Mr. Hemant Mallya, Fellow, CEEW</i> • <i>Ms. Tetyana Payosova, Senior Associate, Van Bael & Bellis</i> • <i>Mr. Koustuv Kakati, Head (Regulatory Affairs), Tata Steel</i> <ul style="list-style-type: none"> ➤ How are embedded carbon emissions calculated for goods exported to the EU? ➤ How do carbon markets work globally and in the EU? What are the implications of the voluntary carbon credit market mechanism introduced by India for Indian businesses required to comply with CBAM? ➤ What are the possibilities of global cooperation for the standardization of carbon prices? ➤ What should Indian industry and policy makers do in view of the ongoing negotiations of the India-EU FTA to minimise the impact of CBAM on Indian businesses? ➤ What are the multilateral implications of CBAM? How can such measures be addressed at the multilateral level?
4:10 PM - 4:20 PM	Q&A and discussion on Panel II issues
4:20 PM - 4:25 PM	Concluding Remarks: <i>Mr. Bharat Joshi, Executive Director, Joshi Group, and Co-Chairman, CII National Committee on Logistics & CII National Committee on Railways (Transport)*</i>
4:25 PM - 4:30 PM	Vote of Thanks: <i>Mr. Suhail Nathani, Managing Partner, ELP</i>