

India gets ready to confront EU on 'impending' carbon tax

Europe Justifies Plan, Says It Will Create Level Playing Field Between Polluting Developing Nations & Kyoto Protocol Followers

Our Bureau NEW DELHI

THE commerce department has begun mobilising opinion on the proposed carbon tax that developed countries, especially the European Union, are looking to impose on imports from advanced developing countries like India and China.

The Centre for WTO studies, a research body under the department, has come up with a report on WTO compatibility of border trade measures for environmental protection that also delves into the possible effects of such a tax on India's exports.

The idea is to be prepared to fight the issue once the need arises, commerce secretary Rahul Khullar said.

The products that could be immediately hit by a carbon tax include iron & steel, aluminium, pulp & paper products, cement, glass and chemicals, the report said.

While the EU justifies the proposed tax as a measure to create a level playing field between polluting developing countries and countries that have agreed to cut emissions under the Kyoto protocol, the feeling in India is that it may be yet another step to render exports from certain countries uncompetitive.

"It is not possible to pretend any longer that this (imposition of carbon taxes and related measures) is not going to happen," Mr Khullar said, adding that in two-three years time this would be a reality and it made sense to prepare for it. The commerce secretary, however, stressed that India was not in favour of including environment in the trade liberalisation negotiations taking place at the WTO. "There are other forums for framing global environmental laws," he said, releasing the report on Thursday.

The report, which describes the various forms under which environmental taxes can be levied and the various methods under which they could be challenged at the WTO, is a first in a series of other such reports. "The idea is to make everybody understand what the issues are in simple terms and generate a debate," Khullar added.

With environmental issues capturing global imagination, especially after the Copenhagen Climate Conference last December, India feels that there is not much time to waste as developed countries could impose a slew of related restrictions on its imports.

India had refused to take any binding commitments at the summit while agreeing to voluntarily

bringing down its carbon intensity (the amount of carbon dioxide emitted for each unit of economic output) by 20%-25% by 2020.

