VEDHIK CURRENT AFFAIRS

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● POLITY ● ECONOMICS ● TECHNOLOGY ● ECOLOGY

70 KILLED IN ODISHA TRAIN ACCIDENT

Race against time: Rescue workers searching the wreckage for survivors on Friday.SPECIAL ARRANGEMENT

People from villages nearby act as first responders, assist in rescue operations

SATYASUNDAR BARIK
BALASORE

At least 70 passengers were feared dead and more than 350 injured in a major rail accident involving two express trains and a goods train in Balasore district of Odisha on Friday evening.

The accident took place at around 7 p.m. when two coaches of 12864 (SMVB-HWH) Yashwantpur-Howrah Express derailed near Bahanaga railway station. The derailed coaches toppled towards the adjoining track and hit the speeding 12841 Coromandal Express coming from the opposite direction. It led to derailment of about 17 coaches.

A goods train was also involved in the accident as some of the coaches of the Coromandel Express hit its wagons after getting derailed, Odisha Chief Secretary P.K. Jena said.

Railway officials were, however, hesitant to state the exact cause of the accident and were waiting for outcome of initial findings. The toll is likely to go up as disaster response teams and local residents were retrieving bodies from under derailed coaches.

The Coromandel Express, a long-distance train connecting West Bengal with Tamil Nadu had left Shalimar station earlier in the day. Its passengers comprise mostly residents of West Bengal who visit Tamil Nadu either for work or to avail of better healthcare facilities.

The accident is being described as one of the worst in recent times. In 2013, the Coramandel Express had met with an accident in Jajpur district of Odisha, about 50 km away from the present accident site. Though the Odisha government had deployed dozens of teams under supervision of over 10 senior Secretaries and a Minister, chaos prevailed at the accident site and at healthcare centres.

70 killed in train accident in Odisha

The State government has mobilised doctors from all neighbouring districts as well as premier medical colleges. The doctors seemed overwhelmed managing the crisis as patients poured in with every minute. The constant blaring of the ambulances kept the local residents awake at night, while hundreds of them jumped into the rescue operation. People from nearby villages ran to the accident sites as first responders. People were seen queuing up to donate blood. Over 115 ambulances were pressed into services for evacuation of seriously injured patients.

Prime Minister Narendra Modi, in a tweet, expressed grief over the accident, along with Odisha Chief Minister Naveen Patnaik and West Bengal Chief Minister Mamata Banerjee. The Odisha CMwill be visiting the site on Saturday morning.

“Deeply anguished to know about the loss of lives in an unfortunate rail accident in Balasore. My heart goes out to the bereaved families. I pray for the success of rescue operations and quick recovery of the injured,” President Droupadi Murmu tweeted.

Railways Minister Ashwini Vaishnaw solicited the help of the Air Force in the rescue operations. He announced ex gratia of ₹10 lakh to the next of kin of the deceased and ₹2 lakh for the seriously injured.

Tamil Nadu Chief Minister M.K. Stalin on Friday night deputed a team led by Transport Minister S.S. Sivasankar to Odisha to aid Tamils affected in the train accident. The Tamil Nadu government also announced helpline numbers of the State Emergency Operation Centre in Chennai - 1070 (toll-free), 94458 69843, 94458 69848 (WhatsApp) and 044 2859 3990 (landline).

Mr. Stalin spoke to Mr. Patnaik and expressed shock and condolences. He further assured all necessary assistance to those affected in the accident. He also promised to send a medical team to Odisha, if necessary, an official release said.

Three IAS officers — K. Phanindra Reddy (Transport Secretary), Kumar Jayant (Disaster Management Secretary) and Archana Pattnaik (Chairperson of Teachers Recruitment Board) — would accompany the Minister to Odisha.

The West Bengal government dispatched a four-member team comprising a Minister and an MP to the accident site.

West Bengal Chief Secretary H. K. Dwivedi said the team will coordinate with Railway officials as well as Government of Odisha in providing rescue and relief to the affected passengers.

Mr. Dwivedi said that an emergency control room has been activated with numbers 033- 22143526/22535185.

(With inputs from The Hindu Bureaus in Chennai and Kolkata)

NO UKRAINE TRUCE WITHOUT RUSSIAN PULLBACK: BLINKEN

Peace talks: Antony Blinken (left) with Finnish Foreign Minister Pekka Haavisto during a press conference in Helsinki on Friday. AFP

A cease-fire that simply freezes current lines in place is not a just and lasting peace, says the U.S. Secretary of State; Kyiv claims it shot down more than 30 Russian missiles and drones on Friday

ASSOCIATED PRESS
KYIV

U.S. Secretary of State Antony Blinken said on Friday that there can be no cease-fire in the war in Ukraine unless it is part of a “just and lasting” peace deal that includes Russia’s military withdrawal. Mr. Blinken said “a cease-fire that simply freezes current lines in place” and allows Russian President Vladimir Putin “to consolidate control over the territory he has seized, and rest, rearm, and reattack — that is not a just and lasting peace.”

Russia must also pay a share of Ukraine’s reconstruction and be held accountable for launching its full-scale invasion of its neighbour in February 2022, Mr. Blinken said in a speech during a visit to

Finland, which recently joined NATO and shares a long border with Russia.

Allowing Moscow to keep the one-fifth of Ukraine territory it has occupied would send the wrong message to Russia and to “other would-be aggressors around the world,” according to Mr. Blinken.

Washington is ready to support peace efforts by other countries, including recent overtures from China and Brazil, he said. But any peace agreement must uphold the principles of sovereignty, territorial integrity and independence. The U.S. is a leading Western ally and supplier of arms to Kyiv to help it push back against the Kremlin’s forces.

In Ukraine, air defences shot down more than 30 Russian cruise missiles and drones on Friday in Moscow’s sixth air attack in six days on Kyiv, local officials said.

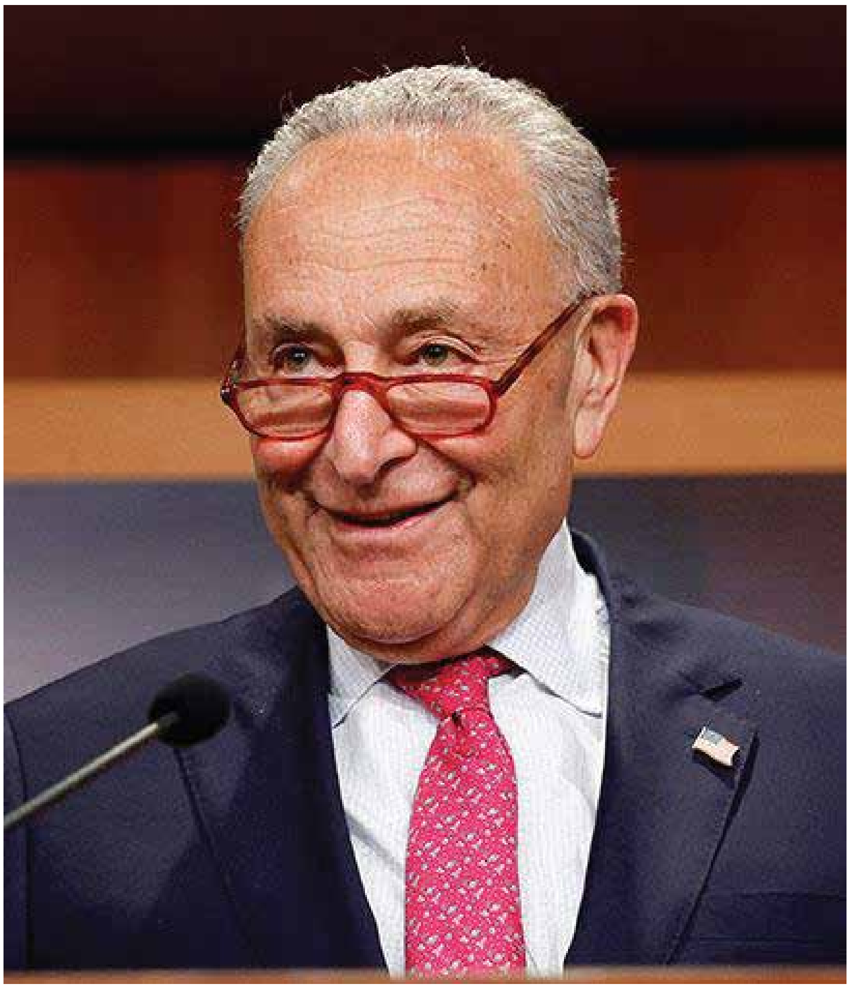
The Ukrainian capital was simultaneously attacked from different directions by Iranian-made Shahed drones and cruise missiles from the Caspian region, senior Kyiv official Serhii Popko wrote on Telegram.

A recent spate of attacks on the capital has put strain on residents and tested the strength of Ukraine’s air defences while Kyiv officials plot what they say is an upcoming counteroffensive to push back the Kremlin’s forces 15 months after their full-scale invasion. Kyiv was the target of drone and missile attacks on 17 days last month, including daylight attacks.

Ukraine’s presidential office said Friday that at least four civilians were killed and 42 wounded over the previous 24 hours.

U.S. AVERTS FIRST-EVER DEFAULT WITH 11TH-HOUR DEBT DEAL

Chuck



Chuck Schumer

AGENCE FRANCE-PRESSE
WASHINGTON

U.S. senators voted to suspend the federal debt limit on Thursday, capping weeks of fraught negotiations to eliminate the threat of a disastrous credit default just four days ahead of the deadline set by the Treasury.

Economists had warned the country could run out of money to pay its bills by Monday — leaving almost no room for delays in enacting the Fiscal Responsibility Act, which extends the government’s borrowing authority through 2024 while trimming federal spending.

Hammered out between Democratic President Joe Biden and the Republicans, the measure passed the Senate with a comfortable majority of 63 votes to 36 a day after it had sailed through the House of Representatives.

“No one gets everything they want in a negotiation, but make no mistake: this bipartisan agreement is a big win for our economy and the American people,” Mr. Biden said in a statement posted to social media. He said he would sign the bill “as soon as possible” and address the nation Friday.

Democratic Senate Majority Leader Chuck Schumer added that the nation could “breathe a sigh of relief” after avoiding a “catastrophic”economic collapse.

“But, for all the ups and downs and twists and turns it took to get here, it is so good for this country that both parties have come together at last to avoid default,” he said.

The Bill — which now heads to Mr. Biden’s desk to be signed into law — ended a day of intense back-and-forth between party leaders and rank-and-file members who had threatened the Bill’s quick passage with last-minute gripes about the details.

Democratic leaders had spent months underlining the havoc that a first default in history would have wrought, including the loss of millions of jobs and $15 trillion in household wealth, as well as increased costs for mortgages and other borrowing.

Defense hawks upset at Pentagon spending being capped at Mr. Biden’s Budget request of $886 billion threatened at one point to derail the Bill’s passage entirely. In the end, they fell in line after being offered a commitment to a separate Bill providing cash for Ukraine’s defence against the Russian invasion, and promoting U.S. national security interests in West Asia and in the face of Chinese aggression against Taiwan.

IRDAI EYES INSURANCE PUSH IN RURAL AREAS WITH ‘BIMA VAHAK’

THE HINDU BUREAU
HYDERABAD

IRDAI’s plan to improve insurance awareness and penetration in the hinterland is all set to gain momentum with the insurance regulator issuing draft guidelines for Bima Vahak, a dedicated distribution channel to reach out to every Gram Panchayat.

A core component of its ‘Insurance for all by 2047’ goal, Bima Vahak will be the crucial last-mile connect for insurers in the form of a field force comprising corporate as well individual Bima Vahaks, primarily comprising women, who can gain the trust of locals for the distribution and servicing of insurance products.

However, insurers will remain responsible for ensuring KYC and AML compliance with respect to the policies sourced through the Bima Vahaks, according to the draft guidelines that will be open for comments up to June 22.

“Bima Vahak holds immense promise and will be a powerful force to enhance insurance inclusion. With the Bima Vahaks engaging with the diverse needs in every Gram Panchayat, insurers can adapt their offerings to provide comprehensive coverage and address financial protection needs,” said Prashant Tripathy, MD and CEO of Max Life Insurance.

Boosting insurance access

IRDAI’s draft norms for the Bima Vahak scheme are aimed at improving last-mile connectivity to raise rural insurance access

- The Bima Vahak scheme is a core component of the IRDAI’s ‘Insurance for all by 2047’ goal
- Under the scheme, Bima Vahaks will gain the trust of locals for the distribution of insurance products
- Insurers will have to implement a board-approved policy in hiring and training Bima Vahaks

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RBI ISSUES DRAFT ON CYBERSAFETY FOR PSOs

THE HINDU BUREAU
MUMBAI

The Reserve Bank of India has released the draft Master Directions on Cyber Resilience and Digital Payment Security Controls for Payment System Operators.

The draft covers governance mechanisms for the management of cybersecurity risks, including information security risks and vulnerabilities, and specifies baseline security measures for ensuring safe and secure digital payment transactions.

The directions have been issued to ensure that the authorised non-bank Payment System Operators (PSOs) are resilient to traditional and emerging information systems and cybersecurity risks.

The RBI has invited feedback from stakeholders by June 30, 2023.

GOOD AND BAD

India needs to harness the benefits of AI while avoiding adverse effects

Generative artificial intelligence (AI) is AI that can create new data. There are many instances of generative AI in the world today, most commonly used to generate text, images, and code in response to users' requests, even if they are capable of more. Their widespread adoption really embellished their capabilities, leading to awe, then worry. OpenAI's ChatGPT chatbot mimics intelligence very well; today, it has become synonymous with the abilities of generative AI at large. In the last few years, AI models backed by neural networks trained on very large datasets and with access to sufficient computing power have been used to do good, such as finding new antibiotics and alloys, for clever entertainment and cultural activities, and for many banal tasks, but it has caught attention most notably with its ability to falsify data. The world is past being able to reliably differentiate between data that faithfully reflects reality and data made to look that way by bad-faith actors using AI. This and other developments led a prominent group of AI pioneers to draft a single-sentence, and alarmist, statement: "Mitigating the risk of extinction from AI should be a global priority alongside other societal-scale risks such as pandemics and nuclear war." Dishonest actors wielding AI are one of many threats, but the statement is too simple to admit the complexity of human society.

Some specific concerns enumerated in other communiqués are worth taking seriously, however: the inscrutability of the inner workings of AI models, their use of copyrighted data, regard for human dignity and privacy, and protections from falsifying information. The models being developed and used today are not mandated to tick these boxes, even as there is no way to understand the risks they pose. So, even at a point when the computational resources required to run AI models in full coincide with that available in consumer electronics, the world will need at least rolling policies that keep the door open for democratic institutions to slam the brakes on dangerous enterprises. At this time, the Indian government should proactively launch and maintain an open-source AI risk profile, set up sandboxed R&D environments to test potentially high-risk AI models, promote the development of explainable AI, define scenarios of intervention, and keep a watchful eye. Inaction is just not an option: apart from the possibility of adverse consequences, it could render India missing the 'harnessing AI for good' bus.

RESET TIME

The current revenue trajectory presents an opportunity to fix GST's flaws

Gross Goods and Services Tax (GST) revenues grew 11.5% to cross ₹1.57 lakh crore in May. While this marks the slowest growth in six months, with collections 16% lower than April's inflows, a nuanced reading is warranted. April's revenues, which crossed a record ₹1.87 lakh crore, were bumped up by financial year-end compliances. Although May's collections, for transactions during April, the first month of this financial year, were the lowest in three months, they signal a broader positive trend. While GST revenues have been over the ₹1.4 lakh mark for 15 successive months, May's revenues mark only the sixth time that GST revenues have crossed the ₹1.5 lakh crore mark. Four of those occasions have been in 2023. More significantly, even after discounting the April spurt, the average monthly revenues between October 2022 and May 2023 are over ₹1.53 lakh crore (and ₹1.57 lakh crore-plus if April's record kitty is included). Revenues have held up despite retail inflation cooling to 4.7% in April and wholesale prices slipping into deflation. Given this backdrop, if price rise continues to ease, 10%-12% growth rates in the GST kitty should be fine even if they seem more solemn than last year.

Initial data on May's economic activity indicate some acceleration. As per the S&P Global Purchasing Managers' Index (PMI), manufacturers had their best month since October 2020, fuel sales rebounded after two patchy months, and wholesale auto sales appear to be speeding, albeit on a low base for some segments. Besides, other compliance- and consumption-led tailwinds could lift revenues in the coming months. Till July, when the GST regime completes six years, the Revenue Department is undertaking a special two-month drive to tackle evasion and fake registrations. A new return scrutiny system has kicked in to prioritise cases with higher revenue implications. From August, e-invoicing will be mandatory for firms with an annual turnover over ₹5 crore, snipping possible loose ends in the tax trail. That some holders of the withdrawn ₹2,000 currency notes are looking to spend part of their stash by September 30 may provide some fillip too. If around ₹1.55 lakh crore is likely to be the new normal for monthly GST revenues, the government must seize this window to expedite the resolution of policy-level anomalies that still haunt the tax. Even if political bandwidth is constricted ahead of the Lok Sabha polls, the GST Council must not dither on what is doable in the short run, such as setting up tribunals, clarifying gaming and casino levies, and drawing up the blueprint for fixing an unwieldy rate structure.

A CRITICAL JUNCTURE IN MANIPUR

Kham Khan Suan Hausing is Professor and Head, Department of Political Science, University of Hyderabad, and Senior Fellow of the Centre for Multilevel Federalism, Institute of Social Sciences, New Delhi. Views are personal.

In a press statement issued on May 12, 10 Kuki-Zo legislators of the Manipur Assembly, seven of whom belong to the ruling Bharatiya Janata Party (BJP), called for a "separate administration." They said that the Government of Manipur tacitly supported the "unabated violence" by the majority Meiteis "against the Chin-Kuki-Mizo-Zomi hill tribals," which has "already partitioned the State and effected a total separation from the State of Manipur." Not surprisingly, in response, a new valley-based Meitei committee staged a rally in Thoubal on May 20 urging for protection of the State's "territorial integrity." Of late, media and public debates have centred around the "sacrosanctity" and "inviolability" of borders.

The demands for a separate administration and for the protection of the territorial integrity of Manipur override the differences within and across the segmented Kuki-Zo and Meitei societies. The road to a separate administration will naturally be a bumpy one. And despite the grandstanding of the Biren Singh-led BJP government and the position taken by Meitei frontal organisations on the "inviolability" of borders, effecting a change of Manipur's border lies outside the exclusive preserve of the State. For, it is Article 3 of the Constitution that gives unilateral power to the Centre on a State's border change.

A popular demand

The central question then is: how will this demand for a separate administration constitute a critical juncture in effecting or resisting border change? The answer is that this demand enjoys unprecedented popular support among the Kuki-Zo groups. Earlier demands by tribal communities for a separate administration in the form of a Union Territory or a Territorial Council or the Sixth Schedule were what the report of the National Commission to review the working of the Constitution, constituted by the BJP-led National Democratic Alliance government in 2000, called "non-serious" as they did not have popular support. Also given dissension within and across different segments of the Kuki-Zo groups in the past, a sustained mobilisation for a separate administration remained elusive. Now, faced with a common antagonistic "other," whose position on this demand is not likely to change in the short term, popular support for this edition of the demand for a separate administration is likely to be sustained and gain more political traction.

Thus, this moment may well constitute a critical juncture in the demand by Kuki-Zo groups for a separate administration. The extensive erasure of lives and land titles, destruction of property, and the unprecedented displacement of the population across the hills and the valley suggest that the Rubicon of living under one political roof has already been crossed. As suspicion and distrust in Manipur run deep, returning to the status quo ante is now widely seen as amounting to a Hobson's choice. Given that the violence and ethnic cleansing unleashed against both sides of the divide since May 3 has resulted in complete "demographic" and "geographical separation," to borrow from what W.L. Hangshing, the general secretary of the Kuki People's Alliance, told The Wire, the demand for a separate administration has become a fait accompli.

Shifting of constitutional gears

This may require a radical shifting of constitutional gears. Three possible institutional architectures are plausible. The first is to grant a separate administration in the hill areas of Manipur for not only the Kuki-Zos, but also the Nagas. The roadblocks to this are the reluctance of some Naga groups to compromise on their expansive territorial project under the rubric of a sovereign 'Nagalim' and the staunch opposition by the State and Meitei groups.

The second is to grant a separate administration for the Kuki-Zo in districts where they are dominant, and resolve the Naga's demand in due course. Invoking administrative convenience and economic viability, the two cardinal principles of State reorganisation in India, as counterpoints against this demand may not work in this case. This is because the institutional and administrative blueprints for this have already been laid down by the extant sub-State constitutional arrangements under the Manipur (Hill Areas) District Councils Act, 1971, where the territorial boundaries of District Councils broadly overlap with ethnic boundaries. In 2016, seven new districts were created out of the existing nine districts in Manipur, which further sharpened this overlap.

Given that Pherzawl and Churachandpur, the two districts where the majority are Kuki-Zo, sit on a rich natural gas belt (the Assam-Arakan basin), effective exploration and harnessing of these resources may offset any counter argument about the economic non-viability of this demand for a separate administration. The Kuki-Zo-dominated districts have two important strategic gateways to Southeast Asia (Behiang and Moreh). This makes the demand for a separate administration a compelling economic proposition. The challenges to this blueprint are districts such as Chandel, Kamjong and Tengnoupal, which are marked by a mixture of populations and have seen long-standing territorial disputes between the Kukis and the Nagas. However, this may not be insurmountable if a combination of territorial and non-territorial autonomy is crafted in the future.

The third possibility is to maintain the status quo ante where the territorial integrity of Manipur is secured. Given the increasingly hardened integrationist position taken by the State and frontal Meitei groups, this may entail dissolution of extant sub-State constitutional asymmetrical arrangements under Article 371C, the district councils and tribal land rights. This will, of course, require not only amendment of the Constitution, but also a revisit to the normative and political foundations of Manipur. The position of the Kuki-Zo groups, to no longer accept the powerless sub-State constitutional asymmetrical arrangements or any political solution within the existing State of Manipur, suggests that this impasse is likely to continue.

This means that Manipur will remain a deeply divided society. If the experience of other such societies including Belgium, Canada, the Netherlands, and Switzerland are to be used as any guide, the holding together of federal polity or polities requires genuine recognition and accommodation of territorially mobilised groups — not as a matter of strategic convenience of the majority but as a matter of enduring value. The reluctance to do this and the lack of democracy and federalism in East European states in the 1990s had led to state break-ups which Manipur may not like to emulate.

The jury is out

The debates to protect the territorial integrity of Manipur are likely to lead to spawn a competing constellation of agendas, ideas and interests without any immediate resolution. Or these may align in complex ways to effect or resist change in the State's border. This is likely to resuscitate the point that defenders of the rights of States and democracy, such as K.T. Shah, raised during the Constituent Assembly debates against Article 3, which B.R. Ambedkar envisaged as a flexible and democratic constitutional provision. Shah argued that to "place power and authority in the Centre" to effect a change of State boundaries without requiring the "consent" of the said States would amount to "the serious prejudice not only of the Units, but even of the very idea of democracy." In their overweening ambition to protect the rights of States and democracy, Shah and others forgot what K. Santhanam, another influential member, cautioned, that mandating "consent" of the States would leverage "absolute autocracy of the majority in every province and State" when they vote down a minority's demand for merger with an adjacent State or for formation of a separate State of their own.

This debate continues to remain unresolved. The jury is out on whether the constellation of agendas, ideas and interests of multiple actors across India's multi-level federal polity and processes align to foster institutions which protect the "absolute autocracy of the majority" or promote and accommodate the rights of territorially mobilised minority groups within and across Indian States. Initial data on May's economic activity indicate some acceleration. As per the S&P Global Purchasing Managers' Index (PMI), manufacturers had their best month since October 2020, fuel sales rebounded after two patchy months, and wholesale auto sales appear to be speeding, albeit on a low base for some segments. Besides, other compliance- and consumption-led tailwinds could lift revenues in the coming months. Till July, when the GST regime completes six years, the Revenue Department is undertaking a special two-month drive to tackle evasion and fake registrations. A new return scrutiny system has kicked in to prioritise cases with higher revenue implications. From August, e-invoicing will be mandatory for firms with an annual turnover over ₹5 crore, snipping possible loose ends in the tax trail. That some holders of the withdrawn ₹2,000 currency notes are looking to spend part of their stash by September 30 may provide some fillip too. If around ₹1.55 lakh crore is likely to be the new normal for monthly GST revenues, the government must seize this window to expedite the resolution of policy-level anomalies that still haunt the tax. Even if political bandwidth is constricted ahead of the Lok Sabha polls, the GST Council must not dither on what is doable in the short run, such as setting up tribunals, clarifying gaming and casino levies, and drawing up the blueprint for fixing an unwieldy rate structure.

INTERNATIONAL TRADE HAS A CARBON PROBLEM

Prabhash Ranjan teaches at the South Asian University. Views are personal

The European Union's (EU) key climate law, the Carbon Border Adjustment Mechanism (CBAM), has spooked India. New Delhi fears that CBAM will cripple the export of its carbon-intensive products to the EU. While India's exports may be limited to aluminium, iron, and steel, and affect only 1.8% of its total exports to the EU, India has reportedly decried CBAM as being protectionist and discriminatory. There is also talk of challenging the CBAM at the World Trade Organization (WTO)'s dispute settlement body. This debate brings to the forefront the inter-linkages between trade and the environment. While the international trade regime allows countries to adopt unilateral measures for safeguarding the environment, environmental protection should not become a smokescreen for trade protectionism. The CBAM needs to be viewed from this standpoint.

About CBAM

In 2005, the EU adopted an important climate change policy known as the Emissions Trading System (ETS). Now in its fourth stage, the ETS is a market-based mechanism that aims at reducing greenhouse gas (GHG) emissions by allowing bodies emitting GHG to buy and sell these emissions amongst themselves. However, the EU's concern is that while it has a mechanism for its domestic industries, emissions embedded in products imported from other countries may not be priced in a similar way due to a lack of stringent policies or due to less stringent policies in those countries. This, the EU worries, would put its industries at a disadvantage. To tackle this, the impacted industries in the EU had so far been receiving free allowances or permits under the ETS. Furthermore, the EU also apprehends the phenomenon of 'carbon leakage', that is, due to the application of ETS, European firms operating in carbon-intensive sectors might possibly shift to those countries that have less stringent GHG emission norms.

CBAM is aimed at addressing this quagmire, and, thus, levelling the playing field for the EU industries. Under the CBAM, imports of certain carbon-intensive products, namely cement, iron and steel, electricity, fertilizers, aluminium, and hydrogen, will have to bear the same economic costs borne by EU producers under the ETS. The price to be paid will be linked to the weekly average of the emissions priced under the ETS. However, where a carbon price has been explicitly paid for the imported products in their country of origin, a reduction can be claimed.

WTO consistency

A cornerstone principle of WTO law is non-discrimination. Thus, countries are required to accord equal treatment to 'like' products irrespective of their country of origin (most-favoured nation treatment) and to treat foreign-made 'like' products as they treat domestic ones (national treatment principle). While the CBAM's design is origin-neutral in appearance, it may, in its application, discriminate between goods from different countries on account of an inadequate carbon pricing policy, or due to onerous reporting requirements that importers would be subject to.

A key consideration in all this may be whether the carbon-intensive products to which the CBAM applies are 'like'. While steel products may appear similar, the process by which electric arc furnaces produce steel is less carbon-intensive than the steel produced in blast furnaces, for instance. Being products that are not 'like', the rules on non-discrimination would have little application in such a case. Accordingly, the debate on CBAM reignites a long-standing debate in international trade law circles: must processes and production methods be relevant for comparing products? Traditionally, the answer to that in WTO jurisprudence has been no, and, on that account, as commentators have noted, the CBAM violates WTO law for discriminating between EU and foreign products covered by CBAM based on the embedded emissions.

However, even if the EU's CBAM is discriminatory, there could be a claim for justifying it under the General Exceptions clause given in Article XX of the General Agreement on Tariffs and Trade (GATT). Under Article XX, measures taken by countries that otherwise violate GATT obligations are permitted if, first, they fall under one of the listed policy grounds, and second, if they satisfy the requirements of the introductory clause of Article XX, known as the chapeau. One of the listed policy grounds in Article XX is 'conservation of exhaustible natural resources'. CBAM would fall under this category. However, it is doubtful if it would satisfy the chapeau, which inter alia requires that countries do not apply measures in a manner that results in arbitrary or unjustifiable discrimination between countries where the same conditions prevail. As commentators argue, the CBAM only considers 'explicit' carbon prices, not 'implicit' costs (non-price-based costs) borne by products originating in certain countries. Accordingly, it arbitrarily or unjustifiably discriminates between countries where the same environmental conditions exist.

Finally, CBAM is also an important issue in the ongoing India-EU free trade agreement negotiations. India should work with the EU to secure gains on CBAM and ensure smooth onboarding for Indian exporters to maximise the benefits of a bilateral deal, even as the possibility of a WTO challenge remains open.