

Far and Wide

Every week we share selection of six news from six continents that we believe will impact our world in the near or distinct future

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India's Retaliatory Move: Brewing a Domestic Carbon Levy to Respond to EU Imports

Welcome to our tenth edition of the newsletter, *Far and Wide*, where we bring a collection of interesting stories from around the world. As highlighted in our last edition, this week's lead story focuses on the escalating tensions between India and the European Union (EU) over the implementation of carbon border taxes. As the EU moves to link the environment with trade, India is gearing up to implement its own carbon border tax, signaling its dissatisfaction with the EU's approach. This decision carries significant implications for both countries and has the potential to reshape the dynamics of international trade and environmental governance. The EU's carbon border adjustment mechanism (CBAM) is viewed by Indian officials as a form of customs duty. Concerns are raised that the CBAM, which comes into effect in January 2026, could expand its coverage and affect developing countries like India. Experts argue that linking the environment and trade has the potential to distort global trade and that World Trade Organization (WTO) rules do not explicitly address this connection. It is important to recognize that this development reflects a broader global trend, as several developed nations, including Japan, the UK, and the US, consider similar legislation. In this regard, India is actively working on its own carbon pricing system and seeking global recognition to avoid adverse impacts on its exports. The government is also forming an inter-ministerial group to address the effects of CBAM and similar measures proposed by developed nations. Indian officials emphasize the importance of recognizing differentiated responsibilities among countries in addressing climate change, based on differences in economic development and contribution to environmental preservation. This story encourages a deeper understanding of the evolving landscape of environmental governance and international trade.

We hope you find this edition informative and thought-provoking.

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Europe

India brews its own carbon levy to hit back at EU imports



Source: Livemint

<https://www.livemint.com/economy/india-brews-its-own-carbon-levy-to-hit-back-at-eu-imports-11687113102140.html>

India is laying the foundation for implementing its own carbon border tax as a response to the European Union's (EU) similar measure. The Indian government is reportedly unhappy with the EU's decision to link the environment with trade, claiming that such considerations were absent during Europe's industrialization. The finance and commerce ministries are currently engaged in discussions regarding the details of the mechanism, particularly the measurement of carbon content in imported European products. The option of imposing a tax on imports based on historic carbon emissions is being explored. These developments indicate India's intention to retaliate against the EU's move. The EU's carbon border adjustment mechanism (CBAM) is viewed by Indian officials as a form of customs duty. Concerns are raised that the CBAM, which comes into effect in January 2026, could expand its coverage and affect developing countries like India. Experts argue that linking the environment and trade has the potential to distort global trade and that World Trade Organization (WTO) rules do not explicitly address this connection. India is actively working on its own carbon pricing system and seeking global recognition to avoid adverse impacts on its exports. The government is also forming an inter-ministerial group to address the effects of CBAM and similar measures proposed by developed nations. Officials emphasize the importance of recognizing differentiated responsibilities among countries in addressing climate change, based on differences in economic development and contribution to environmental preservation.



Asia

Southeast Asia to set guardrails on AI with new governance code

Southeast Asian countries are working on developing governance and ethics guidelines for artificial intelligence (AI) to establish controls on the rapidly growing technology. Association of Southeast Asian Nations (ASEAN) officials are drafting an "ASEAN Guide on AI Governance and Ethics" to balance the economic benefits of AI with its potential risks. The guide is expected to be completed by the end of the year and endorsed by ASEAN members, with a potential announcement at the ASEAN Digital Ministers' Meeting in early 2024. Singapore is leading the discussions and collaboration among ASEAN states to support the responsible and innovative deployment of AI technologies in the region. The specifics of the AI guide have not been disclosed yet, and the process remains confidential. The move by ASEAN follows similar efforts by the European Union and the United States to establish guidelines for AI.



Source: Reuters

<https://www.reuters.com/technology/southeast-asia-set-guardrails-ai-with-new-governance-code-sources-2023-06-16/>



North America

India Approves Procurement of U.S.-Made MQ-9B SeaGuardian Drones in \$3 Billion Deal

India's defense ministry has given its approval for the procurement of 31 armed MQ-9B SeaGuardian drones from General Atomics, worth over \$3 billion. This decision comes just before Prime Minister Narendra Modi's upcoming state visit to the U.S. It is expected that the deal will be announced during Modi's meeting with President Joe Biden. The U.S. has been actively pursuing stronger defense ties with India to counter China's influence. The drones will primarily be used by the Indian navy in the Indian Ocean Region. The procurement process now requires clearance from Modi's cabinet. Additionally, the U.S. is also set to approve the manufacturing of General Electric's engines in India for domestically produced fighter jets, which will be announced during Modi's visit.

Source: Reuters

<https://www.reuters.com/business/aerospace-defense/india-approves-procurement-us-mq-9b-seaguardian-drones-sources-2023-06-15/>



South America

Parliamentary goodwill delegation boosts diplomatic ties between India and Brazil

A Parliamentary goodwill delegation led by Union Minister Pralhad Joshi visited Brazil to enhance the strategic partnership between India and Brazil, marking 75 years of diplomatic relations. The visit aimed to strengthen bilateral ties and cooperation in various fields. The delegation paid homage to Mahatma Gandhi's busts in Brasilia and Rio de Janeiro, symbolizing shared values and peace. They held productive meetings with Brazilian parliamentary leaders, expressing mutual understanding and cooperation. Bilateral trade between India and Brazil has seen a remarkable increase, reaching \$15.20 billion in 2022. Minister Joshi also met with the Indian community in Brazil, highlighting India's socio-economic development. The visit is seen as a significant step in reinforcing democratic values and paving the way for enhanced collaboration between the two nations.



Source: Livemint

<https://www.livemint.com/news/india/parliamentary-goodwill-delegation-boosts-diplomatic-ties-between-india-and-brazil-11686756663525.html>



Africa

Indian Prime Minister proposes full G20 Membership for African union which will enable strengthening global representation and partnership

PM Narendra Modi has written to the leaders of the G20 nations, proposing that the African Union be granted full, permanent membership in the diplomatic group. This move reflects India's commitment to enhancing Africa's representation and partnership in shaping global affairs. The G20 is an intergovernmental forum consisting of major developed and developing economies, representing a significant portion of global GDP, trade, and population. The African Union currently comprises 55 member states. As India holds the presidency of the G20 this year and will host the summit, this proposal aims to promote a more inclusive and representative global architecture and governance, particularly by amplifying the voices of African countries and the Global South on international platforms.



Source: Reuters

<https://www.reuters.com/world/india/s-modi-seeks-african-unions-full-membership-g20-2023-06-18/>



Australia

India, Australia to widen ambit of trade pact, include 15 more areas

India and Australia are expanding their negotiations on the Comprehensive Economic Cooperation Agreement (CECA) by including 15 additional areas, such as agri-tech, critical minerals, space, and sports. This marks the first time these areas have been included in any trade deal involving India. The third round of negotiations is currently underway and will conclude on June 16. The next round of talks is scheduled for July. The two countries have already implemented an interim trade pact and are now working to expand and sign the CECA. Other areas of interest for expansion include MSMEs, gender innovation, and competition policy. India is closely observing the Indo-Pacific Economic Framework for Prosperity (IPEF) and has an observer status on the trade pillar. The IPEF focuses on trade, supply chains, clean economy, and fair economy issues. The negotiations on the supply chains agreement within the IPEF are substantially concluded, and member countries are seeking internal approvals to operationalize it by October. Talks on the clean economy and fair economy pillars are progressing well, with the aim of concluding negotiations by November 2023.



Source: Financial Express

<https://www.financialexpress.com/economy/india-australia-to-widen-ambit-of-trade-pact-include-15-more-areas/3127892/>