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EU PROPOSES CARBON BORDER TAX

-Tanmay Sharma

The European Union (EU) has proposed a Carbon Border Tax which taxes imported goods based on the greenhouse gases produced to make them. Such a tax will increase barriers to entry for those countries which use inefficient resources for production and do not work towards limiting climate change. But such a tariff is being seen as a way to increase protectionism and as a way to penalize developing nations. Such a tax may also be a violation of the General Agreement on Tariffs and Trade (GATT) of the WTO as it proposes increasing trade barriers.

The EU has decided to cut its carbon emissions by 55% by 2030 from its 1990 levels which is an ambitious goal. To reach this goal the EU has decided to incentivize its domestic production and implement restrictions on imports which require heavy carbon emission to produce. The Carbon Border Tax will be extracted on certain carbon-intensive goods like steel, cement, fertilizer, iron etc. Importers will have to buy certificates from Carbon Border Adjustment Mechanism (CBAM) authority which will issue a tariff rate on import of the product. The tariff rate will be calculated on the basis of direct emissions and indirect emissions of harmful gases in production of the imported goods. The CBAM will help in adding a penalty to hose countries which have lax environmental and regulations. It will also help the EU to

STOP CHASING THE MONEY AND START CHASING THE PASSION

reach the targets set in the Paris Agreement by 2030. The CBAM has not been implemented yet, however the implication of such a tax is huge for India and other developing nations. EU is the biggest import destination for Indian products, therefore an increase in tariffs can potentially hurt domestic producers. Energy-intensive products like paper, steel, fertilizer etc. are already regulated under the EU-ETS, further tariffs will put a heavy disadvantage on import of such products. Russia, China and India have publicly denounced such a tariff proposal. It is being viewed as a protectionism measure, used to fill the EU's coffers. India has been working on shifting towards more renewable sources of energy with almost $5.9 billion investments in solar power plans. In India, energy-intensive sectors have successfully reduced around 92 million tons of carbon emissions between 2012-2019 through the Perform, Achieve and Trade (PAT) scheme under the National Mission for Enhanced Energy Efficiency. Carbon Border Tax can be viewed as artificial barrier to free-trade which will disparately hurt developing economies around the world. The EU and other developed nations must work towards a better proposal to reduce carbon emission and address climate change efficiently.

WHAT IS AUSTRALIA'S NEWS MEDIA BARGAINING CODE?

--Sanket Enchilwar

Australia in February passed a new media law that had generated pushback from internet giants Facebook and Google, which didn't want to be compelled to pay publishers for news content.

Under the new law, called the News Media and Digital Platforms Mandatory Bargaining Code, Facebook, and Google are required to negotiate licensing agreements with publishers for the news articles that appear on Facebook's feed and Google search.

What exactly is it?

The news code encourages tech giants and news organisations to negotiate payment deals between them, and commits Facebook and Google to invest millions of dollars in local digital content. If the negotiations fail, an independent arbitrator can set the price they pay domestic media, something analysts say benefits the news groups. The Australian government argues this prescribes a fairer negotiation process between the parties, as it gives news organisations more leverage.

The Australian Competition and Consumer Commission (ACCC), a market regulator, says publishers have had little negotiating power until now because they rely heavily on tech monopolies like Facebook and Google. It follows an investigation by the commission into the tech firms' online advertising dominance. The code also forces tech platforms to give notice to news publishers of

THE ROAD TO SUCCESS AND THE ROAD TO FAILURE ARE ALMOST EXACTLY THE SAME

changes in their method or algorithm, which determine which stories are being displayed. The amended law also now requires the government to consider a platform's existing contributions to journalism, such as commercial deals with publishers, before applying the news code to them.

This means Facebook and Google could escape the arbitration process entirely.

The Australian government also has to give a platform a month's notice if it is considering applying the code.

What happens now?

This new law has triggered harsh criticism, both in Australia and globally. Facebook has admitted it overstepped in also removing over 100 non-news pages, including key health and emergency agencies.

But its powerful action has been interpreted as a warning shot to lawmakers elsewhere, such as in Canada, the UK and the EU, who have expressed interest in Australia's law.

As more news readership has shifted online, tech giants have faced calls internationally to pay more for news stories hosted on their platforms. They have also faced increased scrutiny over their power, including calls for them to do more to combat misinformation and abuse.