



## Varaiya and Shah LLP

Chartered Accountants

### Alert

#### Carbon Border Adjustment Mechanism (CBAM)

The European Union (EU) is going to introduce new concept of CBAM from 1<sup>st</sup> October 2023. And if this goes through which is very likely, it is going to affect very seriously Indian exporters of Iron, Steel, Aluminium, Cement, Fertilizer, Hydrogen etc to start with.

From 1<sup>st</sup> January 2026, EU will start collecting carbon tax on each consignment of above products (imported by EU). And by 2034, it will cover all products imported by EU.

This CBAM will significantly hurt the global trade of developing countries including India.

The attached article of "Global Trade Research Institute" gives very detailed information and analysis in this regard. Also attached extract of report that appeared in Vyapaar (dt.26 April 2023).

Thanking You,

We, at Varaiya & Shah LLP

Date: 04<sup>th</sup> May, 2023

#### Varaiya & Shah LLP

315, "The Jewel", 3rd Floor,  
Next to Roxy Cinema,  
Mama Parmanand Marg,  
Opera House, Mumbai - 400 004.  
Tel No.: 022 4970 6690\91\92  
Email: admin@vnsca.co.in

