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POLICY PULSE

A MONTHLY NEWSLETTER

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FIRST TAKE
Overview

The Twelfth Ministerial Conference of the World Trade Organization will be held from June 12-15 at Geneva, Switzerland. The Ministerial Conference is the highest decision-making body of the WTO. Ministers from all member countries will be coming to Geneva to discuss the various texts on important issues on the table. Given the backdrop of the Russia-Ukraine war there is expected to be a lot of discussion on the future of WTO.

Arancha Gozalez who is the former foreign minister of Spain and also the former head of ITC, Geneva in a recent article in Financial Times said that the narrative that the war in Ukraine is leading to a surge in geopolitical risk thereby compounding existing dissatisfaction with the global trade system and leading to fragmentation is neither right, nor desirable. “There is no doubt that the ongoing conflict is reinforcing anti-trade prejudice. But is this a global trend? The short answer is no. There is an appetite for trade integration in many parts of the world, especially developing countries”

The Ministers are expected to take up some key issues in the discussions spread across four days.

The first issue will be a response to the pandemic, where countries have for many months now been discussing a proposal from India and South Africa on an IP waiver for COVID vaccines. Over 30 countries have been negotiating a text and hopefully will come to a conclusion during the Ministerial Conference.

The second important issue will be on three texts on agriculture. These include one draft Ministerial Decision on agriculture reforms, one draft Ministerial Declaration on the WTO's response to the urgent food security issue, and one draft Ministerial Declaration on exempting the UN's World Food Programme's food purchases for humanitarian purposes from export bans.

Given the paucity of time, the Director General of WTO, Ngozi Okonjo – Iweala urged members to show self-restraint by not repeating old positions and to strive for hashing out texts that are "simple, short, beautiful and balanced"

In another important development he much-awaited Indo-Pacific Economic Framework for Prosperity (IPEF) was released parallelly with the Quad Leaders’ Summit in Tokyo on May 23. Besides this, several new Quad initiatives were announced – an International Standards Cooperation Network (ISCN) for greater cooperation in international standard-setting organisations, and a Quad Climate Change Adaptation and Mitigation Package (Q-CHAMP) for greater coordination on climate action programmes. News reports said that these decisions reaffirm the Quad’s stated intent of furthering a ‘positive and constructive agenda.’

This issue of Policy Pulse covers the usual information on global and Indian economy and developments on the policy front in India and other parts of the globe. There has been a spurt in the number of free trade agreements across the globe which have been detailed here. We look forward to your feedback and thoughts.

IN THIS ISSUE

ECONOMIC SNAPSHOT

GLOBAL ECONOMY

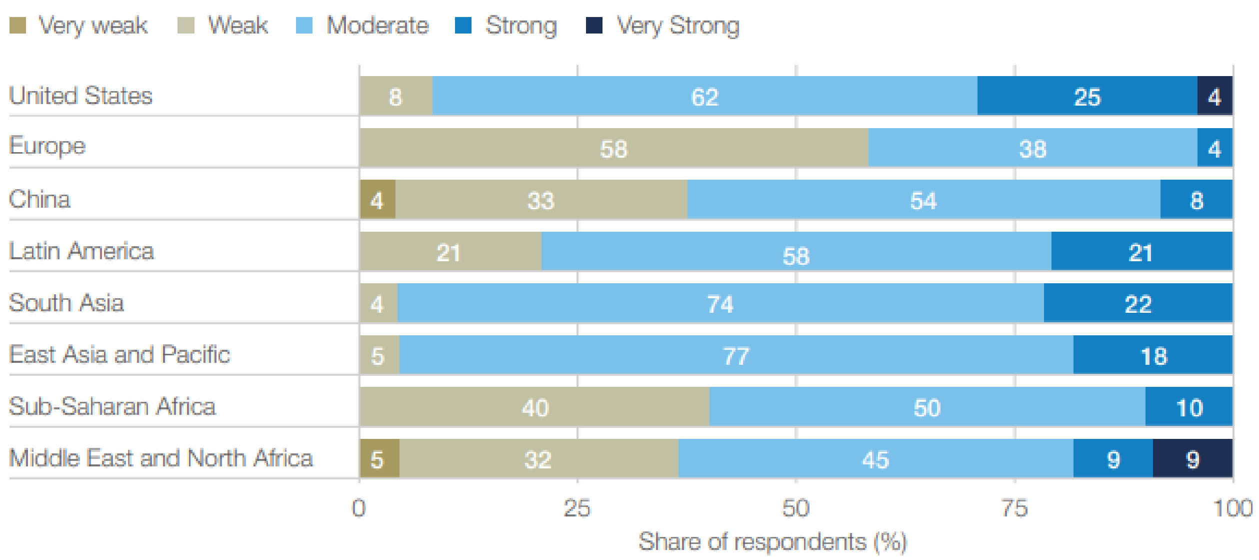
The May 2022 edition of the WEF's (World Economic Forum) Chief Economists Outlook comes out amid extremely high uncertainty about geopolitical developments, the trajectory of the global economy and the next steps for economic policy. Instead of entering a post-COVID recovery phase, economies are experiencing additional shocks, first and foremost from the war in Ukraine and associated geopolitical repercussions, but also from new outbreaks of COVID-19 and lockdowns in major industrial centres.

As per the May 2022 UN report, the global economy is now projected to grow by only 3.1% in 2022, down from the 4.0% growth forecast released in January 2022. Global inflation is projected to increase to 6.7% in 2022, twice the average of 2.9% during 2010-2020, with sharp rises in food and energy prices.

WEF in its report says that, at the beginning of 2022, the consensus forecast was for the largest economies to have returned to pre-COVID growth paths by the end of the year, led by China, Europe and the US. The OECD had forecasted global growth at 4.5% in 2022 and 3.2% in 2023. Inflation was running high across advanced economies but was expected to decrease over the course of 2022 as supply bottlenecks were resolved, excess demand disappeared and monetary policy action was fine-tuned to manage the phase-out of pandemic related crisis measures.

Forecasts were more subdued for low and middle-income countries, with growth predicted still to be 5.5% below the trend in 2024 (excluding China). A divided recovery was becoming apparent as the most vulnerable economies and individuals were hit excessively hard by the crisis and were having a more difficult time recovering.

Expected Economic Activity Outlook 2022 by Economy and Region



Source: WEF

The IMF estimates that GDP in Emerging and Developing Europe (including Russia and Ukraine) will contract by 2.9% in 2022 and expand by 1.3% in 2023. Euro area GDP growth in 2022 is revised down to 2.8% (-1.1 percentage points compared to January). For countries in the Middle East and Central Asia, the negative impact is expected to come mainly via food price transmission, while net oil exporters may benefit from higher energy prices, with average growth for the region projected to be 4.6% in 2022, an upgrade of 0.3 percentage points compared to January. Equally, economies in sub-Saharan Africa will be significantly affected by higher food prices yet are nevertheless expected to grow on average by 3.8%, which is 0.1 percentage points higher than the January projection.

Growth prospects for emerging and developing Asia in 2022 are downgraded by 0.5 percentage points to 5.4%. They depend heavily on China's economy, which has been weakened by new COVID outbreaks and tough lockdowns and expected to grow by 4.4%, down from a January projection of 4.8%. The US sees a downgrade of 0.3 percentage points to 3.7% arising from faster monetary tightening in response to accelerating inflation. Finally, growth in Latin American economies is expected to land at 2.5% on average, an upward revision of 0.1 percentage points, with headwinds coming from high inflation, policy tightening and slowdown spilling over from trade partners.

Higher Inflation Globally in 2022

The inflation outlook in 2022 remains toughest for Latin America and the US. Similarly, economists expect very high pressures for MENA, Europe, sub-Saharan Africa, South Asia and East Asia, including China. Overall, inflation expectations are highest for the US, followed by Europe and Latin America. On the contrary, economists expect low inflation in China, East Asia and the Pacific overall.

Inflationary pressures intensified in the first four months of the year, driven by prolonged and renewed disruptions across supply chains as well as negative supply shocks arising from the war in Ukraine and the related sanctions regime. The effect of the war in Ukraine is expected be stronger for oil and gas prices this year, while food prices could be affected for longer. There are also domestic price pressures that have changed inflation expectations from transitory to the longer term in many economies. The IMF projects a 1.8%-point increase in inflation for advanced economies (to 5.7%) and a 2.8%-point increase in emerging markets and developing economies (to 8.7%).

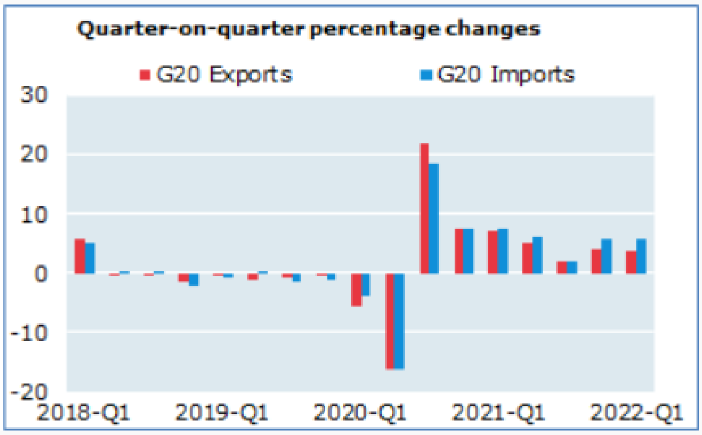
Focus on Localization & Diversification of Supply Chains

Global supply chains have been increasingly redrawn over the past years. Amid fears of continued shocks, both governments and business are rethinking their approach to exposure, self-sufficiency and security in trade and production relationships.

Global Trade

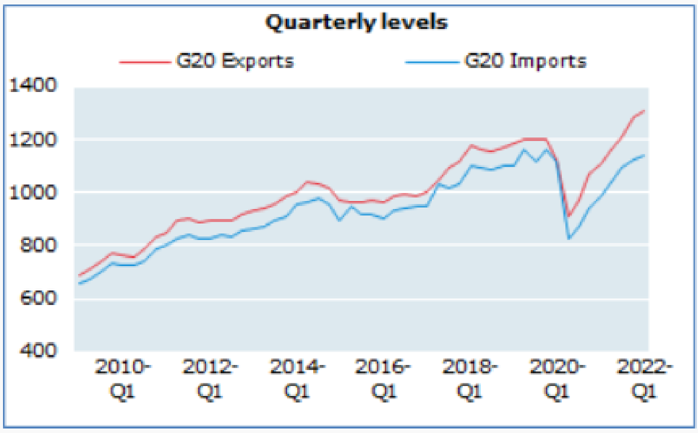
As per OECD, following six quarters of sustained growth, the value of international merchandise trade for the G20 reached a new high in Q1 2022. Exports and imports increased by 3.6% and 5.8%, as compared to Q4 2021. The increase is largely explained by rising commodity prices, as the war in Ukraine and COVID-19 containment measures in East Asia placed further pressure on the prices of traded goods and on already strained supply chains. Growth in exports and imports of services for the G20 are estimated at around 2.0% and 1.1% in Q1 2022.

G20 Merchandise Trade



Source: OCED

G20 Trade in Services



Source: OCED

INDIAN ECONOMY

As per May 2022 UN report, India is still the fastest-growing major economy even as the Ukraine conflict impacts the global GDP. India is projected to grow by 6.4% in 2022, slower than last year's 8.8%. Such projections are due to higher inflationary pressures and uneven recovery of the labour market curbing private consumption and investment.

The IMF revised India's GDP growth forecast for 2022 to below 8.2%, whereas the growth projection for 2023 is 6.9%. Moody's slashed India's economic growth projection to 8.8% for 2022 from 9.1% earlier, citing high inflation. Moody, in its projection mentioned that "the rise in crude oil, food and fertilizer prices will weigh on household finances and spending in the months ahead. Rate hike to prevent energy and food inflation from becoming more generalized will slow the demand recovery's momentum."

The National Statistical Office (NSO) has cut economic growth estimate to 8.7% for the full fiscal year 2022, lower than earlier expectations of 8.9%.

S&P Global Ratings cut India's growth projection for the current fiscal to 7.3% from 7.8% earlier on rising inflation and the longer-than-expected Russia-Ukraine conflict.

Performance of Key Indicators

India's combined Index of Eight Core Industries stood at 143.2 in April 2022, which is an increase of 8.4% as compared to the Index of April 2021. The production of Coal, Electricity, Refinery Products, Fertilizers, Cement and Natural Gas industries increased in April 2022 over the corresponding period of last year.

Coal production **declined by 0.1% in March, 2022** over March, 2021. Its cumulative **index increased by 8.5%** during April to March, 2021-22 over corresponding period of the previous year.

Coal production **increased by 28.8%** in April, 2022 over April, 2021. Its cumulative index **increased by 8.5%** during April to March, 2021-22 over corresponding period of the previous year.

Crude Oil production **declined by 0.9%** in April, 2022 over April, 2021. Its cumulative index **declined by 2.6%** during April to March, 2021-22 over the corresponding period of previous year.

Natural Gas production **increased by 6.4%** in April, 2022 over April, 2021. Its cumulative index **increased by 19.2%** during April to March, 2021-22 over the corresponding period of previous year.

Petroleum Refinery production **increased by 9.2%** in April, 2022 over April, 2021. Its cumulative **index increased by 8.9%** during April to March, 2021-22 over the corresponding period of previous year.

Fertilizers production **increased by 8.7%** in April, 2022 over April, 2021. Its cumulative **index increased by 0.7%** during April to March, 2021-22 over the corresponding period of previous year.

Steel production **declined by 0.7%** in April, 2022 over April, 2021. Its cumulative index **increased by 17.1%** during April to March, 2021-22 over the corresponding period of previous year.

Cement production **increased by 8.0%** in April, 2022 over April, 2021. Its cumulative index **increased by 20.8%** during April to March, 2021-22 over the corresponding period of previous year.

Electricity generation **increased by 10.7%** in April, 2022 over April, 2021. Its cumulative index **increased by 8.0%** during April to March, 2021-22 over the corresponding period of previous year.

India's industrial output India’s industrial production rose 1.9 per cent in March 2022, with mining output climbed 4%, and power generation increased 6.1%.

As per Ministry of Finance, the GST revenue for May 2022 stood at nearly Rs 1.41 lakh crore, a 44% increase over the same month last year. The gross GST revenue collected in the month of May 2022 is Rs 1,40,885 crore of which CGST is Rs 25,036 crore, SGST is Rs 32,001 crore, IGST is Rs 73,345 crore (including Rs 37469 crore collected on import of goods) and cess is Rs 10,502 crore (including Rs 931 crore collected on import of goods).

India’s decision to ban wheat exports may slow down the sharp rise in domestic prices of wheat but may not decline due to supply side constrains as the crops were damaged by the extreme heat wave across the country. Against this backdrop, Global Data forecasts the consumer price inflation rate in India to be 6.04% in 2022 against 5.14% in 2021.

According to data released by the Ministry of Commerce and Industry, India's merchandise export in April-May 2022-23 was US$77.08 billion with an increase of 22.26% over US$63.05 billion in April-May 2021-22. Value of non-petroleum exports in May this year was US$29.18 billion, registering a positive growth of 8.13% over non-petroleum exports of US$26.99 billion in May last year. The cumulative value of non-petroleum exports in April -May 2022-23 was US$61.09 billion, an increase of 12.9% over US$54.11 billion in April-May 2021-22.

REGULATIONS WATCH
Notifications at the WTO

Article XX of the General Agreement on Tariffs and Trade (GATT) allows governments to enact trade measures to protect human, animal, or plant life or health, provided that the provisions do not discriminate and are not used as disguised protectionism. In addition, two specific World Trade Organization (WTO) agreements deal with food safety, animal and plant health and safety, and product standards in general.

The Sanitary and Phytosanitary Measures (SPS) and technical Barriers to Trade (TBT) Agreements aim to ensure that these requirements do not create unnecessary obstacles to international trade. Under the WTO, members are required to notify other Members before adopting new measures if these are likely to affect international trade and provide an opportunity for comments.

The WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement) lays out the basic rules on food safety and on animal and plant health standards. It allows countries to set their own standards, but it stipulates those regulations must be based on science and should be applied only to the extent necessary to protect human, animal, or plant life or health.

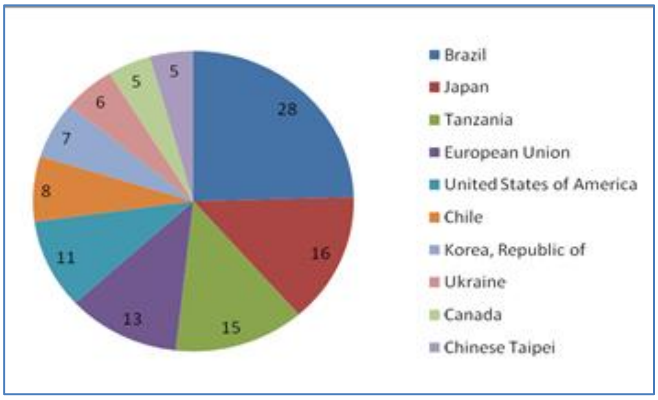
The TBT Agreement seeks to ensure that technical regulations, standards, and testing and certification procedures do not create unnecessary obstacles. The agreement does recognize countries' rights to adopt the standards they consider appropriate—for example, to protect human, animal, or plant life or health; to safeguard the environment or to meet other consumer interests. In any case, whatever regulations countries use should not discriminate. Under the agreement, the procedures used to decide whether a product conforms to relevant standards have to be fair and equitable, and any methods that would give domestically produced goods an unfair advantage are discouraged.

SPS Notifications

The total numbers of SPS Notifications issued by the various WTO-Member Countries in 22nd April 2022 to 05th June 2022 are 229 of which 148 are relevant to India. Out of 98 notifications, 46 notifications were the addendums of draft regulations notified earlier in the WTO.

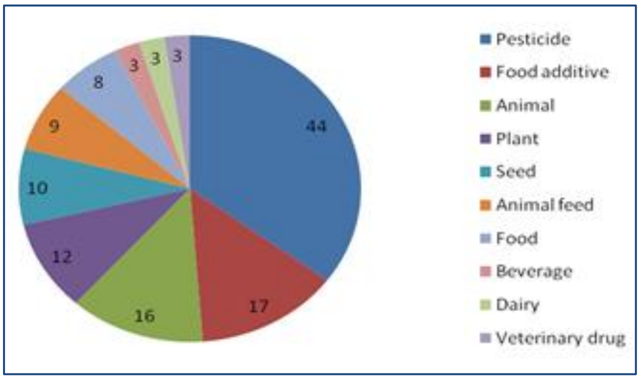
❖ Country-wise Information (Top 10)

Out of the total 148 notifications, Brazil issued 28 notifications, followed by Japan, Tanzania, European Union, United States of America, Chile, Korea, Ukraine, Canada and Chinese Taipei with 16, 15, 13, 11, 8, 7, 6, 5 and 5 notifications, respectively. The remaining 34 notifications were from other WTO Member countries.



❖ Product-wise Information (Top 10)

Out of the total 148 Notifications, 44 related to pesticide, 17 related to food additive, 16 related to animal, 12 related to plant, 10 related to seed, 9 related to animal feed, 8 related to food, 3 related to beverage, 3 related to dairy, 3 related to veterinary drug and 23 notifications were related to other products.

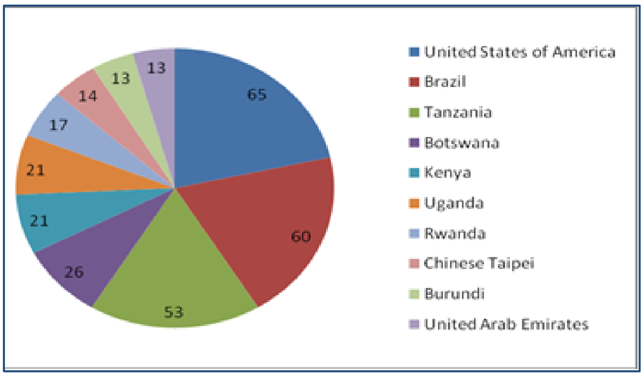


TBT Notifications

The total numbers of TBT Notifications issued by the various WTO-Member Countries from 22nd April 2022 to 05th June 2022 were 521. Out of 521 notifications, 133 notifications were the addendums of draft regulations notified earlier in the WTO.

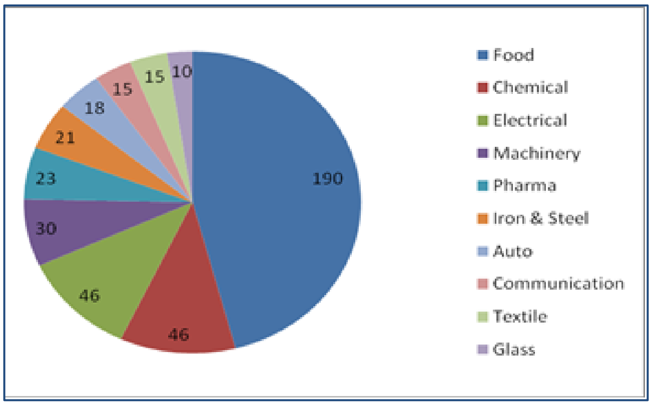
❖ Country-wise Information (Top 10)

Out of the total 521 notifications, United States of America issued 65 notifications, followed by Brazil, Tanzania, Botswana, Kenya, Uganda, Rwanda, Chinese Taipei, Burundi and UAE with 60, 53, 26, 21, 21, 17, 14, 13 and 13 notifications, respectively. The remaining 218 notification were from other WTO Member countries.



❖ Product-wise Information (Top 10)

Out of the total 521 Notifications, 190 related to food, 46 related to chemical, 46 related to electrical, 30 related to machinery, 23 related to pharmaceutical, 21 related to iron & steel, 18 related to auto, 15 related to communication, 15 related to textile, 10 related to glass and 107 notifications were related to other products.



WTO UPDATES

Fisheries Subsidies Negotiations

WTO members are negotiating an agreement to eliminate subsidies for illegal, unreported and unregulated fishing, especially those that lead to overcapacity and overfishing. The proposed agreement will help members achieve UN Sustainable Development Goal Target 14.6.

One of the provisions of the proposed agreement seeks to provide special and differential treatment for developing and least developed countries (LDCs).

The members want to conclude negotiations by 12th Ministerial Conference (MC12) which will take place on 12-15 June in Geneva. So far, discussions have happened on issues such as "treatment of non-specific fuel subsidies; the balance and ambition related to overcapacity and overfishing, including special and differential treatment for developing country members and least-developed country members; the issue of reflagging; transparency requirements related to forced labour; and territoriality." Ambassador Santiago Wills of Colombia, the chair of negotiations has reported progress being made in ongoing discussions in May.

FREE TRADE AGREEMENTS/ BILATERAL DISCUSSIONS

INDIA

India-US Investment Incentive Agreement

India and the US have signed an investment incentive agreement (IIA) on 23rd May 2022 which is likely to provide investment support worth US$4 billion to India. The agreement is expected to benefit a wide range of sectors including infrastructure, renewable energy and healthcare and facilitate manufacturing of COVID-19 vaccines. Medium and Small Manufacturing Enterprises (MSMEs) will also benefit from availability of credit financing arrangement by US International Development Finance Corporation (DFC).

India – UK

India and UK are close to finalizing an agreement by Diwali 2022. The two countries have concluded at least three round of discussions and the next discussion is slated to begin on June 13, 2022 in the UK. Issues such as IP, customs procedures, digital, telecommunications and investments have already been discussed. UK has agreed to provide duty free access to rice and textile goods from India. Medical devices, Machinery and apples from UK are likely to get duty free access in Indian market. In the third round of discussions, both sides concluded negotiation on five chapters including – Trade & Gender, MSMEs, Innovation, Development, and Good Regulatory Practices. The next round of talks will focus on a wide range of issues including cooperation on climate, clean and renewable energy as well as health. Market access for alcohol beverages remains one of the priority areas for the discussion. UK is demanding an immediate reduction in basic customs duty on whiskey to 50% from 150%. While India is looking at withdrawal of the three-year maturation requirement for whiskey. Further, India wants liberalized rules for movement of its skilled professionals, transfer of data and access to pharmaceutical products market in UK. Duty reduction on automobiles, pears, quinces, and lamb meat have been demanded by UK side.

India – Canada

India-Canada second round of negotiations for inking a free trade agreement is expected to be held soon during June 2022. Both countries are willing to conclude an interim or an early progress trade agreement. India is seeking greater market access for its pharmaceutical sector, readymade garments and agriculture sector in Canada. India is also looking for liberal rules for movement of its skilled professionals to Canada. Easy market access for pulses and other agriculture products has been a demand from Canada. Unpredictable tariff rates in agriculture sector in India is deemed as a non-tariff barrier to trade for Canada which is likely to remain a key agenda for discussion.

India – EU

Negotiations for a Free trade agreement between EU and India will be relaunched in June 2022. Both sides, however, have already launched pre-negotiations meeting and EU has submitted a draft negotiating text for 18 chapters. India is aiming to conclude the deal by end of 2023 and negotiations are likely to start from June 2022. The proposed agreement, also known as Broad-based Trade and Investment Agreement (BTIA) is likely to expand cooperation between India and EU on clean and renewable energy, technology and investments. Both parties are also expected to sign an agreement on geographical indicators (GIs).

Data protection is one of the areas which has been difficult to negotiate during previous negotiations. Under EU's General Data Protection Regulations (GDPR), decision on free cross-border data transfer from EU to non-EU entities is taken based on their adequacy to protect EU data. As India's data protection law is only at a formative stage, EU's adequacy decision has been unfavourable to India.

In backdrop of Ukraine-Russia geopolitical conflict, EU has recently indicated to launch a Global Data-Privacy Agreement which would help negotiating parties in eliminating trade barriers due to misalignment of approach to data protection by countries. Common ground on trade related to sensitive sectors such as dairy and agriculture is also needed to be reached by the parties to conclude the agreement.

India- Cambodia FTA

Cambodia has formed a working group to study the possibility of launching a free trade agreement with India. A recent discussion between both the governments underscored the importance of increasing cooperation in areas such as investment, trade, culture, and tourism sectors. Both India and Cambodia consider electronics as a priority sector and this area will likely witness cooperation between the two countries. Cambodia aims at becoming a leading supply base for electronic and automotive spare parts. Access to Indian market will help Cambodia achieve its plan for promoting its integration in global value chain. This would also likely benefit India to achieve its plan to become a leading manufacturing hub of electrical and electronics products.

Indo-Pacific Economic Framework (IPEF)

Source: The Hindu

US has launched an economic framework to strengthen its trade relation with 12 countries from Indo-Pacific region, including India. Japan, Australia, New Zealand, South Korea, Singapore, Malaysia, Indonesia, Vietnam, the Philippines, Thailand and Brunei are other members of IPEF. This framework is expected to promote supply chain resilience, sustainability, inclusiveness, economic growth, fairness, and competitiveness in the region. A statement by White House has announced that the framework will establish high-standard rules for digital economy, including standards on cross-border data flows and data localization. Clean economy and Anti-corruption are among the pillars of IPEF. Members of IPEF will work towards realizing high-ambition targets in the areas of renewable energy, carbon removal, energy efficiency standards, and prepare new measures to combat methane emissions. Further, the members will look to establish effective tax, anti-money laundering, and anti-bribery regimes in the region.

Indo-Germany Partnership on Green and Sustainable Development

Germany has made a commitment of Euros 10 billion to support India's climate action goals. The two counties are set to launch a green hydrogen task force. The task force will help in expansion of green hydrogen infrastructure in both countries. It will also look at the progress made in establishment of green energy corridors. Furthermore, Indo-German Renewable Energy Partnership will be launched to promote innovation in solar and other renewable energy systems. An energy transition will be accelerated through joint efforts in establishing electricity grids, storage and market design facilities. Strengthening Public-Private Partnership, risk finance and insurance solutions against climate and disaster risks as well as capacity building via the Global Initiative for Disaster Risk Management will also be focus area of Indo-German Partnership for Climate Action.

OTHERS

UK-Mexico FTA

The United Kingdom and Mexico have launched negotiations for a free trade agreement. The two countries are looking to increase their cooperation in areas such as goods and services, investment, digital and cross-border trade. Gender equality and innovation will also be included in the negotiations which will begin from July 2022. The two countries are aiming to conclude the agreement within two years and the second round of negotiations will take place in the autumn.

Cambodia-South Korea FTA

An FTA between Cambodia and South Korea will be ratified in June 2022. Under the agreement, Cambodia will get duty free access for 95.6% of its products while South Korea will benefit from removal of tariffs on 93.8 percent of its goods. The agreement would provide significant opportunities for value-added investments in Cambodia's downstream processing industries. Cambodia expects that the agreement will help in its plan to diversify economy away from garments, textiles, and tourism.

UK-Indiana trade agreement

UK has signed its first state-level trade and economic development Memorandum of Understanding (MoU) with the US state 'Indiana.' A framework has been created to remove barriers to trade and investment. The partnership between the two sides is likely to create close coordination in areas of renewable energy, advanced manufacturing, innovation and pharmaceuticals. The agreement will facilitate procurement processes and also enhance cooperation in academics and research. In area of clean energy, the two sides will focus on accelerating clean tech development, particularly on electric cars and low emissions technology solutions.

POLICY – REGULATORY BRIEF

INDIA

Goa Agriculture Export Policy

The Goa Government has notified an Agriculture Export Policy with the broad objective to increase farmers' income and the state's share in national agriculture exports. The policy aims to promote Goa as an "Agricultutal Export Hub of India"; develop requisite export infrastructure; promote novel, indigenous, organic, ethnic, traditional and non-traditional agricultural products exports; skill development of the stakeholders.

The policy states that Goa can become an export hub owing to the facility of Mormug and Dabolim airport. An upcoming greenfield international airport can add to the infrastructure required for exports and boost the state's revenue. This policy would provide a stable trade policy regime, and the reforms in the agriculture sector will pave the road for Goa to export agricultural products.

Export of products managed by Agriculture and Processed Food Products Export Development Authority (APEDA) from Goa.

Year	Quantity (in a million tonnes)	Value (in Rs million)
2018-19	11,082.03	12,28.46
2019-20	6530.81	10,50.21
2020-21	6717.11	990.62
2021-22 (April-February)	5067.61	796.20

Source: Agriexchange.APEDA

The major products exported from Goa are Alcoholic beverages, Jaggery and confectionary, miscellaneous preparation and cereals preparations etc.

The policy recommendations are organised in two broad categories: strategic and operational.

Strategic recommendations in the policy - To maintain the quality of products and manage pre-harvest and post-harvest requirements. The policy also intends to put appropriate infrastructure and logistics support, like pack houses and cold chains, exit point infrastructure, processing infrastructure, testing labs, and refrigerated transport vehicles.

Special infrastructure, like vapor heat treatment, irradiation facilities, hot and cold-water treatment facilities, dehydration, Individual Quick Frozen (IQF) technology, ripening chamber, etc. will also be developed for which involvement of private entrepreneurs and the Goa Chamber of Commerce and Industries will be sought.

Under operational recommendations - The policy emphasises on the need to attract private investments in export-oriented infrastructure at a larger scale. Involvement of the private sector since the initial planning of the infrastructure results in efficient infrastructure, which will boost agricultural export from the state. Areas where private investment could give effective results, include:

1. Pre-harvest management – Germplasm import and evaluation, input supply, accelerated technology transfer, mechanization at farm level.

2. Post-Harvest Management - Collection Centers, Packhouse, Testing Labs, Special Treatment infrastructure, Logistics.

3. Infrastructure for agro-processing.

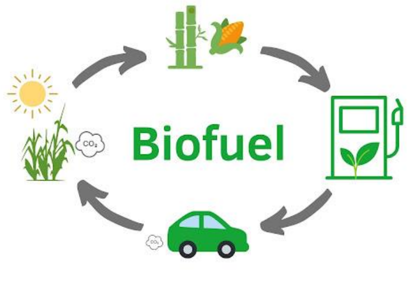
4. Infrastructures at Sea Ports, Airports.

5. Support in market access and development activities.

The State Government will work on the aspect of ease of doing business and digitization for transparency and fast process.

Amendment to National biofuels policy 2018

This Policy aims to increase the usage of biofuels in the energy and transportation sectors during the coming decade. Large goals of the policy are to utilize, develop and promote domestic feedstock and its utilization for production of biofuels, thereby increasingly substituting fossil fuels while contributing to National Energy Security, Climate Change mitigation, apart from creating new employment opportunities in a sustainable way. Further, the policy will also encourage the application of advanced technologies to generate biofuels.



Ministry of New and Renewable Energy has to set an indicative target of 20% blending of ethanol in petrol and 5% blending of biodiesel in diesel to be achieved by 2030. The same percentage currently stands at around 2% for petrol and less than 0.1% for diesel.

Features:

- The Policy categorises biofuels as "Basic Biofuels" viz. First Generation (1G) bioethanol & biodiesel and "Advanced Biofuels". “Advance Biofules” viz. Second Generation (2G) ethanol, Municipal Solid Waste (MSW) to drop-in fuels. Third Generation (3G) biofuels, bio-CNG etc., to enable the extension of appropriate financial and fiscal incentives under each category.

- With a focus on Advanced Biofuels, the Policy proposes a Rs. 5000 crore (US$ 0.64 billion) viability gap finance schemes for 2G ethanol Bio refineries over 6 years, and additional tax incentives and a higher purchasing price than 1G biofuels.

- With the approval of the National Biofuel Coordination Committee, the Policy enables the use of surplus food grains to produce ethanol for blending with petrol.

- The Policy fosters the establishment of supply chain mechanisms to manufacture biodiesel from non-edible oilseeds, used cooking oil, and short gestation crops.

- The Policy document captures the roles and duties of all concerned Ministries/Departments regarding biofuels to synergize efforts.

Amendments approved by the Cabinet to the National Policy on Biofuels-2018:

1. To allow more feedstocks for the production of biofuels,

2. To advance the ethanol blending target of 20% blending of ethanol in petrol to ESY 2025-26 from 2030,

3. To promote the production of biofuels in the country, under the Make in India program, by units located in Special Economic Zones (SEZ)/ Export Oriented Units (EoUs),

4. To add new members to the NBCC.

5. To grant permission for export of biofuels in specific cases, and

6. To delete/amend certain phrases in the Policy in line with decisions taken during the meetings of National Biofuel Coordination Committee.

This amendment proposal will establish the path for the Make in India campaign, resulting in a reduction in petroleum product imports through the production of more and more biofuels. As more production of feedstocks is being permitted which will promote Atambinbhar Bharat and provide impetus to the Prime Minister’s vision of India becoming "energy independent" by 2047.

Andhra Pradesh export & logistics policy 2022-27

The Andhra Pradesh Cabinet approved the AP Export Promotion Policy 2022-27 to establish the state as a leading export hub in the country and achieve exports of Rs 3.5 lakh crore (US$ 45 billion) in the next five years. Currently, the state's value of exports of various products is Rs 1.70 lakh crore (US$ 21.9 billion).

As per the Government data, AP's 'export basket' consists of marine products (15%), ship and boat structures (8.4%), drug formulation (7.3%), iron and steel (7.4%), rice (4.6%) and residual chemicals (3.6%). USA and Canada are the main countries to which AP products are exported (29%), followed by ASEAN countries like Singapore, Indonesia and Vietnam (21%).

Through the new policy, the state will seek to sustain its leadership in marine products and pharmaceuticals and find new markets for mineral fuels and organic chemicals, as well as mechanical appliances, apparel, and clothing accessories.

Andhra ranks second after Gujarat in exports; earlier it ranked 7th position. To improve the state's quality and quantity of exports, the Government aims to ensure last-mile connectivity to exporters under the approved logistics policy 2022, which will aid companies in setting up warehouses and ports.

At present, the state is in the process of developing three major Greenfield ports at different locations to increase cargo handling capacity from 254 to 326 million tonnes by 2025. Four new Inland Container Depots and 15 Container Freight Stations will be established. Other logistics infrastructure like cold storage and warehouses will also be set up to enhance storage capacity to 560 million tonnes per annum.

To reduce logistics costs from 13% to 8%, which would be as per the international standards, the state is considering using ten ports and nine fishing hubs.

Karnataka cyber security policy 2022-27

This policy aims to strengthen the capabilities of the state Government and the IT industry in checking increasing cases of cybercrime in the state.

Karnataka is among the state with the highest level of internet usage in the country. With the current digitization drive, there is a further increase in internet adoption technology by citizens as well as by small and big business firms. And also increasing concern for cyber security and data protection which is a major source of employment and investment in the IT and start-up industry. The policy is introduced keeping in focus on cyber security of citizens and industry in the state. It proposes strategies to enhance the general level of cyber security across all sectors.

The policy aims at addressing cyber security challenges through five pillars - building awareness, skill-building, promoting research and innovation, promotion of industry and start-ups, and collaborations for capacity building.

The Karnataka Cyber Security Policy focuses on attracting investments, particularly in Tier 2/3 cities, through the development of clusters and enhancing the cyber security eco-system and technology leadership through policy intervention.

Key features of the Karnataka Security Policy 2022

- The State Government of Karnataka has set up Rs 100 crore (US$ 12 million) for a new cyber security policy.
- The policy also calls for creating a cutting-edge virtual cyber range to help students in cyber security programs improve their practical skills.
- The Karnataka Cyber Policy 2022-27 includes several measures, including cyber security subsidies for companies, internships, stipends for undergraduate and postgraduate students, and research scholarships.
- The strategy also offers a cutting-edge virtual cyber range to help students improve their practical skills in cyber security training programs. The policy intends to ensure data security in the state, which ranks second for cybercrime incidences.

Delhi start-up policy 2022

The Delhi cabinet has approved the "Delhi Start-up Policy," which aims to establish an ecosystem for people to develop start-ups by offering fiscal and non-financial incentives, collateral-free loans, and free consultation from experts, lawyers, and CAs. The vision is to enable Delhi to emerge as a global innovation hub and preferred destination for start-ups by 2030. The Government intends to encourage, facilitate, and support 15 thousand start-ups by 2030.

According to the government, the policy will focus on education and education technology, healthcare and health technology, tourism and hospitality, transportation & logistics, automotive, artificial intelligence (AI), fintech, e-waste management, etc.

Three committees will be set up for the implementation and governance of the policy: the Start-up Policy Monitoring Committee, a Start-up Task Force, and a Nodal Agency.

A Start-up Policy Monitoring Committee will be formed to oversee the Delhi Start-up Policy. It will be headed by the Finance Minister of the Delhi Government. It will consist of the Industries Minister of the Delhi Government and senior representatives of other state departments as members.

The Start-up Task Force will be chaired by an officer chosen by the Minister of Industries, Government of Delhi. The committee will comprise 5% government representatives, 10% educational institutions, and 85% business sector representatives.

The committee's primary duty would be to assess and approve applications from recognized entrepreneurs, companies, and incubators. To execute the Start-up Policy, the nodal agency will have a cell supervised by the Industries Department. It will interact directly with start-ups and stakeholders.

Single Use Plastic

The Ministry of Environment, Forest and Climate Change (MoEFCC) directed States and UT governments and concerned central ministries/departments to develop a comprehensive action plan for eliminating SUP and effective implementation of Plastic Waste Management Rules, 2016, and its implementation time-bound.

In reference to the MoEFCC for Plastic Waste Management (PWM) 2021 and Extended Producers Responsibility (EPR) for plastic packaging in August 2021. The rules mandate the responsibilities of local bodies, gram panchayats, waste generators, retailers, and street vendors to manage plastic waste. According to the Ministry, pollution caused by SUP products has become a key environmental concern affecting all countries. India is determined to make efforts to reduce pollution caused by littered SUP. All the states have their respective orders to ban plastic bags and other plastic items.

Delhi: In line with the central direction, Delhi Pollution Control Committee (DPCC) issued a notification in May 2022, which said that the manufacture, import, stocking, distribution, sale and use of following SUP, including polystyrene and expanded polystyrene, commodities should be prohibited with effect from the 1st July onwards:

- Earbuds with plastic sticks, plastic sticks for balloons, plastic flags, candy sticks, ice-cream sticks, polystyrene thermocol for decoration;
- Plates, cups, glasses, cutlery such as forks, spoons, knives, straws, trays, wrapping or packing films around sweet boxes, invitation cards, and cigarette packets, plastic or PVC banners less than 100 micron, stirrers (not apply to commodities made of compostable plastic).

In addition, carry bags made of virgin or recycled plastic shall not be less than Seventy-Five (75) microns in thickness w.e.f. 30th September 2021 and One Hundred Twenty (120) microns in thickness w.e.f. 31st December 2022. Sachets using plastic material shall not be used for storing, packing or selling gutkha, tobacco and pan masala. Non-woven plastic carry bags shall not be less than 60 Gram per Square Meter (GSM) w.e.f. 30 September 2021. Manufacture and use of multi-layered plastic, which is non-recyclable or non-energy recoverable or with no alternate use of plastic, should be phased out in two years.

Sikkim has imposed a ban on the use, manufacture, import and sale of plastic water bottles of capacities of 2 litres and below came into effect in Sikkim from 1st January 2022 as part of the State Government's efforts to ensure a clean and safe environment.

In **Nagaland,** the Additional Deputy Commissioner (ADC) & Administrator of Tuensang Town Council, Thungchanbemo Tungoe, notified that the Tuensang Town Council imposed a ban on Single-Use Plastics (SUPs) with immediate effect to eliminate the plastic scourge and the significant environmental and ecological issues.

Goa has formulated a detailed, three-part action plan — supply-side interventions, intervention on the demand side, and the creation of an enabling environment for phasing out SUP items. The Goa state pollution control board (GSPCB) and Goa Waste Management Corporation will conduct an awareness campaign till June with all stakeholders to ensure the ban is successful. The supply-side interventions include stopping the supply of plastic raw material, stopping manufacturing, selling and using banned SUP items, and promoting alternatives to SUP.

Manipur: The state cabinet approved Manipur's state government policy to reduce plastic pollution and regulate single-use plastic products. The thickness of the single-use plastic product will be increased from 50 microns, in line with the Centre's policy, which will be implemented this year. The policy also includes punishment for not following the rule at a fine of up to ₹1 lakh and even five-year imprisonment.

WORLD

EU: new rules on in-vitro diagnostic medical devices

New guidelines will apply to in vitro diagnostic medical devices (IVDR), including HIV testing, pregnancy tests, and COVID-19 tests. The guidelines will improve public health and patient safety about these devices, putting EU law in line with technological advances and medical science progress. It also ensures equitable market access for manufacturers by unifying market access standards across the EU Member States.

In January 2022, the European Parliament and Council revised the transitory provisions of the Regulation on in vitro diagnostic medical devices, which already exist in the market. The amendment allows for a gradual implementation of the Regulation, with transition periods based on the risk class of the device. The date of application remains unchanged (26 May 2022) of the Regulation on in vitro diagnostic medical devices.

For in vitro diagnostic medical devices with a certificate issued by a notified body by the previous Directive before 26 May 2022, there is now a transitional period until May 2025.

<u>The transitional provisions differentiate between risk classes:</u>

- ❖ for high-risk devices (class D), there is a transition period until May 2025,
- ❖ for class C devices, the transition period lasts until May 2026
- ❖ for lower-risk devices (class B and A sterile), it lasts until May 2027.

<u>The Regulation on in vitro diagnostic medical devices introduces three important amendments:</u>

- ❖ Improves the quality, safety and reliability of in vitro diagnostic medical devices with a new risk-based device classification system, more detailed and stringent rules on the evaluation of device performance, and greater involvement of independent conformity assessment bodies ('notified bodies'). New scientific bodies such as a panel of experts and EU reference laboratories can be involved in assessing the highest-risk devices.
- ❖ Strengthens transparency and information for patients so that vital information is easier to find. The European database of medical devices (Eudamed) will contain information about all in vitro diagnostic medical devices on the market, including economic operators and certificates issued by notified bodies. A unique device identifier will be mandatory for every product to be found in Eudamed. A summary of safety and performance for medium- and high-risk devices will be made publicly available.
- ❖ Enhances vigilance and market surveillance: Once devices are available in the market, manufacturers have to collect data about their performance. EU countries will closely coordinate their vigilance and market surveillance activities.

<u>Benefits of the new regulations:</u>

- ❖ clear obligations for economic operators (manufacturers, importers, distributors);
- ❖ stricter control for high-risk in vitro diagnostic devices via a new pre-market scrutiny mechanism with a pool of experts at the EU level;
- ❖ improved transparency through a comprehensive EU database on medical

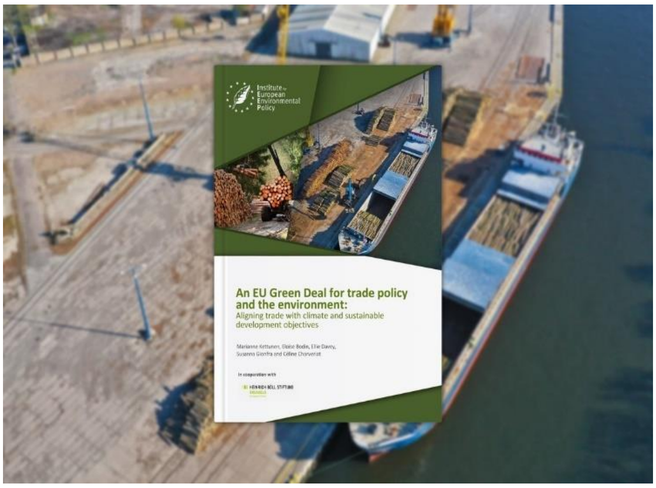
devices (Eudamed), parts of which will be publicly accessible – more information below;

- a traceability system based on a unique device identifier (UDI);
- strengthened post-market surveillance requirements for manufacturers;
- improved coordination mechanisms between EU countries on vigilance and market surveillance

OPINION COLUMN

Geopolitics
Behind the Clutter
Anjali Mahto

Impact of EU Green Deal on Trade



European Union launched the EU Green deal on 11 December 2019 as a part of its target to achieve climate neutrality by 2050. The deal will facilitate the goal of carbon reduction to at least 55% of 1990 emissions by 2030. Under the deal, various initiatives have been launched for economic decoupling from high carbon intensity resources. This includes a set of proposals to align EU's climate, energy, transport, and taxation policies with its vision for achieving carbon neutrality.

EU has launched a proposal to put a price on exports with high carbon intensity, decision on which will likely be taken by June. A plan known as *REPowerEU Plan* was recently launched to expedite transition to clean and renewable energy resources. However, stringent environmental, sustainability, and regulatory standards introduced by EU under its Green Deal framework will likely impact trade of India and other countries.

Investment and Export Opportunities

European Commission presented REPowerEU Plan on 18 May 2022, under which it will mobilize an additional investment of €210 billion in the next five years towards accelerating its climate action goals. The proposed plan primarily aims at diversifying energy supply chains away from Russia, which will create significant trade and investment opportunities for India. Under the plan, Commission has decided to increase its target to achieve the energy requirements from renewable sources by 2030 to 45% from the previously proposed 40%. It has also proposed to increase the long-term energy efficiency measures, including an increase from 9% to 13% of the binding Energy Efficiency Target.

An EU External Energy Strategy has been adopted to facilitate energy diversification and increase cooperation on hydrogen or other green technologies. Participating members will pool their demand and coordinate outreach to suppliers for voluntary common gas, LNG, and hydrogen purchases. The Commission is also expected to develop a 'joint purchasing mechanism' for facilitating negotiations with suppliers and contract gas purchases on behalf of Member States. This will provide an opportunity for India to export its renewable/clean energy solutions to the EU and increase its energy cooperation.

Trade Barrier

Under the proposed mechanism, EU will introduce carbon price on imports of a 'targeted selection of products' by 2026. Exports of steel, cement, fertilisers, aluminium and electricity are likely to be impacted. According to a statement released by EU, "CBAM will equalise the price of carbon between domestic products and import."

If approved, a three-year transition phase will begin next year, which would require companies to report their carbon emissions. Currently, the rules governing the mechanism are being negotiated and a position is likely to be decided by July. However, the proposed mechanism will also create a competitive advantage for countries that innovate their industries across value chains to become environmentally sustainable.

As European Union is accelerating towards its COP26 commitment, Industries need to evaluate their climate impact and adopt more environmentally suitable business models to better align themselves with global standards to benefit from current trends in trade. The government shall also initiate active policymaking and consistent planning for an efficient transition to green and circular economy.

(The writer is an Account Executive at VeKommunicate)

Agri - Economy
Shreesh Kaushik

Role of Biofertilizers in Agriculture

Modern farming emphasizes the use of hybrid seeds and the more productive varieties that are more responsive to large amounts of chemical fertilizers and irrigation. The indiscriminate use of synthetic fertilizers has led to pollution and contamination of soil and water vessels. This has led to the depletion of essential nutrients and biodiversity. It has led to the reduction of beneficial micro-organisms and insects indirectly reduces soil fertility and makes plants more susceptible to diseases. Agricultural workers are increasingly turning to organic farming practices to balance crop production and emerging economies, while being more aware of environmental changes due to climate change.

The most widely used chemical fertilizers since the green revolution have damaged soil health by making the soil environment less susceptible to microbial infestation and microbes which are more responsible for maintaining soil fertility and providing essential and vital nutrients to plants. Biofertilizers are products that contain one or more powerful microorganisms that combine the essential nutrients from non-perishable to viable form by biological processes such as nitrogen fixation, phosphate solubilization, excretion of plant growth-promoting substances or cellulose and biodegradation in soil, compost and other environments. In other words, biofertilizers are natural fertilizers which are living microbial inoculants of bacteria, algae, and fungus alone or combined and increase the availability of nutrients in plants.

Currently, there are growing concerns about environmental hazards and threats to sustainable agriculture. In view of the above, the long-term use of bio-fertilizers proves economical, environmentally friendly, efficient, productive and accessible to small and medium-scale farmers over chemical fertilizers. So, the need to use a biofertilizer arises primarily for two reasons. Firstly, increased use of fertilizers leads to increased crop production and secondly, increased use of chemical fertilizers leads to damage to the texture of the soil and raises other environmental problems.

As more and more farmers use organic farming methods, the demand for biofertilizer is increasing. Despite this huge demand, biofertilizer availability is still limited due to growing food production needs, biofertilizer production challenges, and storage, thus resulting in the need for more biofertilizer. The good news is that biofertilizers have a longer shelf life, are easier to use, are less polluting, and less expensive.

In order to promote the use of biofertilizer, government may consider to develop targeted, ambitious and well-funded nation-wide programmes to drive the change towards organic and natural farming. Farmers should also be encouraged to use non-chemical options to conserve natural resources, prevent environmental damage and help reduce the effects of climate change. The production and availability of biofertilisers and organic fertilizers should be ensured and their use should be promoted in a number of ways by the center and states.

(The writer is an Account Manager at VeKommunicate)

Finance Column
Omar Pervez

RBI Monetary Policy April-May 2022

The emergency meeting of Monetary Policy Committee (MPC) on 2nd and 4th May 2022, right after its scheduled deliberations in April 2022 took the market by surprise. The MPC unanimously decided to hike the policy repo rate by 40 basis points to 4.40 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 4.65 per cent. Consequently, the standing deposit facility (SDF) rate stands adjusted to 4.15 per cent. The MPC declared that it would continue with its accommodative stance, but has strongly indicated that it would intervene to curb inflation. We expect repo rate to rise further at the next scheduled meeting if not earlier. The reason that prompted for unscheduled meeting and revision of rates may be early indications that April actual inflation numbers may be closer to 8% as against the forecast of 7.5%.

In its April announcement, the MPC had adopted an accommodative stance and unanimously voted to keep the policy repo rate unchanged at 4 per cent. The marginal standing facility (MSF) rate and the Bank rate remain unchanged at 4.25 per cent.

Further, the Reserve Bank decided to restore the width of the Liquidity Adjustment Facility (LAF) corridor to 50 basis points, as was the position before the pandemic. The newly instituted standing deposit facility (SDF) placed 25 basis points below the repo rate, is designed to be the floor of the corridor. The MPC had indicated withdrawal of accommodation to address inflation while supporting growth.

It is pertinent to note that RBI is responsible for maintaining the Consumer Price Index (CPI) inflation at 4% with an acceptable tolerance band of +/- 2%. It is also responsible for arranging for government spending and maintaining adequate liquidity in the financial system. The Repo rate is the rate at which banks borrow from RBI on a short-term basis, while Reverse Repo rate is rate paid by RBI to banks for additional funds maintained with it by the banks. If the repo rate is low, it results in a lower cost of borrowing for the government to stimulate growth, but conversely it also enhances the liquidity in the system that then prompts higher inflation.

Release Date	Relevant Month	Actual (%)	Forecast (%)	Previous (%)
12th May 2022	April		7.50	6.95
12th April 2022	March	6.95	6.35	6.07
12th March 2022	February	6.07	5.93	6.01
12th February 2022	January	6.01	6.00	5.66
12th January 2022	December	5.59	5.80	4.91
12th December 2021	November	4.91	5.10	4.48
12th November 2021	October	4.48	4.32	4.35
12th October 2021	September	4.35	4.50	5.30
12th September 2021	August	5.30	5.60	5.59
12th August 2021	July	5.59	5.78	6.26

Source: Ministry of Statistics and Programme Implementation (MoSPI)

Source Nomura: "Inflation is set to rebound to 6 per cent in early 2022, converging with elevated core inflation... we expect higher prices of food, core commodities and services to lead to a convergence of headline and core inflation at ~6 per cent over the next six months. We expect headline inflation to average 5.5 per cent YoY in 2022, from 5 per cent in 2021,"

Core CPI inflation shows lesser volatility as compared to CPI since it excludes food and fuel which show greater price variations. Thus, if the core CPI shows an increasing trend (as is the case currently), it is definitely a cause for concern since the impact of increased inflation would be prolonged over months.

Current Scenario

Global crude oil prices remain volatile, briefly crossing US$ 130 per barrel, but generally staying above US$ 100 per barrel. Global food prices have shown an increasing trend, touching a new record in March and risen even further since then. Edible oils are in short supply due to the conflict in Europe and export bans by key producers. Fertilizer is another item that has a cascading impact on food prices. It has been in short supply since late February when tensions between Russia and Ukraine started escalating. Russia accounts for around 13% of global fertilizer production, being a key supplier of several varieties of fertilizers to the world, including India. Russia's ban on fertilizer exports in March has escalated the already bleak situation. Major Advanced Economies (AEs) have moved/are moving towards normalization of interest rates to pre-pandemic levels - rolling back the stimulus that was required to keep the economy afloat during the Covid-19 pandemic. Increasing Interest rates in AEs coupled with risk aversion towards assets of emerging market economies (EMEs) has the potential of large capital outflows and a depreciating bias in EMEs currencies. Global growth projections have been revised downwards by up to 100 basis points for this calendar year. The outlook remains bleak with COVID-19 infections and lockdowns in major global production hubs, and absence of any signs of abatement of war between Russia and Ukraine. If anything, the war seems to be intensifying with more sanctions and retaliations.

Outlook

Food inflation pressures remain acute due to spillover from global wheat shortages even though the domestic supply remains comfortable. Food price indices of the Food and Agriculture Organisation (FAO) and the World Bank touched historical highs in March and remain elevated. Prices of edible oils expected to go up further due to export restrictions by key producing countries and the loss of sunflower oil output due to the war. Elevated feed costs affecting poultry, milk and dairy product prices international crude oil prices continue to hover above US$ 100 per barrel, and now it is likely to reflect in increased fuel costs in India. Rise in input costs can trigger a price increase for processed food, non-food manufactured products and services

In conclusion, the markets were expecting a tightening of the monetary policy. The rate hike, though delayed, is a welcome step and it lends credibility to the Reserve Bank of India and its resolve to address inflation in right earnest.

(The writer is Advisor at VeKommunicate)

Environment Equity
Saloni Goyal

Finland Climate Change Act

Finland has become the first country globally to approve the climate change act. The country legally binds its commitment to bring emissions below zero by this act.

The new Climate Change Act comprises targets to be carbon neutral by 2035 and carbon negative by 2040. They are based on an analysis by the Climate Change Panel on Finland's fair share of the global carbon budget of 1.5 degrees. The new Act will become into force on 1st July 2022.

The previous Climate Change Act entered into 2015, and it is set an emission reduction target only by 2050. The new law also updates absolute emissions reduction targets, requiring at least a 60% reduction by 2030 and 80% by 2040, compared with 1990 levels. Finland had previously committed to an 80% reduction by 2050, so this change catapults the country's progress forward by a full decade.

Combining these reductions with the new legally mandated carbon-negative goals in less than 20 years will require the country to rely on carbon dioxide removal and simply lower its overall emissions.

Finland's approach to achieving the climate change commitment

- Investing in sustainable alternatives to fossil fuels

The focus should be on increasing the use of fuels and energy sources that do not compromise biodiversity. It must encourage the uptake of fuels that adhere to strict sustainability criteria and reduce emissions throughout their lifecycle.

Among the first countries in the world, Finland is committed to phasing out coal in energy production by 2029. The coal ban will promote a low-carbon energy system, drive the use of renewable energy sources, and ensure a healthy living environment. Sanna Marin's Government (2019-) has committed to halving Finland's peat energy output by 2030.

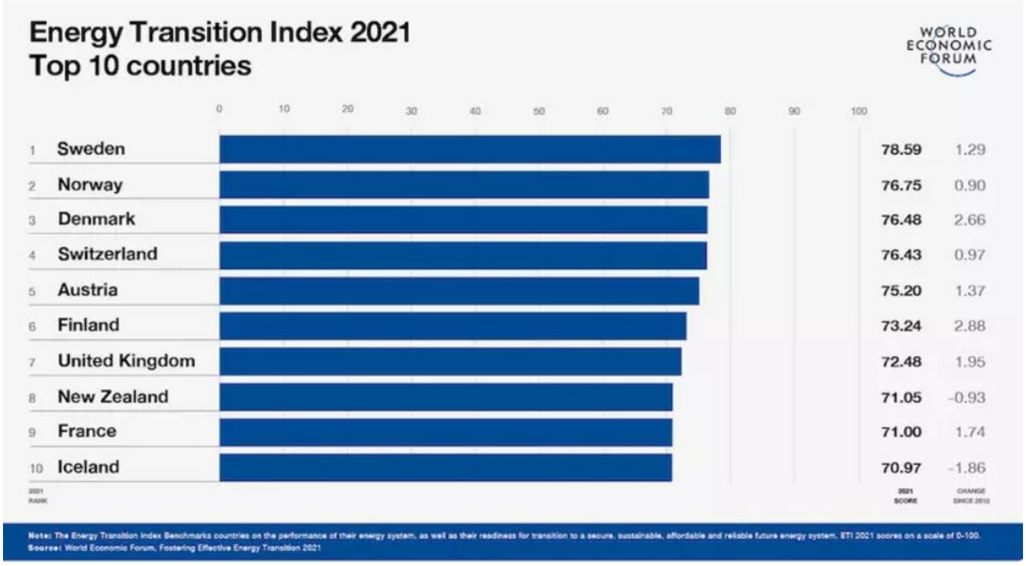
Finland was the first country in the world to introduce a carbon dioxide (CO2) tax based on the carbon content of fossil fuels in 1990. The basic idea behind the carbon tax is to make commodities with heavy emissions more expensive about low emission alternatives.

- Transition to clean energy

Countries are moving toward clean technologies and processes like green hydrogen and wind/solar energy globally. This will help in achieving raised scale and fossil-free energy production.

> ***"The best [climate change] solutions will be the ones that can be scaled-up in industrialised and developing countries alike." —Sanna Marin, Prime Minister of Finland.***

In 2021, World Economic Forum released the Energy Transition Index, a fact-based ranking intended to enable policy-makers and businesses to plot the course for a successful energy transition. Finland ranks sixth in the index. Finland's climate targets are among the most ambitious in the world. The country aims to be a leader among advanced economies, not just in terms of emissions reductions but also by ushering in a circular economy focused on sustainability and waste elimination.



Other small countries example, Bhutan & Suriname, have already reduced their emissions to zero[1]. These carbon-negative club members are mostly forested and manage to absorb more carbon dioxide than they release through land protection and rigorous emission reduction initiatives.

The global transition away from fossil fuels will require a transformational shift in energy production and industrial processes. This shift in technology will not solve the climate crisis until we have the right policy and implementation act.

(The writer is an Account Executive at VeKommunicate)

[1] https://www.reuters.com/business/cop/forget-net-zero-meet-small-nation-carbon-negative-club-2021-11-03/

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