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EDITORIAL 1 : INTERNATIONAL TRADE HAS A CARBON PROBLEM

CONTEXT

- The European Union's (EU) key climate law, the Carbon Border Adjustment Mechanism (CBAM), has spooked India.

THE UNDERLYING ISSUE

- 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 EMISSIONS TRADING SYSTEM (ETS)

- 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.

ABOUT CBAM

- 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.

IMPACTS ON INDIA:

- As per data from the commerce ministry, India's third-largest trading partner, the EU accounts for 11.1% of India's total global trade.
- By increasing the prices of Indian-made goods in the EU, this tax would make Indian goods less attractive for buyers and could shrink demand.
- The tax would create serious near-term challenges for companies with a large greenhouse gas footprint–and a new source of disruption to a global trading system already impacted by tariff wars, renegotiated treaties, and rising protectionism.
- The carbon tax mechanism may spur adoption of cleaner technologies.But without adequate assistance for newer technologies and finance, it would amount to levying taxes on developing countries.

WAY FORWARD:

- The EU is a market that India needs to nurture and protect. Currently, India has surplus in both trade and services with the EU.
- India should talk to the EU bilaterally to ensure that its exports with the latter are protected either through an Free Trade Agreement or by other means and if there are adjustments and standards that India needs to meet then it should look forward to fulfilling it.
- India is not an exporter of cement or fertilizers to the EU and on steel and aluminium too, it is relatively smaller than other countries.

- India is not the target of this policy of the EU, the target is Russia, China and Turkey which are large emitters of carbon and major exporters of steel and aluminium to the EU.
- There is little reason for India to be at the forefront of the opposition. It should rather talk directly to the EU and bilaterally settle the issue.
- India already has measures of climate change mitigation in the country, it just needs to convert them, devise them in ways which are compatible with important markets of India.

EDITORIAL 2 : GOOD AND BAD

CONTEXT

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

DEFINING ARTIFICIAL INTELLIGENCE

- Artificial intelligence (AI) is a wide-ranging branch of computer science concerned with building smart machines capable of performing tasks that typically require human intelligence.
- While AI is an interdisciplinary science with multiple approaches, advancements in machine learning and deep learning, in particular, are creating a paradigm shift in virtually every sector of the tech industry.
- Artificial intelligence allows machines to model, or even improve upon, the capabilities of the human mind.
- And from the development of self-driving cars to the proliferation of generative AI tools like ChatGPT and Google's Bard, AI is increasingly becoming part of everyday life — and an area companies across every industry are investing in.

USES OF ARTIFICIAL INTELLIGENCE (AI)

- 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.

CONCERNS OF AI

- **High Costs of Creation**: As AI is updating every day the hardware and software need to get updated with time to meet the latest requirements. Machines need repairing and maintenance which need plenty of costs.
- **Making Humans Lazy:** AI is making humans lazy with its applications automating the majority of the work. Humans tend to get addicted to these inventions which can cause a problem to future generations.
- **Unemployment**: As AI is replacing the majority of the repetitive tasks and other works with robots,human interference is becoming less which will cause a major problem in the employment standards.
- **Lacking Out of Box Thinking**: Machines can perform only those tasks which they are designed or programmed to do, anything out of that they tend to crash or give irrelevant outputs which could be a major backdrop.
- 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.

SUGGESTIONS

- 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.

- It should promote the development of explainable AI, define scenarios of intervention, and keep a watchful eye.

CONCLUSION

- Inaction is just not an option: apart from the possibility of adverse consequences, it could render India missing the 'harnessing AI for good' bus.