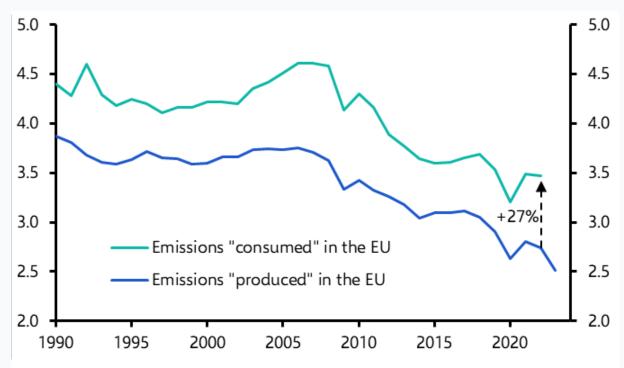




The EU's Carbon Border Adjustment Mechanism (CBAM) is coming. Set to begin in 2026, it will require EU importers to pay for the carbon emitted in the production of goods they bring into the bloc – effectively extending the 'polluter pays' principle to imports. This series examines the implications of CBAM on the EU economy, exporters into the EU, and climate policy in general.

The Economic Impact of CBAM

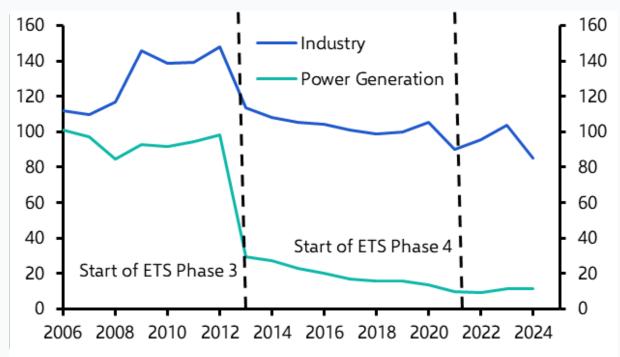


#### CLIMATE ECONOMICS UPDATE

## 1. EU's CBAM takes carbon pricing global

The looming introduction of the EU's Carbon Border Adjustment Mechanism (CBAM) at the start of 2026 will finally extend the "polluter pays" principle to emissions imported into the bloc. This report –...

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## 2. The macroeconomic implications of CBAM in the EU

Ahead of the phase-in of the EU's Carbon Border Adjustment Mechanism (CBAM) from the start of 2026, and the associated phase-out of free carbon permits for EU producers, this Focus assesses the...

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#### 3. CBAM – which economies could be hit hardest?

The EU's Carbon Border Adjustment Mechanism (CBAM) extends the EU's carbon pricing mechanism to the rest of the world through what is essentially a 'carbon tariff'. Many emerging markets have opposed...

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,	Ukraine is by far the most	CE CBAM Exposure Index				Select Countries:
	exposed to CBAM given that the EU is a key buyer in these	Country Name	Trade Exposure	Carbon Exposure	CBAM Exposure	∠ Search
	sectors and that these trade	Ukraine	93.1	34.2	63.7	
	flows equate to almost 1.5% of GDP.	South Africa	26.2	95.4	60.8	■ Deselect all
e		Vietnam	31.8	77.0	54.4	
		India	19.8	84.0	51.9	
١,	South Africa, India and China all	Turkey	42.6	53.9	48.2	Argentina
ta	score highly on carbon exposure	Kazakhstan	14.2	81.3	47.7	- Augumin
	given that coal makes up over	Egypt	46.6	48.9	47.7	
	50% of their total energy supply.	China	5.6	77.9	41.8	
		Malaysia	18.0	61.1	39.6	Australia
		UK	36.8	32.6	34.7	
		Indonesia	3.0	66.3	34.6	
sis	Major oil and gas producers like	Uzbekistan	16.1	53.1	34.6	Azerbaijan
	Saudi Arabia and Kuwait perform better as they use little to no coal, despite fossil fuels making up the majority of their energy supply.	Trin. & Tob.	19.1	50.0	34.6	Azerbaijan
		Oman	16.5	49.8	33.1	
		UAE	23.0	43.0	33.0	
		Israel	12.2	53.2	32.7	Brazil
		Australia	3.2	62.2	32.7	
		Korea	16.2	47.5	31.9	
		Japan	5.2	56.1	30.7	
		Philippines	0.3	58.6	29.5	Canada
		Thailand	2.9	52.8	27.9	
		Azerbaijan	6.5	48.3	27.4	
		Saudi Arabia	5.0	49.8	27.4	Chile
ı		Sri Lanka	1.0	53.4	27.2	
		Singapore	3.9	49.9	26.9	
		Qatar	3.8	49.7	26.7	
		Colombia	8.3	44.8	26.6	China
Sour	ces: UN COMTRADE, Our World In Data,	Kuwait	2.9	50.1	26.5	

#### **CLIMATE ECONOMICS**

#### **CBAM Dashboard**

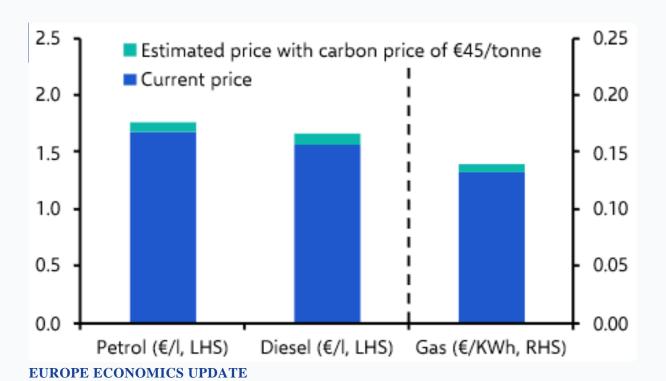
Our proprietary CBAM Exposure Indices provide an easy-to-interpret way to compare the relative impact of CBAM across economies and identify where the most acute risks lie.

# **Event: The economic implications of CBAM**

Watch this special online briefing on what CBAM will mean for the EU economies, its trading partne and for European industrial competitiveness.

Watch here

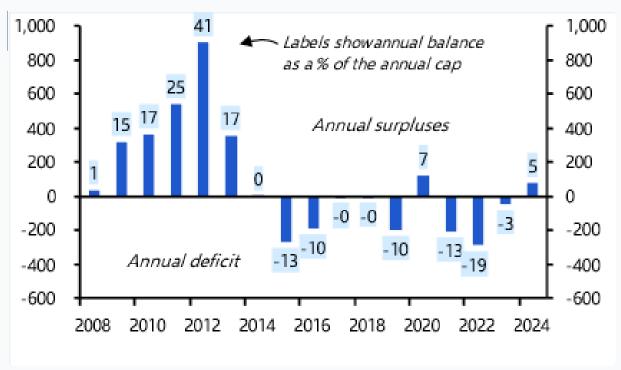
#### Other Analysis on EU Carbon Policy



#### How much will ETS2 add to euro-zone inflation?

The introduction of the EU's Emissions Trading System 2 will add only a small amount to headline inflation in the euro-zone in 2027, perhaps just 0.1 percentage points. So ETS2 is unlikely to be...

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## EU carbon market surplus keeps prices in check

The surplus in the EU carbon market dampened incentives to decarbonise in 2024, and the likelihood that the surplus is maintained until 2027 will keep a lid on carbon prices in the near term. Further...

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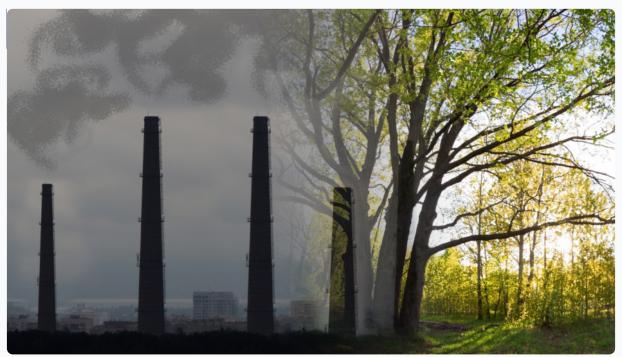


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## EU faces "difficult second album" syndrome with ETS2

By seeking to extend the "polluter pays" principle to building owners and road users, the 'sequel' to the EU's Emissions Trading Scheme was always likely to run into public and political opposition...

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