



The State of Border Carbon Adjustments 2026

IISD REPORT

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The State of Border Carbon Adjustments 2026

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Photo: iStock

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Abbreviations and Acronyms

BACI	Base pour l'Analyse du Commerce International
BCA	border carbon adjustments
CBAM	Carbon Border Adjustment Mechanism
CEPII	Centre d'Études Prospectives et d'Informations Internationales
EEA	European Economic Area
ETS	emissions trading scheme
EU	European Union
GHG	greenhouse gas
IFCCT	Integrated Forum on Climate Change and Trade
IFCMA	Inclusive Forum on Carbon Mitigation Approaches
IISD	International Institute for Sustainable Development
LDC	least developed countries
MRV	monitoring, reporting, and verification
OECD	Organisation for Economic Co-operation and Development
SME	small and medium-sized enterprises
TESSD	Trade and Environmental Sustainability Structured Discussions
UK	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
WTO	World Trade Organization



1.0 Overview

2025 was a year of realignment of domestic and international policies, as countries looked to safeguard their economic priorities while finding ways to maintain their climate ambition. Border carbon adjustments (BCAs)—mechanisms that place a carbon price on imports from countries without (or with less stringent) emissions pricing policies—have emerged as one of the most prominent solutions. However, as more jurisdictions move from deliberation to implementation, BCAs are also generating some of the most contentious trade and climate diplomacy of this decade.

The global BCA landscape has evolved since the publication of the first edition of State of BCAs in 2025. The European Union's (EU's) Carbon Border Adjustment Mechanism (CBAM) entered its full compliance phase on January 1, 2026, making it the world's first operational BCA based on an emissions trading scheme (ETS). The United Kingdom (UK) CBAM is on track for implementation in 2027. Australia, following the release of its final Carbon Leakage Review report in February 2026, will be considering the report's recommendations in the 2026–27 review of the Safeguard Mechanism. Serbia also rolled out import taxes on carbon-intensive products in 2026, while Norway is considering introducing its own BCA from next year. While not pursuing BCAs, countries such as Brazil, the Republic of Korea, Türkiye, and India are pursuing or advancing domestic carbon pricing and emissions governance frameworks. These measures advance domestic climate policy and could also help governments capture emissions revenue when domestic payments are credited under foreign BCAs. Notably, India also signed a free trade agreement with the EU with a unique and first-ever dedicated annexure on EU CBAM, establishing a framework for cooperation, dialogue, and capacity building for Indian exporters. In the United States, legislative proposals on carbon fees have continued, though none have been enacted.

BCAs can vary greatly in design, which influences their impact on both the jurisdictions that implement them and their trading partners. Those key design features are summarized in Table 1.

These developments have led to intensified debates in multilateral forums. At the World Trade Organization (WTO) and at the 30th United Nations Climate Change Conference (COP 30) in Belém, Brazil, discussions on BCAs and other trade-related climate measures have grown more pointed as mechanisms have moved from proposal to implementation.

This publication maps the state of play across all of these dimensions. It covers national BCA developments in the EU, the United Kingdom, and Australia; tracks ongoing discussions in other jurisdictions; and surveys the multilateral landscape at the WTO and beyond.



Table 1. Key features of the EU's CBAM, the UK CBAM, and the BCA described in Australia's Carbon Leakage Review

Design feature	EU CBAM	UK CBAM	Australian BCA*
Sectoral coverage	Aluminum, cement, fertilizers, hydrogen, iron and steel, and electricity.	Aluminum, cement, fertilizers, hydrogen, and iron and steel sectors starting from 2027.	Cement and clinker; Possible in the future: lime, hydrogen, ammonia and derivatives, steel and iron, as well as glass.
Scope of emissions covered	Scope 1 (direct) emissions for all sectors; Scope 2 (indirect) emissions for cement and fertilizers. Select precursors—upstream Scope 3 emissions from CBAM-covered goods.	Direct emissions embodied in imported CBAM goods, including upstream Scope 3 emissions from CBAM-covered goods. Indirect emissions delayed at least until 2029.	Scope 1 emissions only.
Default values for emissions reporting	Reporting based on default values is allowed, and values have been published. From 2026, defaults carry a markup rising to 30% by 2028. Reporting based on default values is the norm for reporting electricity emissions and indirect emissions.	Reporting based on default values is allowed. From 2027, a single default value set per product will be applied.	Report recommends “suitable default emissions intensity values” aligned to emerging international standards while minimizing administrative burden.
CBAM rate	CBAM certificate price; universal across all CBAM sectors. For 2026 imports, price is the quarterly average of EU ETS closing prices for the quarter of importation. From 2027, price is the weekly average of EU ETS auction closing prices. Certificate surrender phased in line with phase-out of free allowances under EU ETS.	Set separately for each CBAM sector; reflects UK ETS price, with adjustment for free allocation granted to each sector. To be adjusted on a quarterly basis.	Recommendation to calculate liability by reference to (a) emissions above the Safeguard Mechanism emissions intensity baseline, and (b) the difference between the effective explicit carbon price in the country of origin and the Australian benchmark price.



Design feature	EU CBAM	UK CBAM	Australian BCA*
Adjustment for third-country carbon price	Only explicit carbon prices will be recognized.	Only explicit carbon prices will be recognized.	Only explicit carbon prices would be recognized.
Minimum threshold for liable importers	50 tonnes of imported products per year.**	GBP 50,000 in import value over a 12-month rolling period.	Not specified
Use of revenues	The general budget of the EU and of EU member states.	General budget.	Channelled to support implementation and industrial decarbonization objectives in trade partner developing countries.

Notes: *As provided in the final Carbon Leakage Review report (Department of Climate Change, Energy, the Environment and Water, 2024).

**This de minimis threshold is part of the European Commission's Omnibus Regulation of October 2025. See https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202502083

Sources: Bonnet & Baršauskaitė, 2025; Department of Climate Change, Energy, the Environment and Water, 2024; European Commission, 2025a, 2025b; HM Revenue & Customs & HM Treasury, 2026; International Carbon Action Partnership (ICAP), 2025a, 2026.



2.0 The EU CBAM

2.1 Context

On January 1, 2026, the EU CBAM entered its definitive phase, bringing the 2023–2025 transitional period to an end. Importers will now need to pay for the emissions involved in the production of the imported good, the cost of which will reflect the EU ETS, minus (a) an adjustment factor accounting for the free allocation that will still be available under the scheme until their complete phase-out (Bonnet & Baršauskaitė, 2025), and (b) a deduction for any effective carbon price paid in a third country.¹ Importers bringing CBAM-covered goods into the EU must first declare the embedded emissions of their imports and pay the corresponding amount the following September. The first declaration and payment deadline will be September 30, 2027, for emissions embedded in imports during 2026.²

Several significant regulatory developments have shaped the mechanism ahead of and since its launch:

- **omnibus package:** In September 2025, Regulation (EU) 2025/2083, among other things, replaced the existing greenhouse gas (GHG) tonnage-based de minimis exemption with a 50-tonne mass-based annual exemption threshold for EU CBAM-covered imports. The measure is expected to exempt approximately 182,000 more importers, mostly small and medium-sized enterprises (SMEs), from EU CBAM obligations than the previous scheme, while still covering 99% of emissions in scope (European Commission, 2025b).
- **implementing and delegated acts:** In November and December 2025, the Commission adopted a suite of implementing and delegated acts addressing key operational elements of the CBAM framework.³ These include the introduction of country- and product-specific default emission values, the calculation of the adjustment to be made to the EU CBAM charges to account for EU ETS free allocation, and methodologies governing the pricing and administration of CBAM certificates.

¹ Article 9.1, Regulation (EU) 2025/2083 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) 2023/956 as regards simplifying and strengthening the carbon border adjustment mechanism.

² Payments for emissions under the EU CBAM are made through CBAM certificates. A CBAM certificate is a compliance unit representing a specified amount of embedded emissions in imported goods. After reporting the embedded emissions in their imports, authorized importers must purchase a corresponding number of certificates from the competent authority in the EU member state where they are registered. They must then surrender these certificates, meaning submit them to the authority, to demonstrate compliance with their CBAM obligations.

³ These included acts laying out the following: methodologies for the calculation of embodied GHGs under CBAM; principles for the validation of such reporting; rules for accrediting those verifiers; calculation and publishing of the price of CBAM certificates; information to be communicated by customs authorities to the Commission; calculation of the adjustment to be made to CBAM liabilities to account for free allocation; country-specific product-level default values for embedded GHG emissions; and the establishment of a CBAM registry. See https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-legislation-and-guidance_en.



- **scope expansion and anti-circumvention proposal:** The Commission published a proposal (European Commission, 2025b) to expand the EU CBAM scope⁴ from January 1, 2028, to cover products further along the value chain of steel and aluminum goods already subject to EU CBAM, in order to address residual carbon leakage risks. If approved, the expanded CBAM would cover around 180 additional products, in particular steel- and aluminum-intensive goods, including iron and steel articles, fabricated metals, machinery and industrial equipment, vehicles and components, and metal furniture. The proposal also featured measures to address circumvention of the EU CBAM through misdeclaration and proposed that the Commission be given flexibility to address “abusive practices” (which were not well defined). A vote in the European Parliament plenary is expected in September 2026, which will be followed by a vote in the Council, and then subsequent negotiations on the final text.
- **Temporary Decarbonisation Fund:** The Commission also published a legislative proposal⁵ for a 2-year Temporary Decarbonisation Fund to provide targeted financial support to energy-intensive industries in the EU exposed to an increased remaining risk of carbon leakage. For 2028–2029, 25% of CBAM revenues would be allocated to the Fund, covering production in 2026 and 2027. A vote in the European Parliament plenary is expected in September 2026, which will be followed by a vote in the Council, and then subsequent negotiations on the final text.
- **third-country carbon price deduction:** In May 2026, the Commission published a draft implementing act,⁶ covering the methodology for deducting carbon prices effectively paid in third countries—a rule clarifying how carbon pricing measures adopted outside the EU will be recognized under the EU CBAM. Among other things, the proposal would allow for limited use of emission offsets generated under Article 6.4 of the Paris Agreement to be counted toward a carbon price effectively paid in the country of export.

Throughout 2027, the Commission will revise and refine the EU CBAM based on experience and data gathered during 2026, including a review of default values and an assessment of potential CBAM scope expansion (Table 2). In parallel, CBAM benchmarks (used for calculation adjustments to account for free allocation under the EU ETS) will be reviewed and updated in 2026, aligning with the final ETS benchmarks for 2026–2030, with updated values applicable to goods imported from January 1, 2027.

⁴ The EU CBAM’s existing scope covers iron & steel, aluminum, cement, fertilizers, electricity and hydrogen.

⁵ Proposal for a Regulation of the European Parliament and of the Council establishing the Temporary Decarbonisation Fund, 2025. See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0990>

⁶ Carbon border adjustment mechanism (CBAM) – carbon price paid in a third country. See https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14830-Carbon-border-adjustment-mechanism-CBAM-carbon-price-paid-in-a-third-country_en

**Table 2.** Overview of EU CBAM regulatory and compliance milestones (Q2 2026–2028)

2026	April 7	First quarterly CBAM carbon price published
	May 11	Updated benchmark values for free allocation under the EU ETS (expected)
	May 13	Draft Implementing Regulation on Carbon Price Paid (call for evidence)
	July 6	Second quarterly CBAM carbon price published
	September 30	First date that CBAM verifiers can request access to the CBAM Registry after being accredited
	October 5	Third quarterly CBAM carbon price published
2027	January 1	2027 markup for default values starts at 20% (except for fertilizers)
	January 4	Fourth quarterly CBAM carbon price published, weekly thereafter in 2027
	February 1	First CBAM Certificates to be made available for purchase by CBAM declarants
	March 31	First quarterly deadline for CBAM declarants to hold required level of certificates
	September 30	First annual CBAM declaration due for 2026 imports
	October 31	Deadline to request repurchase of excess CBAM certificates
	November	Cancellation of surplus certificates for 2026
	December	Commission report on impact of CBAM on carbon leakage, including exports Commission report on revision to CBAM default values and sector markups
2028	January 1	Potential expansion of CBAM to downstream products
		2028 markup for default values starts at 30% (except for fertilizers)

Source: Authors' compilation based on European Commission sources, including on CBAM, CBAM Registry and Reporting, Price of CBAM Certificates, and Regulation (EU) 2023/956, available at https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en; https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-registry-and-reporting_en; https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/price-cbam-certificates_en; <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02023R0956-20251020>; and https://ec.europa.eu/commission/presscorner/detail/en/ip_26_1044



Box 1. The EU-India Free Trade Agreement (FTA) and implications for CBAM

The EU-India FTA, concluded in January 2026, is the first FTA to introduce a dedicated framework for cooperation on CBAM in its Annex 14-A, and is likely to become a reference for future bilateral agreements. It includes the provisions on:

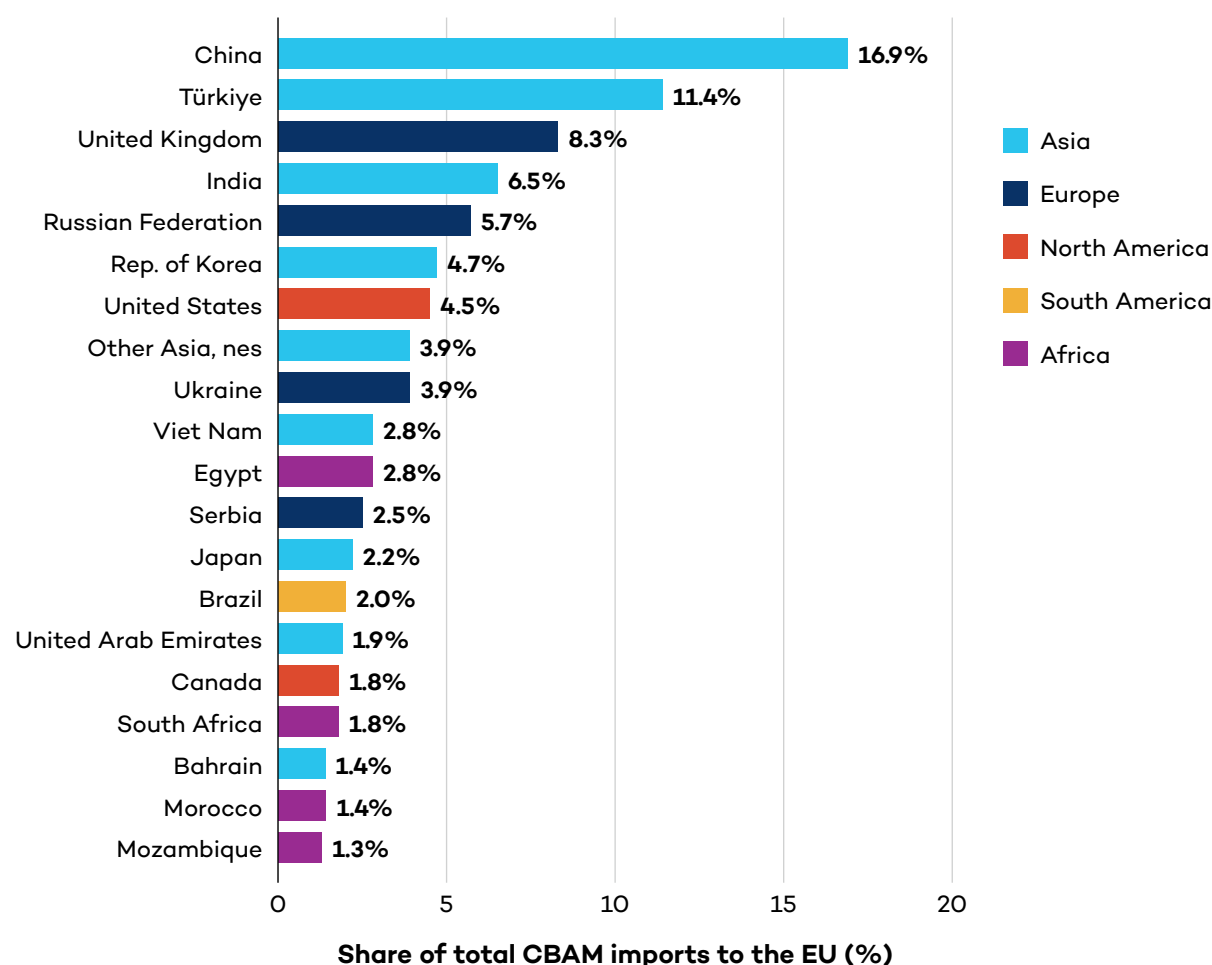
- **non-discrimination in flexibilities:** Any flexibilities in CBAM implementation provided by the EU to third countries are to be extended on a no less favourable basis to India
- **technical dialogue:** Including technical exchanges on CBAM implementation, information and data exchange to facilitate the establishment of default values, exploring the possibility for mutual recognition of accreditation bodies for CBAM compliance verifiers, technical assistance on emission reduction policies.
- **support for industrial transformation:** The EU will endeavour to support India's emission reduction and long-term industrial transformation efforts through the mobilization of financial resources and related investments—an additional memorandum of understanding establishes a dedicated partnership platform.
- **cooperation:** Parties also recognize the need to strengthen regulatory, economic, and technical cooperation to advance greenhouse gas emissions reduction efforts.

2.2 Key Characteristics and Impacts

Asian countries dominated the exports of CBAM-covered goods to the EU in 2024, with China as the largest exporter (17% of the total CBAM-covered goods imports into the EU), followed by Türkiye (11%) and India (6%). Among European nations, the United Kingdom (8%), the Russian Federation (6%), and Ukraine (4%) were among the biggest exporters to the EU. The United States (5%) from North America, Brazil (2%) from South America, and Egypt (3%) from Africa had the most significant CBAM-covered goods exports to the EU from their respective regions (Figure 1).



Figure 1. Origin of EU CBAM-covered goods to the EU, 2024



Source: Authors' calculations based on product nomenclature established in the CBAM regulation (as amended) (EU, 2023) and Base pour l'Analyse du Commerce International (BACI) (Centre d'Études Prospectives et d'Informations Internationales [CEPII], 2026) trade data.

Some countries might be significantly more exposed to the EU CBAM than others. While **most of the highest-impacted countries are in the EU's neighbourhood**, this is not a universal rule. For example, Montenegro's exports to the EU accounted for 46% of its total exports, with CBAM goods exports to the EU accounting for 27%. Most impacted countries also include Albania (10% of total exports), Ukraine (8%), Serbia (7%), North Macedonia (7%), and Moldova (5%), as well as Egypt (5%) and Türkiye (4%). For many of the EU neighbour countries, such as Serbia, North Macedonia, and Albania, this is primarily because of their electricity and iron and steel exports. For Montenegro, it is largely due to its electricity exports; for Ukraine, iron and steel; and for Türkiye, iron, steel, and aluminum exports.

However, more distant countries can also be exposed: Mozambique's total exports to the EU constituted 14% of the country's overall exports in 2024, of which exports of EU CBAM goods were 8.9%; essentially, exports from a single aluminum smelting facility. Fully 7% of Bahrain's exports (consisting of unwrought aluminum) in 2024 went to the EU and would be exposed to the EU CBAM (Table 3). For countries with more diversified export baskets



and markets, the impact of the EU CBAM on their overall export performance is lower. For example, Tunisia's total exports to the EU in 2024 represented 70% of its total exports, of which only 2% consisted of CBAM-covered goods. Similarly, the United Kingdom's total exports to the EU accounted for 46% of its total exports during 2024. EU CBAM goods accounted for 2% of British exports to the EU.

Table 3. EU trading partners most impacted by its CBAM, in terms of the share of their exports covered by the mechanism, 2024

Exporter	Share of EU CBAM-covered exports to the EU in country's global exports (%)	Share of exports to the EU in country's global exports (%)
Montenegro	26.5%	46%
Albania	10.1%	74%
Mozambique	8.9%	14%
Ukraine	8.1%	56%
Bahrain	7.4%	13%
Serbia	7.1%	62%
North Macedonia	7.0%	75%
Rep. of Moldova	5.4%	64%
Egypt	5.0%	26%
Türkiye	4.1%	42%
Trinidad and Tobago	3.6%	20%
Tajikistan	3.0%	19%
Morocco	2.3%	59%
Tunisia	2.1%	70%
United Kingdom	2.0%	46%

Note: The above countries are WTO members.

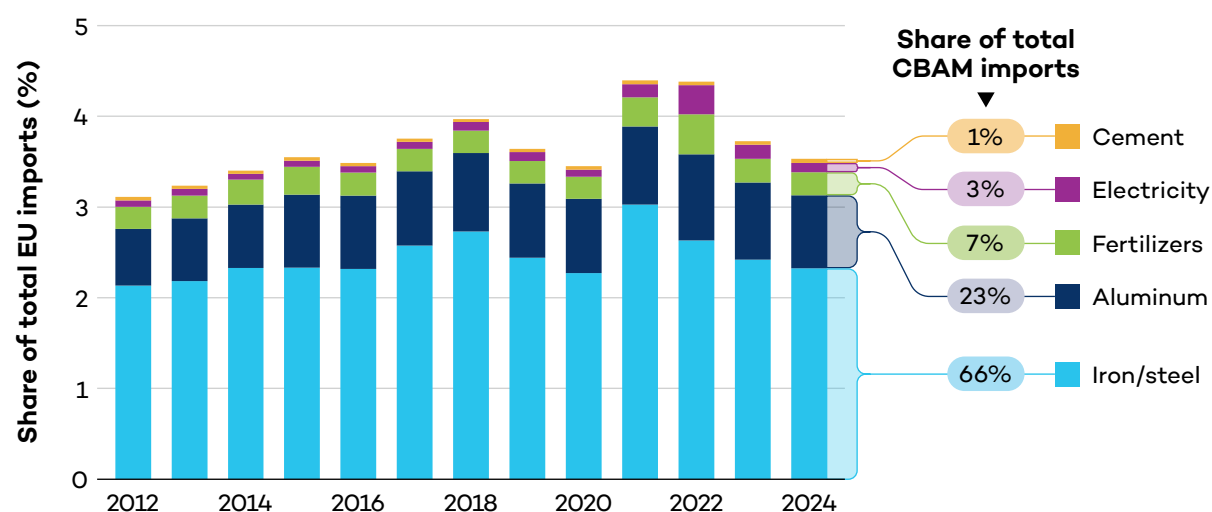
Source: Author's calculations are based on the product nomenclature established in the CBAM regulation (as amended) (European Union, 2023) and BACI (CEPII, 2026) trade data.

The EU CBAM will impact a moderate share of EU imports. Since 2012, EU CBAM-covered goods have accounted for 3% to 4.5% of the EU's total imports. A 2024 implementation of the EU CBAM would have brought roughly 3.5% of the bloc's imports within its framework (Figure 2). As described in Table 1, the EU CBAM focuses on key upstream products. Of these, iron and steel are by far the most significant, with a value of EU imports greater than all other CBAM-covered sectors combined. Aluminum is the next biggest covered sector. In 2024, hydrogen exports to the EU were negligible, dominated by the United



Kingdom and the United States, and, to a lesser degree, by Serbia. The impact on imports would be quite different if some of the additional categories of products considered as part of the downstream expansion proposal are added to the EU CBAM scope (Bonnet et al., 2026).

Figure 2. Imports of EU CBAM goods as a share of total EU imports



Source: Authors' calculations based on the product nomenclature established in the CBAM regulation (as amended) (European Union, 2023) and BACI (CEPII, 2026) trade data.

Note: Hydrogen is a residual CBAM product category with almost 0% share in the EU.



3.0 The UK CBAM

3.1 Context

In March 2026, legislation was passed confirming that the UK CBAM would be implemented on January 1, 2027. It establishes the core legal framework, defines the sectors and goods in scope by reference to specific commodity codes, grants HM Revenue and Customs (the British tax, payments and customs authority) statutory powers to administer and enforce the mechanism, and sets the legal basis for further secondary legislation to follow (Burnett et al., 2026).

Draft secondary legislation, setting out the practical and technical details for the UK CBAM to operate, was released in two stages, with 6-week technical consultation periods that ended on March 24, 2026 and May 21, 2026, respectively. Taken together, the four draft statutory instruments cover the full operational scope of the mechanism: administrative provisions, calculation of the CBAM rate, mechanism for claiming credit for the carbon price paid in the country of origin, transitory provisions, the methodology for calculating embedded emissions, monitoring requirements, and the standards for independent verification of emissions data by accredited verifiers (HM Revenue & Customs, 2026). The British government will review consultation responses and is expected to finalize the secondary legislation later in 2026. Further technical details, including guidance for businesses and the publication of default emissions values and their underlying methodology, remain to be issued before the mechanism enters into force on January 1, 2027. Certain aspects of the regime, including the approach to default emissions values, may also be subject to further stakeholder consultation or engagement prior to implementation.

The government has confirmed that the UK CBAM will not apply to goods from the glass and ceramics sectors (HM Treasury, 2025). The question of whether to include emissions from electricity and fuel use (indirect emissions) of imported goods, as well as emissions associated with the production of imported fuel, remains under debate. The inclusion of indirect emissions within the scope of the UK CBAM has been delayed until 2029 at the earliest, to reflect continued support for the Energy Intensive Industries Compensation Scheme, which relieves the sector of much of the burden of carbon pricing (HM Treasury, 2025). The government also stated that oil refineries play a role in energy security and will publish a call for evidence on the fuel sector, while also considering the feasibility of including refined fuel products in CBAM in the future (HM Treasury, 2025).

A key policy question is how the EU and UK CBAMs might interact, given that both countries have ETS systems and are still closely integrated economically. In May 2025, the United Kingdom and the EU agreed to work toward linking their respective ETS systems. The agreement proposes laying the groundwork for a formal link between the systems, a move expected to stabilize carbon prices and accelerate emissions reductions in both jurisdictions. Once implemented, allowances issued under either the EU ETS or the UK ETS will be mutually recognized for compliance in both systems. The proposed linkage may also allow goods traded between the United Kingdom and the EU to be exempt from, or receive relief



from, their respective CBAM requirements, similar to arrangements that apply between the EU and other jurisdictions with linked emissions trading systems. In January 2026, the EU Climate Commissioner announced that the EU and the United Kingdom would start formal negotiations on linking their respective ETS systems (ICAP, 2025b). No formal timeline for completing the linkage has been confirmed as of May 2026. With the EU CBAM already in force and the UK CBAM starting in January 2027, completing all regulatory alignment before the UK CBAM's introduction could be a significant challenge.

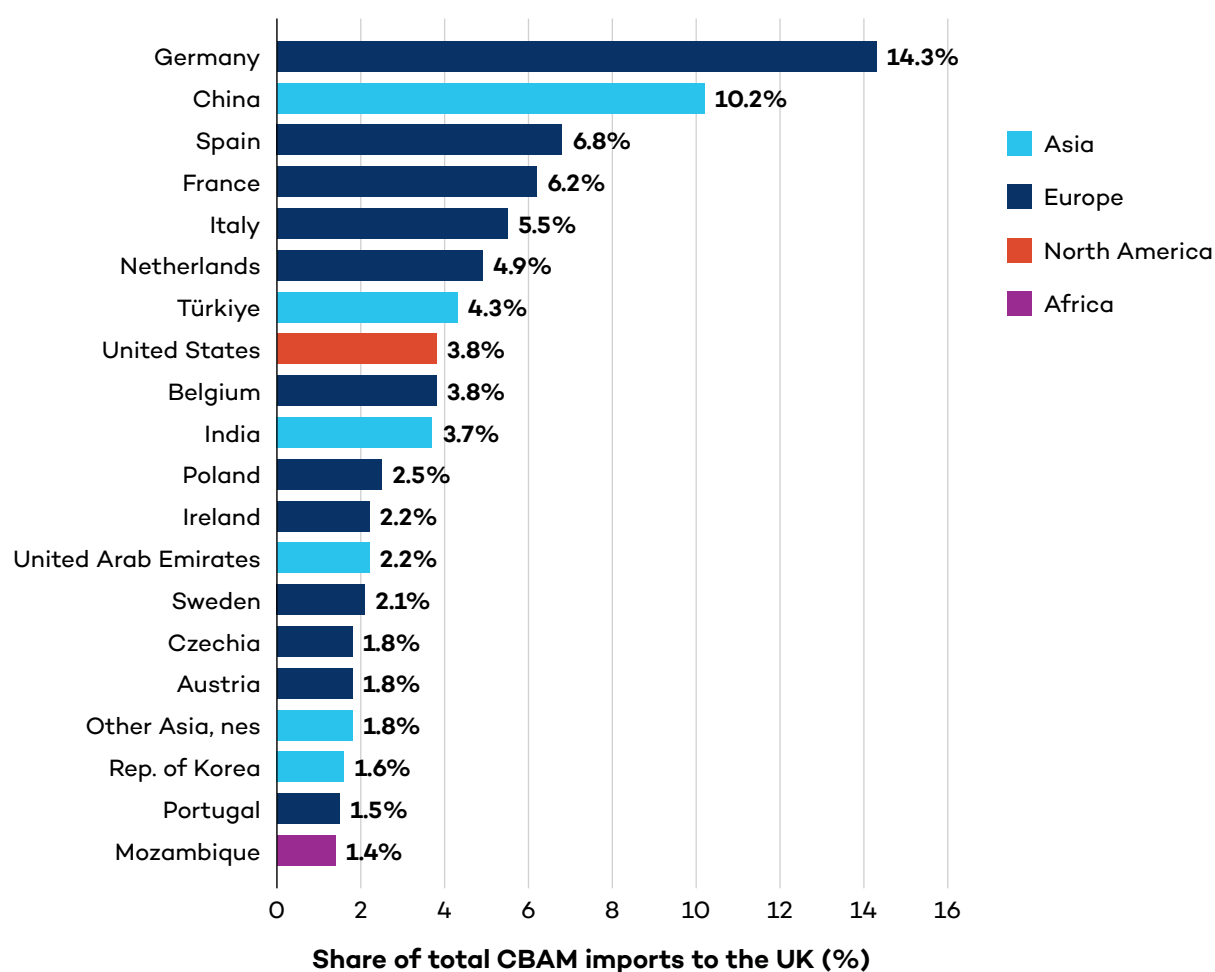
3.2 Key Characteristics and Impacts

The key design characteristics of the UK CBAM have become clearer as legislation has progressed over 2025 and 2026. Unlike the EU CBAM, the UK version is structured as a tax and will be collected by HM Revenue & Customs by the same channels that are used to collect other direct taxes. The UK CBAM rate will reflect the UK ETS carbon price, adjusted for free allowances available to each sector and a sectoral reduction factor updated annually to reflect the phase-out of free allowances. The UK CBAM liability can be reduced if embodied emissions in imported goods are subject to a deductible carbon price overseas. The UK CBAM will apply to direct emissions embodied in imported goods, including emissions embodied in CBAM-covered precursor goods further up the value chain. As noted above, the inclusion of indirect emissions is delayed until 2029 at the earliest. As demonstrated in Table 1, the UK CBAM has similar product coverage as the EU's, except for electricity: the UK CBAM's emissions coverage would systemically include Scope 3.

In comparison to the imports covered by EU CBAM in 2024, the goods covered by UK CBAM were mainly imported from EU countries, led by Germany (14.3% of total CBAM-covered imports to the United Kingdom), Spain (6.8%), and France (6.2%). Asian countries were also active exporters of goods covered by the UK CBAM, including China, Türkiye, and India, with 10.2%, 4.3%, and 3.7% shares of total UK CBAM goods imports, respectively. The United States remained the most significant exporter from North America, with much less significant contributions from African and South American countries (Figure 3).



Figure 3. Origin of CBAM-covered goods to the United Kingdom, 2024



Source: Author's calculations based on BACI (CEPII, 2026) data and the product nomenclature described in the Government's policy paper on CBAM (HM Revenue & Customs & HM Treasury, 2026).

The UK CBAM's coverage would have a much smaller impact on its trading partners compared to the EU CBAM based on 2024 data: it covers no more than 2.3% of any of the United Kingdom's trading partners' total exports (Table 4).



Table 4. The United Kingdom's trading partners most impacted by its CBAM, in terms of the share of their exports covered by the mechanism, 2024

Exporter	Share of CBAM exports to the United Kingdom in country's global exports (%)	Share of exports to the United Kingdom in country's global exports (%)
Mozambique	2.3%	3%
Iceland	1.5%	10%
Luxembourg	0.6%	3%
Grenada	0.6%	8%
Samoa	0.5%	1%
Portugal	0.4%	5%
Spain	0.4%	6%
Lithuania	0.4%	4%
Tonga	0.4%	4%
Greece	0.3%	4%
Finland	0.3%	4%
Sweden	0.3%	5%
Egypt	0.2%	3%
India	0.2%	3%
Norway	0.2%	17%

Note: The above countries are WTO members.

Source: Author's calculations based on BACI (CEPII, 2026) data and the product nomenclature described in the Government's policy paper on CBAM (HM Revenue & Customs & HM Treasury, 2026).

In some cases, however, the exports of CBAM-covered goods may constitute a significant share of the total specific country's exports to the United Kingdom. For example, Mozambique's exports to the United Kingdom in 2024 were 2.5% of its overall exports. Of those 2.5%, almost all exports to the United Kingdom (2.3%) were CBAM goods (exclusively aluminum). Similarly, Samoa's total exports to the United Kingdom were 0.6% of its overall exports during 2024, comprising almost entirely (0.5%) of iron and steel products. Countries with a very narrow bilateral trade relationship affected by the UK CBAM might have a good argument for bilateral cooperation on the decarbonization of affected sectors.

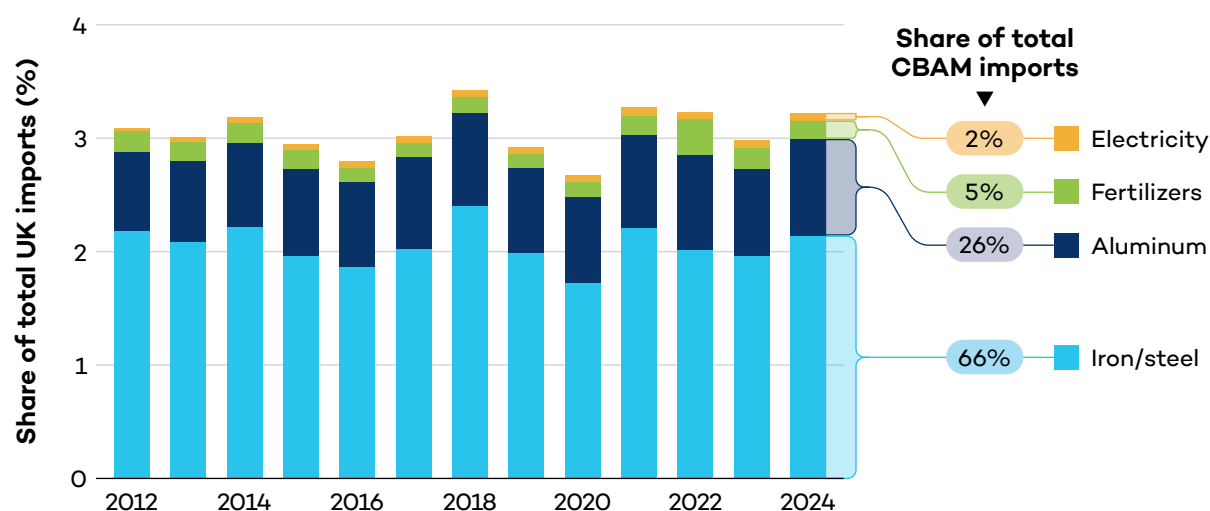
Other countries have a broader diversified export portfolio to the United Kingdom. For example, 17.4% of Norway's exports went to the United Kingdom in 2024, but CBAM-covered goods exports represented only 0.2%, comprising aluminum, fertilizers, and steel. A similar balance applies to other countries such as Spain (6.5% of total exports went to the United Kingdom, but only 0.4% were covered by the UK CBAM), and Portugal



(5.2% of total exports to the United Kingdom, but 0.4% were covered by CBAM)—both predominantly exporting steel. Overall exports from such countries are likely to be relatively less impacted by the UK CBAM implementation.

Like in the EU's case, based on 2012–2024 data, the UK CBAM should impact a moderate share of the United Kingdom's imports (about 3%; see Figure 4), mainly focusing on iron and steel, followed by aluminum. Fertilizers and cement had comparatively lower shares in the CBAM imports into the United Kingdom. Hydrogen's share remains insignificant and is almost entirely sourced from European neighbours.

Figure 4. Imports of UK CBAM goods as a share of total British imports, 2012–2024



Source: Authors' calculations based on BACI (CEPII, 2026) data and the product nomenclature described in the Government's policy paper on CBAM (HM Revenue & Customs & HM Treasury, 2026).

Note: Hydrogen is a residual CBAM product category with almost 0% share in the UK (0.03%).



4.0 Australia's Carbon Leakage Review

4.1 Context

In 2026, the Australian Government released the final report of an independent Carbon Leakage Review that was undertaken as part of its Safeguard Mechanism reform (Department of Climate Change, Energy, the Environment and Water, 2024). It details findings and advice to the government on potential future carbon leakage risks, possible policy approaches to address those risks, and the feasibility and potential impacts of border carbon adjustment.

The final report finds that current safeguard mechanism settings are, for the most part, effective at mitigating carbon leakage risk in the short to medium term but that some sectors require additional measures. Specifically, the final report recommends introducing a border carbon adjustment for a select group of commodities at particularly high risk of carbon leakage from imports.

4.2 Key Characteristics and Impacts

The design features of a potential Australian BCA presented in Table 1 are all based on the independent final Carbon Leakage Review.

The Carbon Leakage Review envisages that under an Australian BCA, liabilities would only apply if an imported product's emissions intensity were above the equivalent baseline that applies under the Safeguard Mechanism. This reflects the country's domestic pricing approach: the Safeguard Mechanism liabilities apply only to emissions above a given baseline. In addition, as in the case of EU and UK CBAMs, any explicit carbon pricing paid for in the origin country would be deducted.

The Carbon Leakage Review envisages limited commodity coverage, which would be staged over time. It finds that cement and clinker would be suitable for initial coverage. Lime, ammonia and derivatives, steel, and glass could also represent viable candidates for BCA in the future; however, further analysis would be needed before implementation because some sectors are only partly covered by Australia's domestic carbon pricing system, while others have more complex production pathways and supply chains that make emissions measurement and verification more challenging. A potential BCA's emissions coverage would mirror that of Australia's Safeguard Mechanism, which only covers Scope 1 emissions.

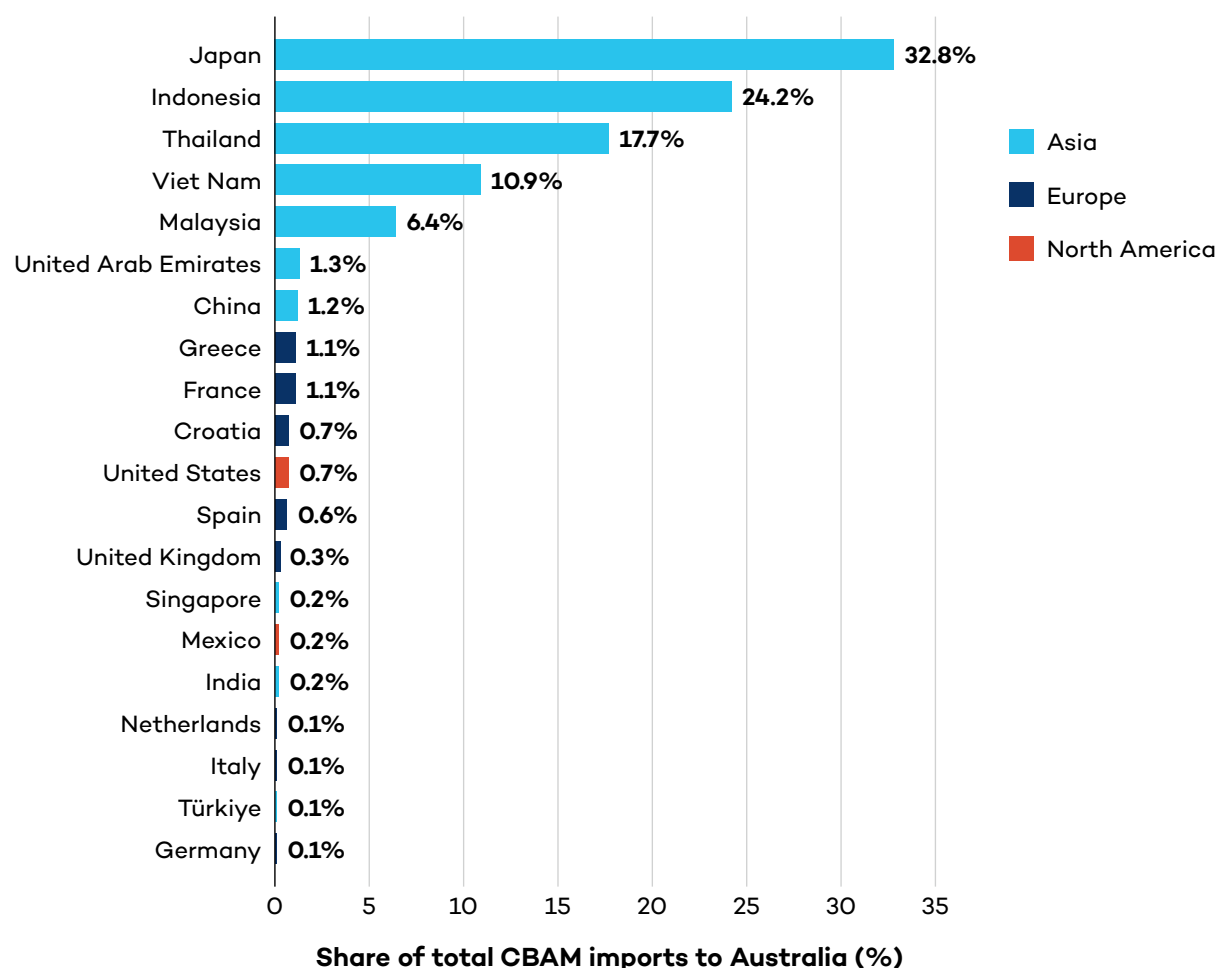
The Carbon Leakage Review rules out BCAs on exports as incompatible with Australia's national emissions reduction targets and international trade law obligations. It also concludes that neither public investment nor mandatory emissions product standards would be sufficient or effective as stand-alone solutions to address carbon leakage risk (Department of Climate Change, 2024).

Based on 2024 trade flows, Australia's imports proposed as subject to BCA, i.e., cement and clinker, would be dominated by Asian trading partners (covering roughly 95% of total CBAM imports), followed by European partners (approximately 4%). Major exporters of these goods



to Australia include Japan (32.8%), Indonesia (24.2%), Thailand (17.7%), and Viet Nam (10.9%) (Figure 5).

Figure 5. Origin of proposed BCA-covered goods to Australia, 2024

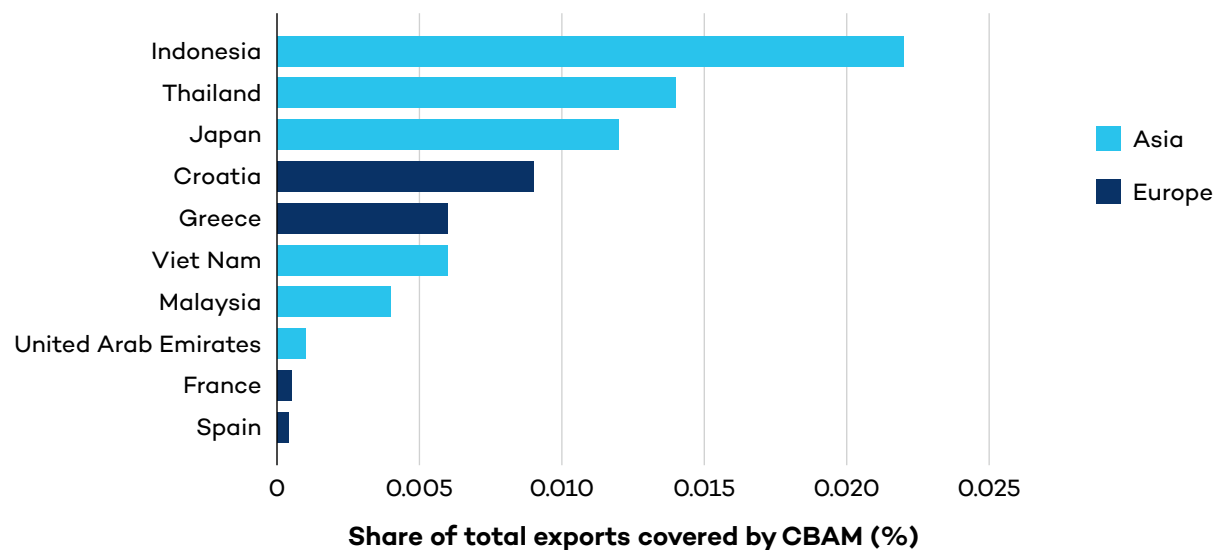


Source: Authors' calculations based on a proposed BCA covering cement and clinker, using BACI (CEPII, 2026) data and Australia's Carbon Leakage Review (Final Report) (Department of Climate Change, 2025) HS code classifications.

The impact of the Australian BCA mechanism on its trading partners' total exports would be rather small. The most impacted country, Indonesia, would have only about 0.022% of its total exports covered by the proposed Australian BCA (Figure 6). Other trading partners would be even less impacted: Thailand (0.014%), Japan (0.012%), and Croatia (0.009%). None of the 30 countries exporting proposed CBAM goods bypassed the 0.03% mark (Figure 6).



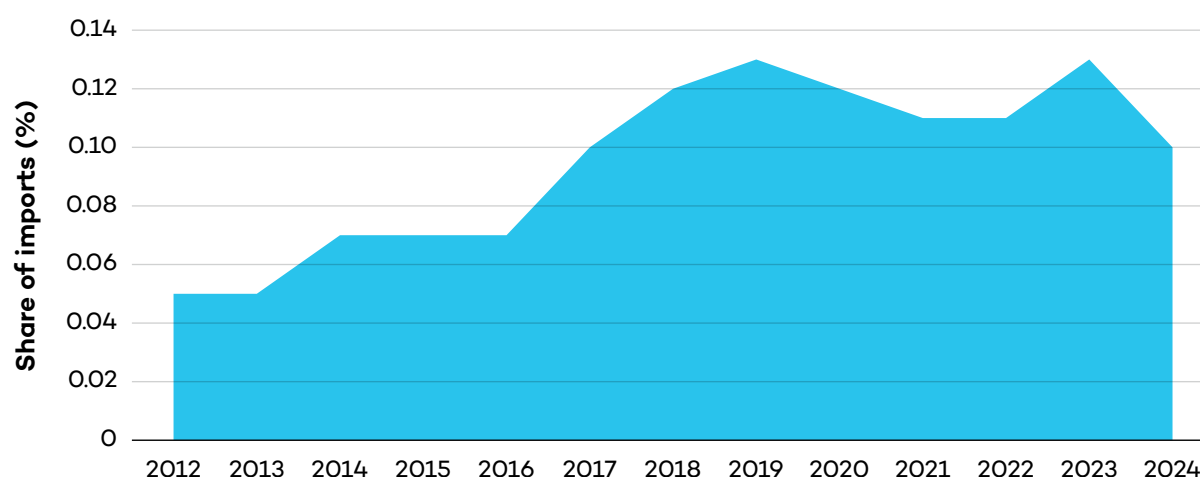
Figure 6. Australian trading partners most impacted by its proposed BCA, in terms of the share of their exports covered by the mechanism, 2024



Source: Authors' calculations based on BACI (CEPII, 2026) data and Australia's Carbon Leakage Review (Final Report) (Department of Climate Change, Energy, the Environment and Water, 2025) HS code classifications.

Likewise, based on the product coverage options presented by the Carbon Leakage Review, the suggested BCA would cover less than 0.13% of Australia's total imports (Figure 7).

Figure 7. Imports of Australia's proposed BCA goods, as a share of total Australian imports, 2012–2024



Source: Author's calculations based on BACI (CEPII, 2026) data and Australia's Carbon Leakage Review (Final Report) (Department of Climate Change, Energy, the Environment and Water, 2025) HS code classifications.



5.0 BCA Developments in Other Countries

Serbia adopted two laws, the Law on Greenhouse Gas Emissions Tax and the Law on Carbon-Intensive Product Imports Tax, to establish carbon pricing on both domestic emissions and carbon-intensive imports, respectively. The laws entered into force on January 1, 2026, coinciding with the start of the EU CBAM's definitive phase. The measures cover cement, fertilizers, iron and steel, aluminum, hydrogen, and electricity, mirroring the EU CBAM's scope, though electricity is excluded from the import tax due to technical limitations and the absence of a precise taxing methodology. Similar to the EU and the UK CBAMs, importers will be taxed based on emissions embedded in the production of goods from abroad, with tax credits available if a carbon levy has already been paid in the country of origin ("Serbia rolls out," 2025).

As a European Economic Area (EEA) member, Norway is developing regulations to implement a CBAM aligned with the EU's mechanism, which is expected to take effect once its CBAM regulation is incorporated into the EEA Agreement. The scheme is intended to cover the same goods as the EU CBAM—cement, electricity, fertilizers, iron and steel, aluminum, and hydrogen. The CBAM regulation has not yet been incorporated into the EEA Agreement, but the target is for the rules to enter into force from January 1, 2027 (Norwegian Environment Agency, 2026).

In the United States, Senators Bill Cassidy and Lindsey Graham introduced a revised version of the Foreign Pollution Fee Act of 2025, building on earlier proposals discussed during the 118th Congress (Cassidy, 2025). Introduced in April 2025, the bill proposes imposing fees on certain imported carbon-intensive products based on the emissions intensity of production abroad relative to U.S. benchmarks. Unlike the EU CBAM, the proposal is not linked to an economy-wide domestic carbon price. As of May 2026, the proposal has not been enacted.

In addition, a bill on the Clean Competition Act of 2025 was reintroduced by Senator Sheldon Whitehouse in December 2025. The bill targets energy-intensive sectors such as steel, aluminum, cement, and certain chemicals, with a carbon charge starting at USD 60 per tonne applied equally to domestic producers and importers based on their carbon intensity. Just like the Foreign Pollution Fee Act, it is not a broad economy-wide carbon tax, though it is distinctive in that revenue generated would be reinvested into domestic industrial decarbonization programs and international efforts to support cleaner manufacturing in developing countries. The bill remains in the earliest stage of the legislative process, having been referred to the Senate Committee on Finance following its introduction in December 2025 (Tsai, 2025).

In Canada, a consultation on the possibility of introducing a BCA started in 2021 (Government of Canada, 2025). There has been no response to the input received, and there seem to be no ongoing policy discussions focused on BCAs. In May 2026, Canada's industrial carbon price was significantly weakened (Canadian Climate Institute, 2026), so the risk of carbon leakage—and related urgency to consider BCA—has been lowered.



Chinese Taipei's Climate Change Response Act of 2023 contains provisions for imposing carbon-related fees on imported goods (Gao et al., 2024). As a first step toward developing a BCA, a trial carbon emissions declaration system for cement and steel imports is expected to be launched in 2027, once the underlying legal framework is finalized (Ministry of Environment, 2025). The 2024 implementing regulation also envisages handling competitiveness concerns through a "carbon leakage risk adjustment mechanism" (Ministry of Environment, 2024), which imposes lower carbon rates on industries at risk, but this does not appear to have been implemented yet (Bonnet & Baršauskaitė, 2025).

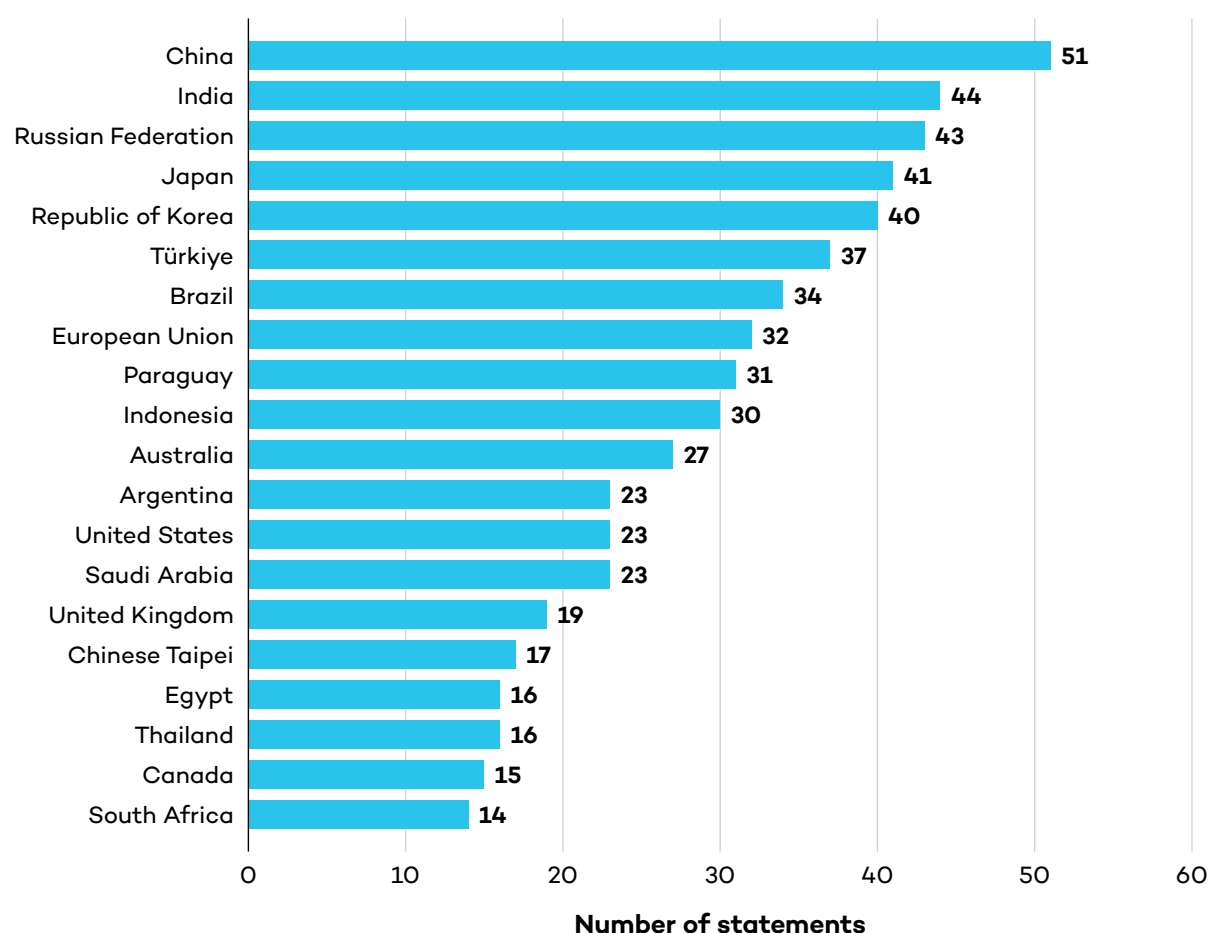
In July 2025, Türkiye adopted its first Climate Law, establishing the legal basis for a national ETS. The law also provides for the possible future introduction of a domestic CBAM for imported goods, with the Ministry of Trade empowered to determine its scope and implementation details if deemed necessary to address carbon leakage and maintain industrial competitiveness (ICAP, 2025c).



6.0 WTO Discussions

The WTO remains a crucial forum for discussing BCAs and other trade-related climate measures. IISD has identified 132 documents containing 830 official statements or proposals concerning BCAs⁷ at the WTO from October 2020 to December 2025, based on meeting minutes and the WTO members' communications. Those meetings and members' communications were linked mostly to the WTO Committee on Trade and Environment (45%), followed by the Committee on Market Access (19%), and the Council for Trade in Goods (16%).

Figure 8. Number of statements/proposals concerning BCAs at WTO, 2021–2025



Source: Authors' calculations based on the WTO documents database. See Appendix A for methodology.

China, India, the Russian Federation, Japan, Korea, Türkiye, Brazil, the European Union, Paraguay, Indonesia, Australia, the United States, Argentina, Saudi Arabia, and the United Kingdom constituted the most vocal members, contributing 61% of total statements or proposals (Figure 8). These statements covered all sides of the BCA debate. Some

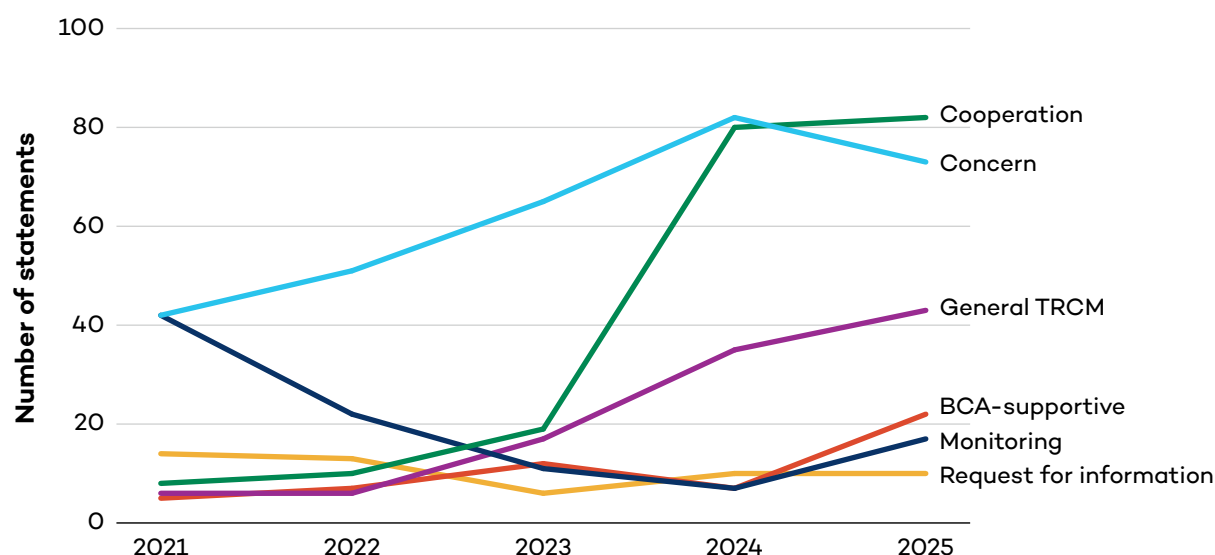
⁷ Documents were not limited to those explicitly referencing “border carbon adjustments.” Please refer to Appendix A for the selection methodology.



highly CBAM-exposed WTO members, such as India, Russia, Brazil, and Saudi Arabia, predominantly raised concerns about different aspects of the EU's measure. At the same time, certain other members, such as China and the Republic of Korea, took a more balanced approach in raising concerns, while recognizing the need for further cooperation in the debate. Others, such as the EU and the United Kingdom, were predominantly leaning pro-BCA and pro-cooperation in their statements, reflecting their work on their respective CBAM mechanisms.

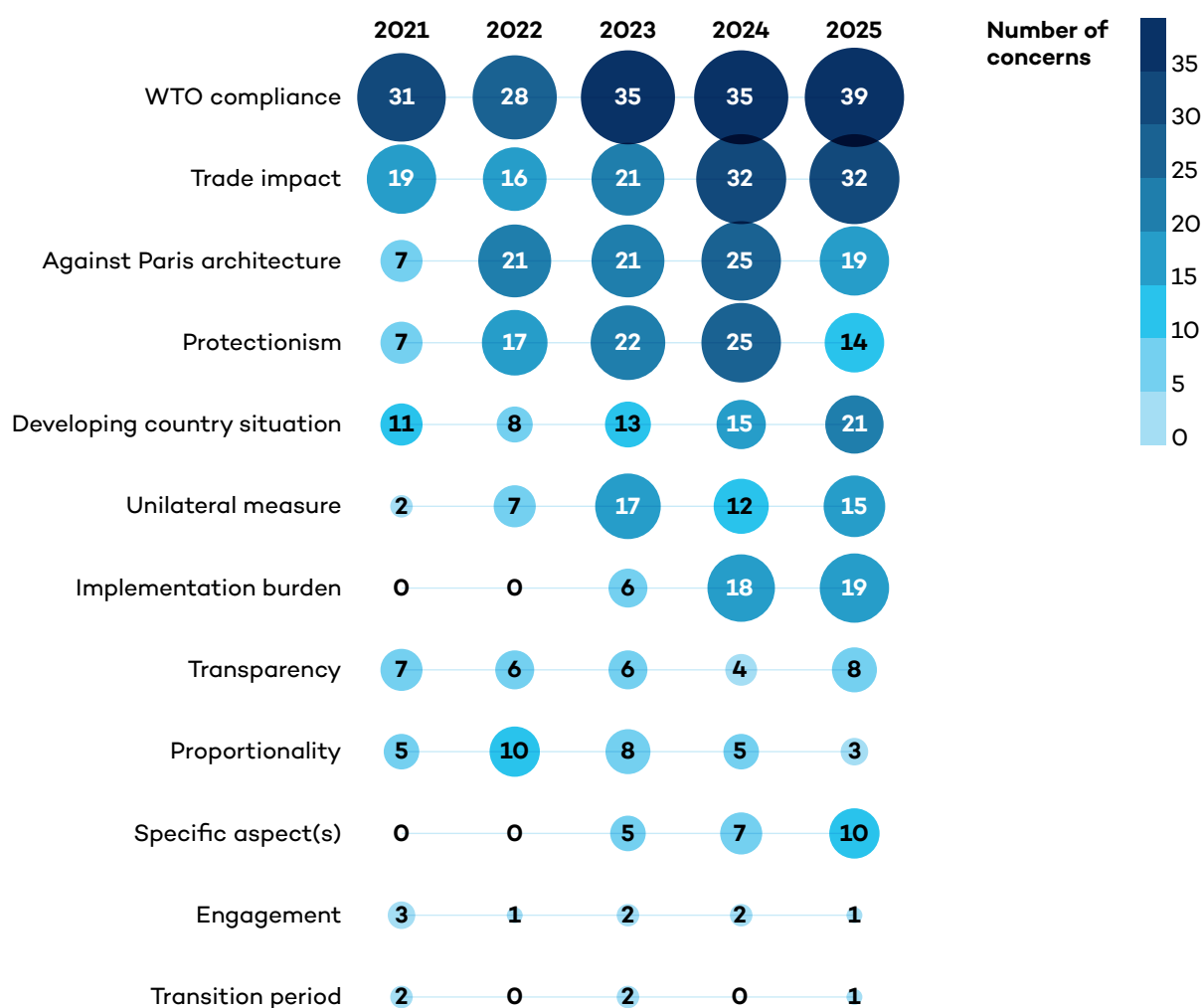
The tone of discussions at the WTO has evolved since 2021. Between 2021 and 2023, as BCA mechanisms developed, there was a focus in statements on monitoring the situation and seeking information for members to stay informed of developments. Since 2024, as measures moved toward implementation, there was an increase in interventions expressing concerns, with some others expressing the need for such measures and cooperation among members in designing an effective measure that addresses the concerns raised (Figure 9).

Figure 9. Distribution across time of the tone of BCA-related statements, 2021–2025



Source: Authors' calculations based on the WTO documents database. See Appendix A for methodology.

Just as the tone of statements has evolved since 2021, the types of concerns raised have also shifted. Notably, the measure's compatibility with WTO rules and the Paris Agreement remains a major concern among members since 2021. Since 2024, as the EU CBAM moved toward enactment and implementation, concerns around its impact have increased. Members flagged possible adverse trade impacts, implementation burden on exporters, and concerns of developing country members (Figure 10).

**Figure 10.** Types of concern expressed in official statements, 2021–2025

Note: One statement can contain multiple concerns.

Source: Authors' calculations based on the WTO documents database. See Appendix A for methodology.

2025, in particular, saw an intensified discussion on interoperability and implementation issues. Submissions by least developed countries have placed particular emphasis on equity and development constraints, highlighting the compliance costs and structural challenges associated with CBAM-type measures (see also Text Box 2), and calling for accompanying support through climate finance, technology transfer, and capacity building (WTO, 2025a).

At the same time, submissions by other members, including Japan, Korea, and others focus on interoperability: non-binding guidance on methodologies for measuring embodied emissions, including both best practice—e.g., use of de minimis thresholds, basing measurement methodologies on international standards such as ISO 14067, allowing for the use of default values—and offering template forms for self-reporting measures that conform to that best practice (WTO, 2026). Another recent submission on interoperability from China argues that the challenge of a fragmented system of carbon standards deserves the WTO's attention and suggests that the WTO should systematically review notified carbon-related standards, that there should be structured discussions on such standards in the WTO Committees, and



that developing country members' challenges should be addressed (WTO, 2025b). Overall, these developments point to the beginnings of emerging convergence around the importance of certain technical design features, even as divergences persist on questions of equity, development, and the risk of protectionism and the rise of unilateral measures.

Against this backdrop, the EU CBAM is also being tested before the dispute settlement body, as in May 2025, Russia filed a dispute against the EU CBAM, requesting consultations with the EU at the WTO concerning the EU's CBAM and certain aspects of its ETS. At the time of writing, no further steps have been taken.

Box 2. BCA cost implications for businesses

With the EU CBAM entering its definitive phase from January 1, 2026, importers of CBAM-covered goods are now financially liable for the carbon embedded in those goods. The first quarterly average CBAM certificate price was set at EUR 75.36 per tonne of CO₂e, although the first payments will not fall due until September 2027. But beyond the immediate cost of the carbon price, businesses are grappling with the costs of compliance with CBAM. A snapshot of specific challenges that might be faced by businesses includes the following:



Financial Liability and Working Capital

CBAM represents a structural increase in the total cost of importing CBAM goods into the EU. The free allocation adjustment will be gradually phased out by 2034. This, combined with forecasts placing the EU carbon price at EUR 150–200 per tonne by the mid-2030s, means the financial exposure for importers of carbon-intensive goods is expected to increase substantially over the coming decade.

Although payments begin in 2027, businesses are already setting aside significant cash reserves to account for their CBAM liabilities. This has implications for their working capital and treasury operations, especially in a volatile geopolitical environment.



Administrative and Information Technology

CBAM compliance requires upfront investment in training employees, designing new systems and processes to work with their supply chain on receiving CBAM-compliant data. Businesses had to either upgrade existing information technology systems across customs, procurement, and supplier management or rely on external service providers. For those businesses having to provide the actual embedded emissions data, the design of these systems will be key to allowing verifiers access to the necessary data in an auditable manner.



Trust in Suppliers, Trust in Verifiers

A major operational burden lies in obtaining verifiable installation-level emissions data, which is essential for businesses to avoid overpayment by using actual emission values. For complex goods, this requires tracing emissions through multiple tiers of the supply chain to account for precursors. While many businesses have started providing pre-verified data, it remains to be seen whether this will withstand



scrutiny once accredited verifiers review the basis for the installation-level data. If verified data is unavailable, firms must use default values, including increasing markups over time (10% in 2026, 20% in 2027, 30% from 2028 onwards), which can significantly raise costs.

One key question that many producers of CBAM products are still grappling with is who will verify their installation and how much it will cost. With the lists of accredited CBAM verifiers not expected to be published until Q3 of 2026, there remains little time for companies to prepare for verifications.



Impact of Fragmentation

Businesses are already having to create multiple internal processes to account for the potential development of multiple CBAMs around the world (See Table 1 and sections on the EU and the UK CBAM above). Differences in methodologies and scope risk duplicative reporting and create a risk that levies paid in one jurisdiction are not recognized as deductible credits in another.



Impact on Small Businesses

These concerns are particularly acute for small and medium-sized enterprises. While the de minimis threshold exempts smaller importers, it offers no relief to SMEs operating upstream in supply chains as producers of precursors. These firms face the same demands for installation-level monitoring, verified emissions data, and audit-ready information technology systems as larger operators, but with fewer resources to meet them.



7.0 Watching This Space: BCA-related discussions in other forums

The potential dissemination of BCA as a trade policy instrument raises concerns about the proliferation of divergent standards for measuring, reporting, and verifying embodied emissions in traded goods. A “spaghetti bowl” of different standards and requirements would restrict trade in the goods needed for a low-carbon future, dampening trade’s ability to act as an engine of development and poverty alleviation.

There is a clear case for international cooperation to address the challenges involved, but no clarity on exactly who should spearhead or facilitate such cooperation, since there are a number of different institutions with relevant mandates, memberships and capabilities. This section summarizes the discussions and work on cooperation in some of those forums.

7.1 ISO/GHG Protocol

In late 2025, the International Organization for Standardization (ISO) and the Greenhouse Gas Protocol⁸ announced the launch of a collaboration to develop a new product-level GHG accounting standard. The explicit aim is “to reduc[e] fragmentation in the GHG accounting landscape,” while “support[ing] implementation of Carbon Border Adjustment Mechanisms which are on the rise globally through an aligned methodology” (GHG Protocol, n.d.).

This collaboration seems to be a major move toward standards harmonization, since both institutions’ existing standards are widely used internationally. It remains to be seen how widely the resulting standard will serve as a basis for any new border carbon adjustment regimes as they emerge, or as the basis for other end uses such as green public procurement or GHG intensity standards.

7.2 OECD Inclusive Forum on Carbon Mitigation Approaches

The Inclusive Forum on Carbon Mitigation Approaches (IFCMA) is convened under the auspices of the OECD, but as an inclusive forum, it comprises more than 60 OECD and non-OECD members. Its 12-member steering group includes developing, developed, and least developed countries. It was founded to help countries optimize the diverse carbon mitigation approaches employed globally, looking for greater policy impact through mutual learning and dialogue. As part of that work, IFCMA focuses on the building blocks of many of those approaches: metrics for measuring the carbon intensity of products. Taking stock of the different approaches to carbon intensity metrics and exploring ways to make them more interoperable are among IFCMA’s core workstreams.

⁸ The Greenhouse Gas Protocol was developed by the World Resources Institute and the World Business Council for Sustainable Development, and is the world’s most widely used tool for the measurement of GHGs at the firm or installation level. Its Product Life Cycle Accounting and Reporting Standard has a similar aim to ISO’s 14067 standard: guidance on accounting for and reporting on product-level emissions on a life-cycle basis.



The IFCMA's 2024 report on product-level carbon intensity metrics highlights the challenges faced in using these tools, whether in border carbon adjustment or as a basis for discriminating among goods when engaging in green government procurement or offering economic incentives (OECD, 2024). It notes that proliferation of different product-level carbon intensity standards can increase firms' reporting costs and fragment global supply chains. And it points to ways that international cooperation, including agreement on common approaches and best practices, could help align such standards across sectors and countries. Finally, it argues that the IFCMA can play an important role in such cooperation, among other things, by facilitating agreement on high-level economic principles such as proportionality and interoperability to inform the elaboration of carbon intensity methodologies.

Recent IFCMA work has examined the comparability of carbon intensity data sources and the role of monitoring, reporting and verification (MRV) systems in supporting timely, transparent, and interoperable carbon intensity metrics across jurisdictions (OECD, 2025a, 2025b). IFCMA's work on interoperability is ongoing and serves as an important part of the knowledge basis for the work of many other international efforts in this space.

7.3 Climate Club

The Climate Club, launched in 2023, has a membership of 50 governments from developed, emerging, and developing economies. Dedicated to supporting the rapid and ambitious implementation of the Paris Agreement, the Climate Club guarantees a space for exchange between member governments who share similar decarbonization objectives. It describes itself as “an open, inclusive and ambitious high-level forum for cooperation on accelerating climate action and increasing ambition, particularly in the field of industry decarbonisation.”

In the first pillar of its work programme *Advancing Ambitious and Transparent Climate Change Mitigation Policies*, Climate Club members have agreed on voluntary principles for action to address carbon leakage and other spillovers (Climate Club, 2025) and are discussing what steps to collectively take to make carbon pricing systems and their respective MRV rules more interoperable. Furthermore, the second pillar *Transforming Industries*, includes efforts to advance toward common or interoperable definitions and standards for low- and near-zero emissions steel and cement, with the intent of ultimately using those starting points as a basis for advancing similar cooperation in other industrial sectors (Climate Club, n.d.). Importantly, the work program explicitly aims to work with other institutions active in this space, including standards-setting bodies such as the ISO.

Its most recent work in this space is a 2026 technical report commissioned from the OECD that drew heavily on IFCMA work, exploring the challenges and possibilities for enhancing the interoperability of policy-mandated emissions MRV systems (OECD, 2026).

7.4 United Nations Framework Convention on Climate Change Technical Dialogues on Trade and Climate Change

Also coming out of COP 30 was a mandate for technical dialogues in the United Nations Framework Convention on Climate Change (UNFCCC) on trade and climate change.



The Global Mutirão (high-level statement) produced at COP 30 included a reaffirmation that measures taken to combat climate change should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.⁹ In that regard, it requested the UNFCCC subsidiary bodies to convene dialogues at their next three biannual sessions, to “consider opportunities, challenges and barriers in relation to enhancing international cooperation related to the role of trade.”¹⁰ The decision explicitly directs the subsidiary bodies to include in the discussions other stakeholders, including the WTO, United Nations Trade and Development, and the International Trade Centre.

As with the Integrated Forum on Climate Change and Trade (IFCCT) discussed in the next section, it is not yet clear what issues parties will prioritize in the technical dialogues. The dialogues are founded on a desire to find a cooperative way forward amid growing controversy among parties over the use of unilateral climate mitigation measures with trade impacts. As such, discussions may start at the level of principles.

7.5 Integrated Forum on Climate Change and Trade

The IFCCT was spearheaded and launched by the Brazilian Presidency of COP 30 in 2025. It is designed to run for an initial 3 years and held its inception meeting at the UNFCCC’s subsidiary body meetings in June of 2026, with meetings planned for COP 31 and the potential for intersessionals. The IFCCT aims to be a solutions-oriented interdisciplinary forum where issues at the nexus of trade and climate change can be discussed in an informal, non-negotiating setting by governmental officials. It will be supported by an expert panel that will commission studies on diverse topics and feed this material into officials’ discussions.

At the time of writing, it was not yet clear which areas of focus will occupy the IFCCT in its first years, but among the candidates is the topic of bridging climate and trade tools (IFCCT, 2026).

⁹ Global Mutirão Para. 55. This language, which mirrors the chapeau of the General Agreement on Tariffs and Trade’s Article XX exceptions, is taken directly from the UNFCCC’s (1992) Article 3.5.

¹⁰ Global Mutirão Para. 56.



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Appendix A. Methodology Used for Mapping WTO Members' Position on Border Carbon Adjustments

Collecting Information

The documents covered include interventions, submissions, and statements made by World Trade Organization (WTO) members between October 2020 and December 2025; the focus is on discussions related to border carbon adjustments (BCAs). Documents were not limited to those explicitly referencing “border carbon adjustments.” Where a submission or statement addressed trade-related climate measures whose scope, design elements, or underlying issues are substantively applicable to BCAs, it was included in the data set regardless of the terminology used. The documents include WTO official meeting minutes from different bodies such as the Committee on Trade and Environment, the Technical Barriers to Trade (TBT) Committee, the Sanitary and Phytosanitary (SPS) Committees, and the Council for Trade in Goods. These documents were sourced from the official WTO website, among others, the [WTO documents webpage](#), and the [Trade Concerns Database](#).

Identification of Tone of Submissions

Six types of tones were identified in the documents. These were

- **monitoring:** Where a member does not offer substantial comments but suggests that the issue needs to be monitored further. Phrases used include: “monitoring,” “need more analysis,” and “further discussion required.”
- **pro-BCA/BCA-supportive:** Where a member makes a positive statement on BCAs, either endorsing or favouring the existence or use of BCAs.
- **cooperation:** Where a member calls for joint action, consultation, information sharing, or engagement. These statements do not necessarily endorse BCAs. A member can demand cooperation while opposing BCAs (e.g., “We reject this unilateral BCA; instead, we should cooperate on a multilateral carbon pricing framework”).
- **concern:** Where a member is critical of different aspects of the BCA mechanism. Keywords used include: “concern,” “protectionist,” “disguised restriction,” “violates,” “unfair,” or “unilateral measure.”
- **request for information:** Where a member asks for clarification, data, or methodology details about a proposed or existing BCA, without yet taking a substantive position. Phrases include “could the delegation clarify...”; “please provide information on...”; “what methodology was used?”; or “has an impact assessment been carried out?” The intervention is framed as a question or a call for documentation, not endorsement or rejection.



- **general trade-related climate measure/non-BCA specific:** Where a member discusses trade-related climate measures but does not explicitly refer to border carbon adjustments.

Types of Concerns

Concerns are assigned only where the language indicates criticism, concern, or identified issues. Overall, 12 types of concerns were identified, where the tone of the document expresses concern or doubt. These are outlined in Table A1.

Table A1. Taxonomy of concerns and associated trigger keywords used for coding WTO discussions

Category	Trigger keywords/phrases
WTO compliance	Most-favoured nation, national treatment, General Agreement on Tariffs and Trade Article I & Article III, contrary to TBT, WTO obligations, inconsistent with WTO, arbitrary discrimination.
Trade impact	Impact on trade, trade distortion, trade flow, export loss, market access, competitive disadvantage, trade effect, small and medium-sized enterprises, supply chain impact.
Against Paris architecture	Paris Agreement, CBDR, common but differentiated responsibilities, nationally determined contribution, Paris architecture.
Protectionism	Protectionist measure, disguised protectionism, green protectionism, industrial safeguard, domestic industry protection, unfair advantage.
Developing country situation	Developing country, least developed country, special and differential treatment, SDT, capacity constraint, low income, emerging economy, unequal capacity.
Unilateral measure	Unilateral, without multilateral consensus, imposed alone, no WTO mandate, extraterritorial, unilateral carbon adjustment, extraterritoriality.
Proportionality	Disproportionate, excessive burden, not necessary, less trade-restrictive, proportionate means, beyond what is required.
Specific aspect(s)	Scope of products, benchmark method, indirect emissions, embedded emissions, product coverage, exemption threshold, methodology issue.
Transparency	Lack of transparency, no disclosure, insufficient information, methodology not published, unclear data, hidden assumptions.
Implementation burden	Compliance cost, administrative burden, verification cost, certification, paperwork, data collection, onerous requirement.
Engagement	No consultation, no engagement, lack of dialogue, no cooperation, not notified, no prior discussion.
Transition period	Phase-in, transition period, grace period, too short timeline, immediate implementation, no lead time.



Disclaimer: The methodology adopted minimizes subjectivity by identifying explicit keywords and specific references over inferred meanings; however, because the language in the WTO submissions tends to be deliberately diplomatic, the author's interpretive discretion is still required when classifying ambiguous texts.

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