

## CBAM & Türkiye - A Commercial Constraint or an Industrial Opportunity?

What the European carbon mechanism changes for Turkish exporters, their European clients, and providers of low-carbon solutions

### What is CBAM?

The **Carbon Border Adjustment Mechanism (CBAM)** is a European carbon pricing mechanism at the border that entered its definitive phase on **1 January 2026**. It is the commercial pillar of the **European Green Deal**, whose objective is EU carbon neutrality by 2050. Its principle is simple: to align the carbon cost of imports with the cost borne by European producers under the **EU ETS**, in order to prevent carbon-intensive production from simply being relocated outside Europe, a phenomenon known as **carbon leakage**.

### How does it work?

European importers of covered products must declare the **embedded emissions** in their imports. In time, they will also have to purchase and surrender **CBAM certificates** corresponding to those emissions, according to a progressive timetable between **2026 and 2034**.

The price of CBAM certificates is aligned with the **European carbon market (EU ETS)**. In **2026**, it is calculated quarterly as the quarterly average of EU ETS allowance auction prices; from **2027** onward, this price is to be calculated on a **weekly** basis.

Six sectors are currently targeted as a priority, and the European Commission is considering expanding this scope by 2030.

#### Cement



#### Iron & Steel



#### Aluminium



#### Fertilisers



#### Hydrogen



#### Electricity



### Who is directly concerned, and how?

The CBAM cost is **legally borne by the European importer**, but in practice the pressure moves up the entire value chain and therefore indirectly affects the exporter.

Impacts	Direct impacts on the EU importer	Indirect impacts on the exporter
Financial	<ul style="list-style-type: none"> <li>Additional carbon-related cost</li> <li>Margin pressure</li> </ul>	<ul style="list-style-type: none"> <li>Risk of reduced competitiveness if carbon-intensive</li> <li>Need to reduce carbon intensity in order to remain competitive</li> </ul>
Administrative	<ul style="list-style-type: none"> <li>Annual declaration of embedded emissions</li> <li>Purchase of CBAM certificates before <b>31 May</b></li> <li>Verification by customs authorities and the European Commission</li> </ul>	<ul style="list-style-type: none"> <li>More precise reporting needed: The exporter must provide reliable data on its emissions (<b>Scope 1+2</b>).</li> <li>Commercial risk: Actors that cannot document or reduce their emissions face commercial risk.</li> </ul>

# Why is Türkiye particularly concerned?



According to the **OECD**, Türkiye is the **second most affected country** by the CBAM. According to **EBRD and Climate Focus (2023)** modelling, the potential annual cost for Turkish industry varies significantly depending on the assumptions used, ranging from **€138 million per year to more than €1 billion per year**.

However, a notable **IPC-Mercator analysis (February 2026)**, based on a **general equilibrium model**, adds an important nuance: the overall macroeconomic impacts are ultimately moderate (**GDP variation close to zero**) and concentrated in a few energy-intensive sectors.

Turkish steel, which relies heavily on **electric arc furnaces and recycled steel**, even enjoys a short-term competitive advantage over more carbon-intensive Asian or Russian competitors.

By contrast, upstream energy sectors (**coal, gas**) suffer real income losses that can reach **2% for households in those sectors** in the absence of labor mobility.

## Türkiye combines several exposure factors :

### 1 The European Union is its main export outlet

The EU is Türkiye's **5th largest** trading partner worldwide, accounting for more than **40%** of Turkish exports.

### 2 Several of its key industrial sectors are at the core of the CBAM scope

Türkiye has established itself as a **European industrial platform**, particularly in basic materials, metals, and construction.

#### Iron and steel are the main area of concern

The World Bank notes that exports from this industry to the European Union account for around 3% of the country's total goods exports, and nearly 40% of Turkish iron and steel exports are destined for the European market, with a value of around USD 7.5 billion. This dependence is all the more strategic because in 2024, Türkiye became the largest steel supplier to the European Union by volume, with around 4.39 million tonnes exported, representing 12% of total EU steel imports. Moreover, the carbon intensity of Turkish ferrous metallurgy is estimated at 226 tCO<sub>2</sub>e per million USD, compared with 124 tCO<sub>2</sub>e per million USD in the European Union, which increases competitive pressure under the CBAM framework.

#### Cement is another highly sensitive sector

Türkiye has a production capacity of around 120 million tonnes, making it the largest producer in Europe and the third largest in the world. The sector includes 51 integrated plants and 17 grinding centers. Around 20% of production is exported, exposing the sector to the European carbon cost. Türkiye also holds a dominant position on the European market, accounting for nearly 39% of total EU cement and clinker imports by volume. Although the share directly exported to the EU is more limited than for steel, Turkish authorities consider cement to be the second most affected sector by the CBAM after steelmaking.

#### Aluminium is also highly exposed to the European market

The World Bank indicates that 64% of Turkish exports of aluminium products covered by the CBAM are destined for the European Union, for a value of close to USD 1.4 billion per year. More broadly, Türkiye has become a major aluminium supplier to the European Union, representing around 9.4% of total imports by value, or nearly €2.8 billion in 2024, and ranking among the top three suppliers. Its market share reaches around 10% by volume, confirming this strategic position. The sector's carbon intensity, estimated at 85 tCO<sub>2</sub>e per million USD, remains better than that of some major competitors but still higher than the EU level.

## Constraint or Opportunity?

Türkiye, which is deeply integrated into the European economic ecosystem, is not just undergoing the effects of CBAM: it is also beginning to adapt to it. The country is moving toward establishing its own climate framework, with the aim of better supporting its industrial transition and preserving the competitiveness of its exporters. In this respect, CBAM is already acting as an accelerator, pushing both public authorities and industrial players to more quickly structure their decarbonization, compliance, and emissions management tools.

### Climate Law and National ETS

The adoption of Turkey's first climate law marks an important step in this process, paving the way for the creation of a national emissions trading system, as well as for a more coherent regulatory architecture to support the transformation of the most exposed sectors.

For companies, the challenge goes far beyond mere regulatory compliance. It is also about strengthening the Turkish industry's ability to remain competitive on the European market, better valorize its decarbonization efforts, and channel more resources toward industrial modernization.

**In this sense, CBAM acts less as a simple external constraint than as a catalyst for economic and industrial transformation in Türkiye.**

## What opportunities for European SMEs and mid-sized companies ?

If continuing to export to the EU will require emitting less and documenting emissions more effectively tomorrow, then everything that can help Turkish industry decarbonize becomes a market. For European SMEs and mid-sized companies, CBAM therefore does not only create a regulatory constraint: it also opens a cycle of investment, modernization, and compliance across several key industrial sectors.

Companies capable of bringing low-carbon know-how, compliance tools, or industrial efficiency solutions can find in Türkiye a concrete development market, driven both by European regulatory pressure and by the growing transformation needs of local industrial players.

The issue is all the more structural because, in sectors covered by the CBAM, competitiveness will no longer depend solely on production costs or geographic proximity, but also on the ability to measure, reduce, and prove the carbon footprint of exported products.

**CBAM creates three major types of opportunities in Türkiye :**

### Consulting, compliance, and traceability

- Product-level emissions measurement and calculation
- Regulatory audit, verification, and reporting
- MRV / ESG support for exporters and subcontractors
- Preparation for EU customs and client requirements
- Carbon software, ESG data, and traceability platforms



**Compliance is the immediate need**

### Decarbonization technologies

- Industrial energy efficiency
- Process electrification
- Integration of renewable energy
- Heat recovery and plant optimization
- Sensors, automation, and carbon management tools



**Decarbonization is the medium-term market**

### Industrial JVs and local establishment

- Supply of low-carbon equipment and solutions
- Long-term technology partnerships
- Local establishment to support Turkish exporters
- Early positioning in the steel, aluminium, cement, and fertiliser value chains



**Providers of concrete solutions will enjoy a first-mover advantage**