



# From Carbon Borders to Climate Cooperation: *Rethinking the Relationship between the CBAM and Article 6*

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- ▶ **The parallel deployment of the EU CBAM and Article 6 creates a meaningful opportunity for alignment of EU climate policy to support global industrial decarbonisation efforts.** The timing for this optimisation is now.
- ▶ **The full architecture of the Paris Agreement should be drawn upon as part of this.** Carbon mitigation cooperation via Article 6 is best deployed in tandem rather than in isolation from Article 9 (climate finance), Article 10 (technology transfer) and Article 11 (capacity building).
- ▶ **CBAM Transition Partnerships (CTPs) provide a measured way to fully leverage the possibilities.** Their success depends on learning the right lessons from past endeavours including Just Energy Transition Partnerships.

## 01 · CONTEXT

### The CBAM creates an incentive, but not necessarily the means to decarbonise

The EU CBAM addresses a genuine problem in ambitious climate policy. As the EU ETS becomes more stringent, differences between European climate regulation and that of trading partners can increase the risk of carbon leakage and competitive distortion. The EU CBAM therefore requires importers of covered products to face a carbon cost reflecting their embedded emissions, while allowing carbon prices effectively paid in the country of production to reduce the corresponding CBAM obligation. Exporting countries have an incentive to introduce carbon pricing, and individual producers have an incentive to reduce the carbon intensity of goods destined for Europe. In sum, this can create a potentially powerful external decarbonisation signal. But an incentive to decarbonise is not the same thing as an ability to decarbonise, especially as the capacity of producers to respond to the EU CBAM varies substantially.

Industrial decarbonisation can require access to capital, low-carbon electricity, new production technologies as well as technical capacity. These constraints may be particularly significant in developing economies. Concern over the equity implications of the EU CBAM has led to considerable pushback against it from both the most CBAM-affected countries as well as other major exporting nations, including at the World Trade Organisation level [1].

The resulting distributional problem is important. The EU CBAM could impose the strongest adjustment pressure on precisely those economies with the least fiscal and technological capacity to undertake this industrial transformation. The EU has acknowledged that its CBAM is a temporary measure, invoked as multilateral diplomacy via the United Nations Convention on Climate Change (UNFCCC) has not yielded sufficiently robust decarbonisation [2]. At the same time, the CBAM's core function is to address carbon leakage and preserve more comparable carbon cost conditions between EU producers and imports. The policy question therefore remains **how can the EU ensure that the CBAM supports industrial decarbonisation in partner countries while preserving its core objectives of preventing carbon leakage and maintaining a level playing field for European industry?**

## 02 · THE OPPORTUNITY

### Article 6 as part of a wider architecture for strategic climate cooperation

The Paris Agreement provides a range of levers through which international cooperation can support industrial decarbonisation. Climate finance under Article 9 remains fundamental, particularly for investments in enabling infrastructure, institutional capacity and mitigation activities that cannot readily generate measurable or transferable mitigation outcomes. Technology development and transfer under Article 10 and capacity building under Article 11 likewise can help address critical barriers to deployment.

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**“Within the broader architecture of the Paris Agreement, Article 6 is one of the most important instruments for the EU to get right.”**

Article 6 explicitly provides for voluntary international cooperation to enable higher ambition, promote sustainable development and maintain environmental integrity. Its market-based frameworks under Article 6.2 (Cooperative Approaches) and Article 6.4 (the Paris Agreement Crediting Mechanism) can mobilise additional resources towards measurable mitigation opportunities, improve the economics of low-carbon investment and support the development of the monitoring, reporting, verification and accounting infrastructure required for Paris-aligned climate policy. Article 6.8 non-market cooperation also can help support such enabling infrastructure. These Paris instruments are complementary rather than interchangeable. We suggest here that an effective response to the constraints facing CBAM-exposed countries will often require several levers to operate together. Within the broader architecture of the Paris Agreement, Article 6 is one of the most important instruments for the EU to get right. Article 6 should therefore not be treated as a substitute for climate finance, but as one component of a wider climate cooperation stack.

**BOX 1: THE EU'S USE OF ARTICLE 6**

Until recently, the relevance of Article 6 to EU climate policy was constrained by the EU's strong emphasis on domestic achievement of its climate targets. That position has now materially changed. The amended European Climate Law establishes a binding 90% net GHG reduction target for 2040, while permitting high-quality international credits from partner countries to contribute up to 5% of 1990 EU net emissions from 2036 onwards [3]. At least 85% of emission reductions must therefore be achieved domestically. Building towards this, a pilot phase has also been announced between 2031 and 2035 [4]. The EU is consequently entering a period in which it must determine not simply whether to engage with Article 6, but what strategic purpose international mitigation cooperation should serve within European climate policy.

This creates an opportunity to connect two agendas mooted to assist EU industrial competitiveness that have been to date developing largely in parallel. The EU CBAM creates incentives for trading partners to reduce the carbon intensity of production and develop effective carbon-pricing policies. At the same time, the EU supports international climate finance and capacity building and is increasingly engaging with the institutional architecture necessary for Article 6 cooperation. These policies address different parts of the same transition challenge. CBAM creates an economic signal to decarbonise; climate finance, technology cooperation and capacity building can address the enabling conditions required to respond to the CBAM and Article 6 can provide financing for additional, measurable mitigation outcomes beyond this where appropriate. On this basis we propose that a unified approach to climate cooperation would be most effective.

The opportunity is therefore not simply to pair the policy “stick” of the EU CBAM with an Article 6 “carrot”, nor to substitute carbon market finance for the EU's existing climate finance obligations. Rather, while CBAM applies according to its regulatory scope, the EU could develop a more coherent external climate strategy in which complementary cooperation and financing instruments are matched to the specific barriers to decarbonisation in partner countries.

This would offer a number of benefits. Politically, a more coherent climate cooperation approach can help the EU respond to concerns that its CBAM places adjustment pressure on countries with very different capacities to finance industrial transformation. Economically, the instruments can operate on different sides of the investment equation: the CBAM increases the cost associated with carbon-intensive production, while climate finance and carbon finance can lower the financing constraints related to mitigation. Institutionally, their coordination can help develop a more coherent architecture linking trade exposure, carbon pricing, MRV, climate finance, technology cooperation and international carbon markets at country and sector level.

Article 6 nevertheless deserves particular attention because decisions being taken now could shape the EU's international mitigation cooperation for decades. As the EU develops its approach to international credits (Box 1), Article 6 is evolving from an international climate cooperation framework that the EU has historically supported into an increasingly integral component of its own post-2030 climate policy architecture. This makes questions of responsible use increasingly consequential [5]. Getting this architecture right is therefore important not only for the integrity of any credits ultimately used by the EU, but also for the kind of international climate cooperation that EU demand incentivises. Cooperation should also allow partner countries to benefit from mitigation efforts rather than presuming all should be traded as international transferred mitigation outcomes (ITMOs).

The central opportunity is to organise these instruments around common country and sector-level decarbonisation pathways. Whereas CBAM identifies carbon-intensive supply chains facing substantial transition barriers, Article 9 climate finance and development finance could support enabling infrastructure; technology and capacity-building cooperation could address technical and institutional constraints; and Articles 6.2 or 6.4 could provide results-based finance where mitigation outcomes can credibly be quantified. Article 6 readiness support could simultaneously strengthen MRV and accounting systems with wider value for domestic climate policy. The objective for this approach is therefore not to maximise the volume of Article 6 ITMOs obtained by the EU but instead to determine where such trading adds value within a broader package of climate cooperation that is capable of accelerating structural industrial decarbonisation.

### 03 · THE EU'S LEGAL POSITION

## International use of CBAM revenues is legally possible and politically salient

The use of CBAM revenues for Article 6 cooperation would be legally possible. The CBAM Regulation explicitly recognises that the EU should continue supporting the industrial decarbonisation of low- and middle-income third countries, particularly least-developed countries, through the Union budget [2]. It also anticipates the introduction of an EU own resource based on CBAM certificate revenues. The Commission has proposed that 75% of those revenues will go to the EU budget as an own resource [6]. The proposal remains under negotiation and has not yet been adopted [7, 8]. However, neither the CBAM Regulation nor the proposed own-resources framework earmarks part of CBAM revenue for Article 6 support. A dedicated mechanism would therefore require an explicit budgetary or legislative basis.

The proposed Temporary Decarbonisation Fund (TDF) provides an important precedent. It would require Member States to contribute an amount corresponding to 25% of CBAM certificate revenues associated with the embedded emissions declared for 2026 and 2027 to the Fund [9]. This demonstrates that CBAM-related revenues can be channelled towards a defined policy purpose through assigned revenue. The TDF is temporary and intended to support EU operators in carbon intensive sectors [9]. But its financing structure provides a useful institutional model.

Political debate in the EU has already begun to move beyond purely domestic use. In September 2026, the European Parliament proposed that revenue remaining after TDF expenditure could be redirected towards the EU's international climate-finance commitments under Article 9 of the Paris Agreement instead of being returned to Member States [10]. The potential resource base is significant. For the initial TDF period, the Commission estimates Member State contributions of approximately €632 million, corresponding to 25% share of certificate-sale revenues [9]. The projected expenditure is around €265 million [11]. On current assumptions, this could leave roughly €367 million CBAM revenues unspent that could be provided for an initial Article 6 programme during the TDF period. The European Court of Auditors has, however, emphasised the considerable uncertainty surrounding the figures and questioned whether the 25% contribution rate is appropriately calibrated [11]. Beyond the TDF, the Commission projects €10.8 billion in CBAM-based EU own-resource revenue over 2028–2034 [12]. As this represents a proposed 75% share of certificate-sale revenues, total CBAM revenues would be approximately €14.4 billion under these assumptions. That leaves around €3.6 billion corresponding to the remaining 25%, or roughly €514 million per year on average [13]. These figures show that even a comparatively limited allocation could support a meaningful international programme (See **Box 2**).

### BOX 2: POLICY OPTIONS FOR REVENUE USE

#### Near-term (Pre-2030)

Residual TDF resources: Redirect part of any unspent TDF revenue towards Article 6. This could be around €367 million corresponding to approximately 14.5% of total projected CBAM revenues. This builds most directly on the European Parliament's proposal to redirect unspent TDF revenues towards international climate finance.

#### Long-term (Post-2030)

Option 1: Permanent CBAM-linked fund: From 2030 onwards, Member States could contribute a defined share of the 25% of CBAM revenues they would otherwise retain to a dedicated EU-level Article 6 programme. A 10% allocation of total projected CBAM revenues would correspond to around €206 million per year; 20% to around €411 million; and 25% to around €514 million, based on current Commission projections. A specific regulation would need to establish the contribution rate, eligible activities and governance arrangements. It would require Member States to surrender national revenue and is therefore likely to be politically more difficult.

Option 2: EU-budget programme: Finance a dedicated Article 6 cooperation programme through appropriations under the 2028–2034 EU budget, drawing on the proposed 75% CBAM-based own resource as part of the overall revenue base. This would be integrated into the EU's wider external financing architecture. The link to CBAM would be political rather than through a direct legal earmark of CBAM revenues.

### 04. HOW THIS OPPORTUNITY COULD BE REALISED

## Learning lessons from the CDM's Industrial Crediting Experience

The Clean Development Mechanism (CDM) established a substantial methodological foundation for crediting industrial decarbonisation, including energy efficiency, fuel switching, waste heat recovery and process emissions reductions in sectors such as steel, cement, aluminium and chemicals. These methodologies demonstrated the potential for carbon markets to mobilise investment in industrial mitigation, while exposing challenges relating to additionality, baseline setting, over-crediting and the risk of locking in incremental improvements rather than transformative decarbonisation.

The EU's emerging Article 6 cooperation framework offers an opportunity to build on this methodological experience, updating approaches to support emerging technologies such as green hydrogen, industrial electrification and low-carbon steel production, while applying more stringent environmental integrity requirements. Crucially, cooperation should move beyond project-level emissions reductions towards sectoral transformation, aligning crediting baselines with Paris-aligned industrial pathways and leveraging international climate and carbon finance to accelerate structural decarbonisation in partner countries.

# Principles for Policy Design

## 1. Article 6 cooperation should enable transformation, not compensate for the EU CBAM

Article 6 investments should not be seen as a quid pro quo for being affected by the EU CBAM. Instead, Article 6 should address the investment and capacity constraints that prevent countries from responding efficiently to the CBAM price signal. Priority for Article 6 investments could therefore be given to mitigation activities that unlock structural decarbonisation: clean electricity, industrial process transformation, green hydrogen, electrification, methane abatement as well as durable carbon dioxide removal: all of which provide opportunities to address recalcitrant emissions (see **Case Studies 1-4**).

## 2. Cooperation needs to raise rather than reduce climate ambition in both the partner country and the EU

Article 6 cooperation associated with CBAM should be embedded in host country decarbonisation strategies rather than developed as isolated credit-generating projects. Cooperation should assess how near-term NDC priorities align with the host country's LT-LEDS, where available. Prioritising investments that support long-term decarbonisation rather than risk carbon-intensive lock-in is key [14]. Where gaps exist between near-term measures and long-term ambitions, jointly developed, Paris-aligned pathways could help identify opportunities to strengthen ambition while reflecting national priorities. The relevant test should be whether cooperation leaves the partner country better able to achieve and progressively strengthen its own climate ambition. This requires moving beyond conventional project-by-project procurement towards multi-pronged climate cooperation partnerships, potentially incorporating carbon pricing, industrial policy, Article 6 finance, concessional finance, technical assistance and technology cooperation. At the same time, the EU's use of international mitigation outcomes must not deter domestic mitigation ambition [5].

## 3. Environmental integrity must remain the lynchpin

Careful attribution and accounting are essential to ensure environmental integrity of any such approach. A tonne of emissions reduced or removed cannot simultaneously justify a lower CBAM obligation and be transferred to the EU as an internationally transferred mitigation outcome without considering the fundamentally different accounting functions performed by the two systems. Separate but interoperable accounting frameworks are needed that transparently track mitigation outcomes and have explicit safeguards to ensure that reductions reflected in product-level emissions or carbon pricing obligations are not also credited or transferred under Article 6 in ways that result in double claiming or undermine environmental integrity.

### 05 · FROM PRINCIPLES TO PRACTICE

## Matching the cooperation instrument to the transition barrier

Putting these principles into practice requires moving beyond a binary choice between applying CBAM and purchasing Article 6 credits. Different decarbonisation barriers require different forms of international cooperation, and not every mitigation intervention should generate a transferable carbon credit. The decision tree below (**Figure 1**) illustrates how the EU and other countries considering CBAMs could identify the most appropriate form of cooperation by starting with the underlying constraint to decarbonisation and then matching that constraint to the relevant Paris Agreement instrument.

The first question is whether there is a genuine constraint preventing uptake of a mitigation solution that is consistent with the host country's transition. Where no material barrier exists, international support risks financing activity that would occur anyway. Where barriers do exist, however, the appropriate response depends on their nature. Article 6.8 cooperation can support technology development and demonstration, knowledge-sharing, capacity-building and other enabling conditions where the principal problem is not the availability of a creditable mitigation outcome.

Article 9 climate finance can support infrastructure, policy reform and other broader enabling investments that may be indispensable to decarbonisation but cannot readily be attributed to discrete, additional and measurable mitigation outcomes. These forms of cooperation are particularly important because many of the investments required to enable CBAM-exposed industries to transition—electricity grids, hydrogen infrastructure, technical capacity or regulatory institutions, for example—will not necessarily fit neatly within an ambitious carbon crediting methodology.

Only where mitigation can be credibly quantified and attributed to an additional intervention does the framework move towards results-based Article 6 cooperation. Article 6.2 provides a flexible route for cooperative approaches where mitigation outcomes can be transferred between participating countries. Article 6.4 provides a centralised crediting route where an applicable PACM methodology exists. Within Article 6.4, host-country authorisation then determines whether mitigation outcomes can be internationally transferred or instead remain as mitigation contribution units that support the host country's own mitigation efforts. This creates an important distinction between the possibility of financing mitigation and acquiring mitigation outcomes for use towards the EU's own targets.

**FIGURE 1**  
**Decision framework: Which Paris Agreement instrument is appropriate?**

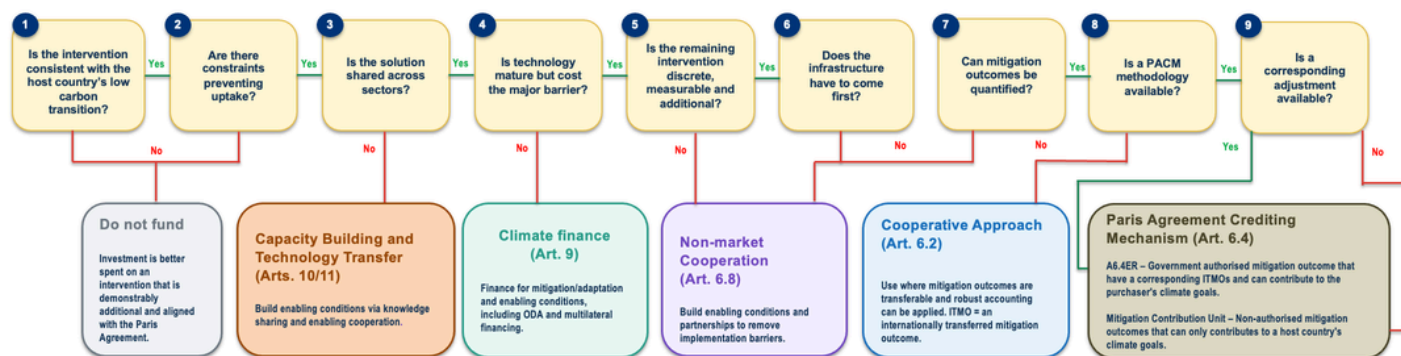


**Figure 1. Decision framework: Which Paris Agreement instrument is appropriate?** The framework identifies the underlying constraint to decarbonisation and guides the selection of the most appropriate form of Paris Agreement cooperation, including Article 9 climate finance, Article 6.8 non-market cooperation, Article 6.2 cooperative approaches, and the Article 6.4 Paris Agreement Crediting Mechanism. It emphasises matching the instrument to the nature of the transition barrier rather than treating carbon crediting or the generation of transferable mitigation outcomes as the default response.

The practical implication for CBAM is that the EU should not begin by asking, “Where can Article 6 credits be generated?” It should instead ask, “**What is preventing this sector from decarbonising, and which form of cooperation is best suited to overcoming that barrier?**”. A single country or sectoral partnership could consequently combine several instruments over time: Article 6.8 cooperation to build institutional and technological capacity; Article 9 and development finance to fund enabling infrastructure; and Articles 6.2 or 6.4 to provide results-based finance where mitigation outcomes can subsequently be quantified with environmental integrity. Article 6 crediting therefore becomes one component of a wider transition architecture, rather than the organising principle of EU cooperation.

## 06 · A PRACTICAL PATHWAY

### What a CBAM Transition Partnership (CTP) could look like

The EU could anchor both CBAM and Article 6 developments in a CBAM Transition Partnership built around four functions:

**1. First, identify specific industrial decarbonisation opportunities.** CBAM emissions data could help identify sectors and trading partners where European import exposure intersects with particularly significant industrial decarbonisation challenges in a partner country.

**2. Second, establish CBAM Transition Partnerships (CTPs).** The EU and willing partner countries could jointly develop CTPs focused on sectoral decarbonisation opportunities, identified regulatory reforms, investment requirements, technology needs, utilising all relevant Paris levers including Articles 9, 10, 11 and Article 6.8.

**3. Third, mobilise a financing stack.** Grants, concessional finance, guarantees, development-bank lending and private investment could finance enabling infrastructure in line with the Just Energy Transition Partnership (JETP) model. Payments under Articles 6.2 or the PACM could reward verified mitigation outcomes and improve project economics in later stages.

**4. Fourth, create a transition pathway.** Successful cooperation should progressively reduce the carbon intensity of EU imports and thus the threat to domestic industrial competitiveness while increasing the partner country’s capacity to achieve stronger domestic mitigation than otherwise would have been possible.

## CBAM Exposure and Article 6 Cooperation Potential

South Africa, Türkiye, Zimbabwe and India provide four quite different tests of the proposition that the EU could combine the regulatory incentive created by CBAM with climate cooperation under Article 6. They differ significantly in the scale and composition of their CBAM exposure as well as their capacity for domestic industrial decarbonisation as **Figure 2** illustrates.

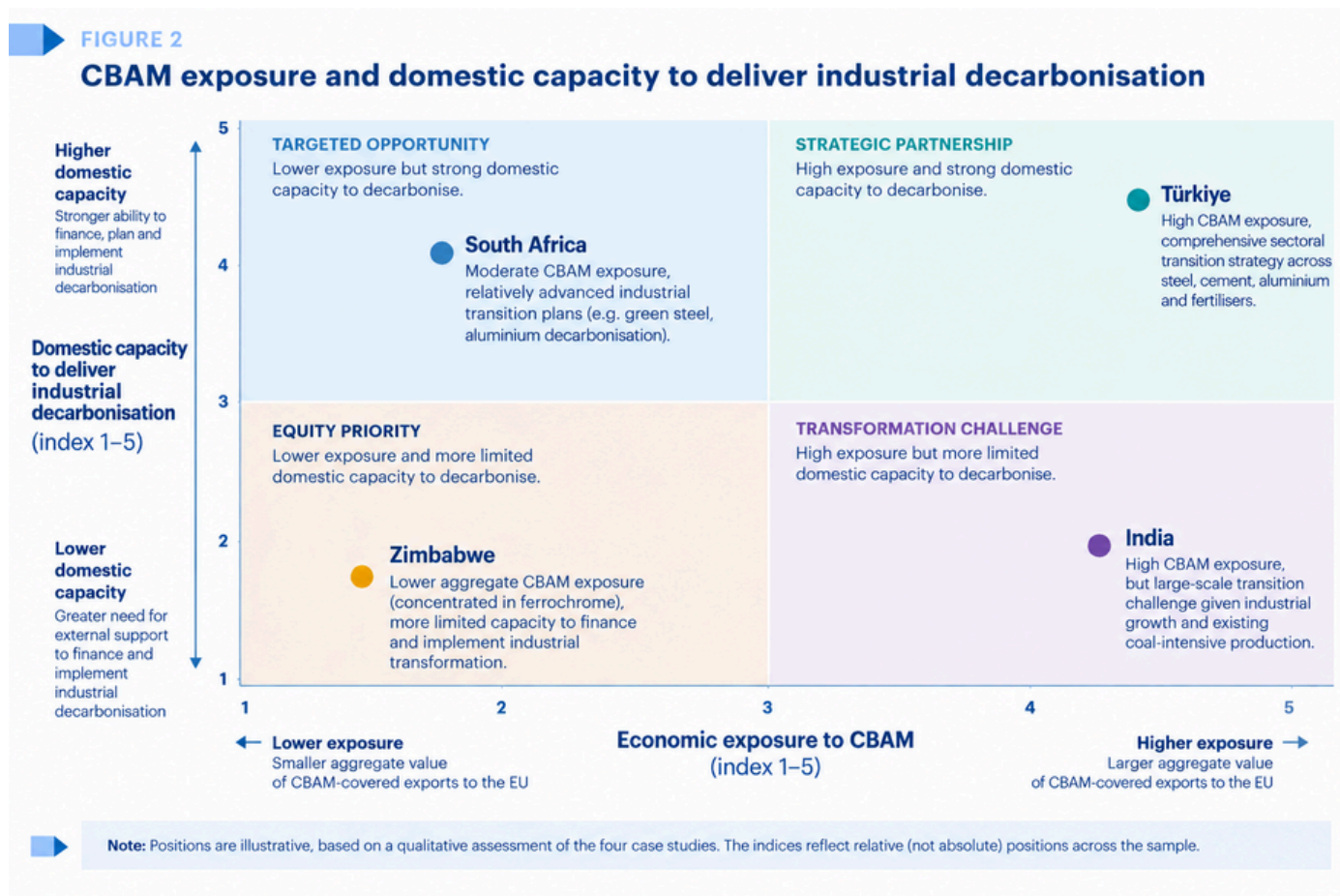


**Figure 2. CBAM exposure and domestic capacity to deliver industrial decarbonisation.** The figure illustrates how the four case-study countries differ across two dimensions: their relative economic exposure to the EU CBAM and their domestic capacity to finance, plan and implement industrial decarbonisation. Türkiye combines high CBAM exposure with comparatively strong transition capacity, while South Africa demonstrates relatively strong transition capacity at a lower level of exposure. India faces high exposure alongside a particularly large-scale industrial transformation challenge, while Zimbabwe combines lower aggregate exposure—concentrated particularly in ferrochrome—with more limited capacity to finance and implement the transition. The positioning is illustrative and intended to highlight how differing national circumstances may warrant differentiated forms of EU climate cooperation in the form of CBAM Transition Partnerships (CTPs). Data Source [15].

# South Africa



## CBAM Affected Sectors: Iron, steel and aluminium

### Policy context:

The CBAM creates a powerful incentive to decarbonise steel, but the investment needed for transformative industrial technologies is precisely where South Africa faces financing, electricity and infrastructure constraints. Yet high capital costs, access to reliable low-cost renewable electricity and supporting infrastructure present important barriers to decarbonisation, which is why it was prioritised for a Just Energy Transition Partnership (JETP) in the past.

## Decarbonisation Opportunities:

- **Near-term:** Efficiency and circularity improvements in existing production; improved scrap collection and use; electric arc furnaces; and renewable electricity for their usage.
- **Long-term:** renewable-hydrogen-based direct reduced iron; production and potentially export of green iron; hydrogen substitution for fossil reducing agents; carbon capture for remaining blast-furnace assets where economically and environmentally justified; supporting renewable-energy, grid and hydrogen infrastructure.

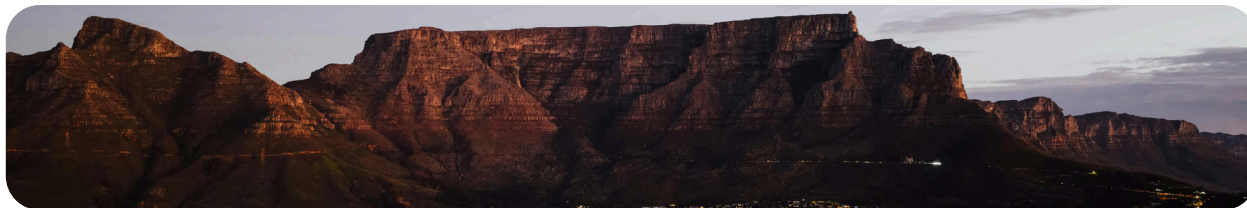
**South Africa's JETP provides an important precedent, although challenges remain in translating financing commitments into tangible industrial decarbonisation outcomes.**

## Paris Agreement plans:

- **NDC:** South Africa's NDC 2.0 establishes an economy-wide absolute emissions target of 320–380 MtCO<sub>2</sub>e in 2035 [16], meaning that steel, aluminium and electricity-sector emissions fall within it, it is important to ensure that any Article 6 intervention enhances ambition from this baseline coverage.
- **LT-LEDS:** South Africa's existing long-term strategy establishes the trajectory towards net-zero CO<sub>2</sub> emissions by 2050 [17]. The government's industrial decarbonisation agenda explicitly contemplates renewable-hydrogen steel, low-carbon electric arc furnace production and CCUS, suggesting high alignment with such an agreement.

## Article 6 status as of October 2026

- **Article 6.2:** No cooperative approaches/ITMOs
- **Article 6.4:** A designated PACM national authority, submitted host country participation requirements, 17 activities approved by South Africa for transition from the CDM. 8 new PACM activities proposed.
- **Article 6.8:** South Africa's NDC 2.0 states it will consider Article 6.8 action.



## Example CTP: EU-South Africa Green Iron and Industrial Transition Partnership

- **First Phase:** Article 6.8 cooperation could support a combination of renewables, grid infrastructure, hydrogen infrastructure, MRV, technology cooperation and concessional finance. This would enable green-iron/steel investment, reduce actual embedded emissions, reduce subsequent CBAM exposure and help unlock consequent mitigation to be available for South Africa's NDC. Such cooperation should be aligned with existing Article 9, Article 10 and Article 11 efforts.
- **Second Phase:** Selective Article 6.2 or 6.4 ITMO crediting could then be layered on top for genuinely additional mitigation where the carbon revenue is decisive for deployment of a specific project, with attention paid to how this baseline will shift over time in line with ratcheting obligations of the Paris Agreement.

# Türkiye



**Most CBAM Affected Sectors:** Iron and steel, cement, aluminium and fertilisers.

**Policy context:** Türkiye has the most diversified direct CBAM exposure of the four case studies and is among the EU's largest sources of CBAM-covered imports. Unlike some partner countries, the technologies required to decarbonise its exposed industries are already mapped in considerable detail in Türkiye's 2053 LT-LEDS. The central challenge is therefore less about identifying a transition pathway and more about accelerating investment in capital-intensive technologies and enabling infrastructure.

## Decarbonisation Opportunities:

- **Near-term:** Energy and material efficiency; increased scrap use and circularity in steel; lower carbon production routes; clinker substitution and alternative fuels in cement; renewable electricity; efficiency improvements in aluminium; and initial substitution in ammonia in fertiliser production.
- **Long-term:** Hydrogen based steelmaking; hydrogen for industrial heat; CCUS for steel; electrification for alumina calcination; large-scale green hydrogen and green/blue ammonia production; and renewable electricity, hydrogen and CO<sub>2</sub> transport and storage infrastructure.

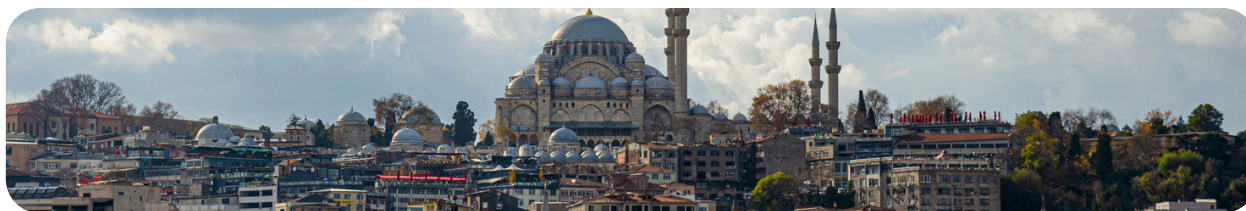
**Türkiye has comparatively detailed industrial decarbonisation plans, but the investment and infrastructure required to translate these plans into deployment remain significant.**

## Paris Agreement plans:

- **NDC:** Türkiye's NDC provides the overarching mitigation framework to limit economy-wide greenhouse gas emissions to 643 MtCO<sub>2</sub>e by 2035, representing a reduction of 466 MtCO<sub>2</sub>eq compared to a business-as-usual (BAU) scenario [18].
- **LT-LEDS:** Türkiye's 2053 Long-Term Climate Strategy demonstrates exceptionally strong alignment with its CBAM exposure providing a particularly strong strategic basis for a CBAM-informed industrial transition partnership [19].

## Article 6 status as of October 2026

- **Article 6.2:** No cooperative approaches/ITMOs
- **Article 6.4:** Türkiye has designated its PACM national authority and has proposed/transitioning activities in the pipeline, but no host-approved PACM activities. 18 proposed PACM new activities.
- **Article 6.8:** No operational CBAM-sector Article 6.8 programme was identified.



## Example CTP: EU–Türkiye CBAM Industrial Transition Partnership

- **First Phase:** Article 6.8 cooperation, alongside relevant Article 9 climate finance, Article 10 technology cooperation and Article 11 capacity-building, could support green-hydrogen and CO<sub>2</sub> infrastructure, industrial clusters, technology demonstration, renewable electricity, CBAM-compatible MRV and closer EU–Türkiye carbon-pricing alignment. This would address enabling conditions that are poorly suited to tonne-by-tonne crediting, accelerate physical decarbonisation of CBAM-exposed production and allow the resulting mitigation to contribute towards Türkiye's domestic transition.
- **Second Phase:** Selective Article 6.2 or Article 6.4 crediting could subsequently be layered onto specific investments where mitigation is discrete, measurable and additional, and supports domestic ambition raising.

# India



**Most CBAM Affected Sectors:** Iron and steel and aluminium, with smaller exposure in cement and fertilisers

**Policy context:** The significance of India's CBAM exposure extends beyond current exports: continued expansion of steel and other heavy industry means that avoiding lock-in of new coal-intensive production capacity could be more consequential than simply reducing emissions from existing EU-exporting facilities. The transition therefore requires both near-term improvements to existing assets and major investment in renewable electricity, green hydrogen and new low-carbon production technologies.

## Decarbonisation Opportunities:

- **Near-term:** Energy efficiency in existing steel plants; increased scrap utilisation and EAF production; renewable electricity; efficiency and technology upgrades in aluminium; and clinker substitution and alternative fuels in cement.
- **Long-term:** Renewable-powered green H<sub>2</sub>-DRI/EAF steel; deeper industrial electrification; green hydrogen and ammonia; CCUS for residual steel and cement emissions; and supporting renewable-energy, grid and hydrogen infrastructure.

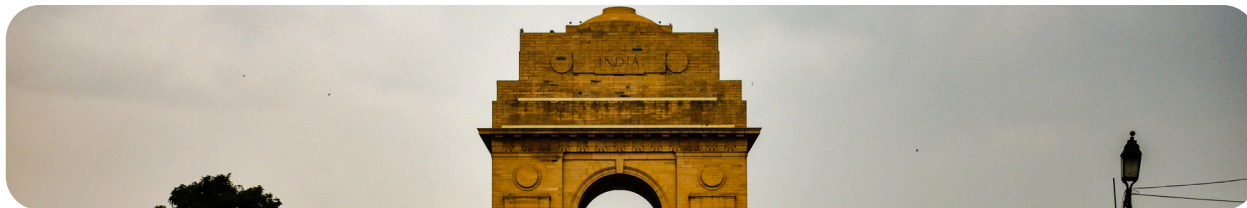
**India faces a live risk of carbon lock-in, international carbon mitigation cooperation could help costly future retrofits expanding low-carbon technologies from the outset.**

## Paris Agreement plans:

- **NDC:** India's 2026 NDC commits to reducing GDP emissions intensity by 47% from 2005 levels by 2035 and reaching approximately 60% cumulative installed electricity capacity from non-fossil sources [20]. Targets are economy-wide rather than allocated to individual sectors, creating flexibility for cooperation but making additionality and the opportunity cost of transferring mitigation outcomes important considerations.
- **LT-LEDS:** India's 2070 net-zero strategy [21] explicitly addresses industrial decarbonisation, including steel and cement, as well as low-carbon hydrogen as important transition pathways.

## Article 6 status as of October 2026

- **Article 6.2:** 2 Bilateral Agreements signed, one cooperative approach with Japan via the Joint Crediting Mechanism (JCM).
- **Article 6.4:** India has a Designated National Authority and has submitted its host-country participation requirements. No approved CDM transition projects but 665 new proposed projects. Technologies for hard-to-abate sectors are among relevant eligible areas.
- **Article 6.8:** No operational CBAM-sector Article 6.8 programme was identified.



## Example CTP: EU–India Green Industrial Technology Partnership

- **First Phase:** Article 6.8 cooperation, aligned with Articles 9–11, could support first-of-a-kind green-steel demonstration, industrial hydrogen hubs, renewable-power and grid infrastructure, standards, MRV, workforce development and technology cooperation. Priority could be given to influencing technology choices for new industrial capacity, avoiding long-term carbon lock-in.
- **Second Phase:** Selective Article 6.2 or 6.4 finance could support transformative investments where carbon revenue demonstrably changes the investment decision with the India–Japan JCM cooperation providing a useful precedent. Any transfer should account for the mitigation India requires to achieve and progressively strengthen its own NDC.

# Zimbabwe



**Most CBAM Affected Sectors:** Ferrochrome / ferroalloys, with emerging exposure in iron and steel

**Policy context:** Zimbabwe has much lower aggregate CBAM exposure than the other case studies, but this masks potentially significant concentrated exposure in ferrochrome. Its lower capacity to finance industrial transformation also makes it an important equity case. Meanwhile, rapidly expanding domestic iron and steel production creates an opportunity to avoid locking new capacity into carbon-intensive technologies.

## Decarbonisation Opportunities:

- **Near-term:** Zimbabwe's LT-LEDS identifies a particularly concrete intervention: replacing old, inefficient open ferrochrome furnaces with modern closed furnaces, which can substantially reduce energy and GHG intensity.
- **Long-term:** Lower-carbon reductants and process innovation; renewable-powered ferroalloy production; maximise scrap/EAF use in new steel capacity; lower-carbon DRI as infrastructure permits; and supporting clean-electricity and industrial infrastructure.

**Zimbabwe has identifiable decarbonisation opportunities in the ferrochrome and ferroalloy industries, but unlocking these opportunities will require targeted financing.**

## Paris Agreement plans:

- **NDC:** Zimbabwe's NDC 3.0 covers 2025–2035 and explicitly includes industrial emissions [22]. It identifies cement as the largest IPPU emissions source and recognises rapid expansion of iron and steel production. Ferrochrome mitigation is less specifically defined, making careful assessment of baselines and additionality important for Article 6 cooperation.
- **LT-LEDS:** Zimbabwe's 2020–2050 LT-LEDS provides a particularly strong technology match for CBAM cooperation by converting old open ferrochrome furnaces to the best available technology ones [23].

## Article 6 status as of October 2026

- **Article 6.2:** Initial Report submitted and domestic authorisation framework established. It has 1 cooperative approach and two Article 6.2 activities (clean cooking related).
- **Article 6.4:** Zimbabwe has a Designated National Authority, has submitted its participation requirements and has one host-country-approved PACM activity.
- **Article 6.8:** No major operational Article 6.8 programme targeting ferrochrome was identified.



## Example CTP: EU–Zimbabwe Ferroalloy Transition Partnership

- **First Phase:** Article 6.8 cooperation, aligned with Articles 9–11, could combine technical assistance, furnace engineering, concessional finance and clean-electricity investment to replace open ferrochrome furnaces and reduce actual embedded emissions. This could simultaneously lower CBAM exposure while allowing the resulting mitigation to contribute towards Zimbabwe's NDC. Given Zimbabwe's financing constraints, concessional climate finance would be particularly important; current GCF readiness work is also focused on improving access to climate finance and developing bankable projects.
- **Second Phase:** Selective Article 6.2 or 6.4 finance could be layered onto specific furnace-conversion or other industrial investments where carbon revenue is necessary to overcome the incremental cost of lower-carbon technology.

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