Carbon3

EUROPEAN UNION · 2026

From 2026 the EU **charges carbon at its border**

> The carbon border levy, the emissions market and mandatory reporting all take effect this year. For suppliers outside the Union, emissions data becomes the price of selling into Europe.

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EU industry paid EUR 43.6bn for carbon in 2024

EUA auction revenue

43.6

EUR BILLION, AUCTION REVENUE

1.27 Gt

Covered by the EU ETS, about 42% of EU greenhouse gases.

EUR 65

Average allowance price in 2024. Spot is about EUR 82 today.

Same price

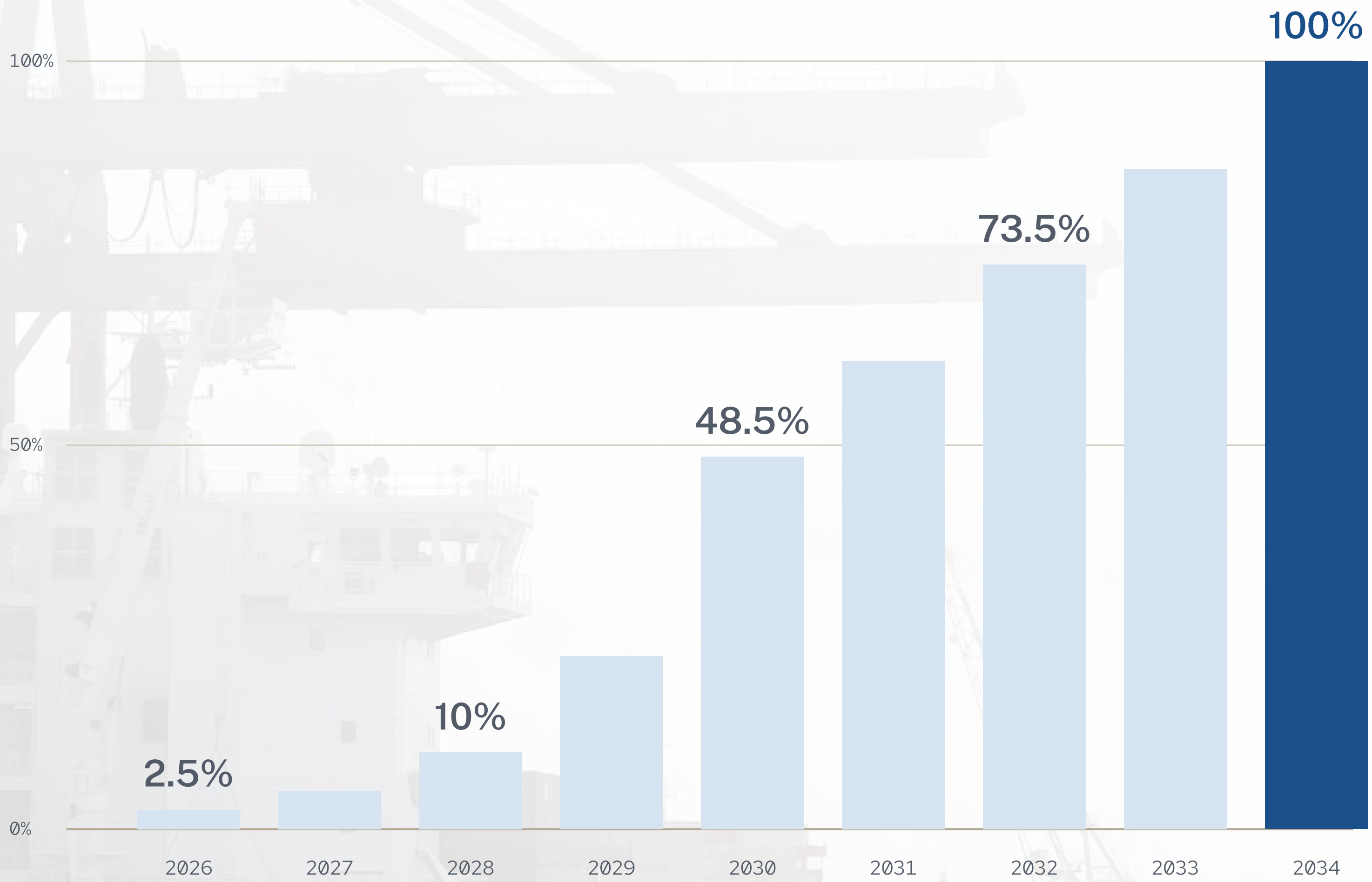
CBAM certificates settle at the weekly EUA average from 2026.

Domestic emissions were still **2.8 Gt** in 2024, 40% below 1990. The priced share is what extra-EU suppliers now meet at the border.

Auction revenue and ETS coverage: DG CLIMA, Carbon Market Report 2024. 2024 average EUR 65.4/t: ICE / same report. August 2026 spot about EUR 82: ICE EUA, 12 Aug 2026. CBAM certificate pricing: Regulation (EU) 2023/956 Arts. 21–22. Domestic emissions were 2.8 Gt in 2024, 40% below 1990 (EEA inventory, April 2026).

Free EU carbon allowances hit zero in 2034

Share of free allocation withdrawn



Almost nothing is withdrawn until 2029. Then **half the free allocation is gone by 2030**, and the rest is gone by 2034.

Steel | Cement | Aluminium | Fertilizers

Free-allocation reduction for CBAM industrial sectors (iron and steel, cement, aluminium, fertilizers): Directive (EU) 2023/959 Art. 1(21). Hydrogen and electricity are also CBAM goods; power already faces full auctioning. Chemicals and polymers remain under 2027–28 review.

EUA price rises 3.4× by 2035

Central case EUR 65 to EUR 220 per tonne. Band is the published range.

EUR 65 /t

2024 AVERAGE

3.4×

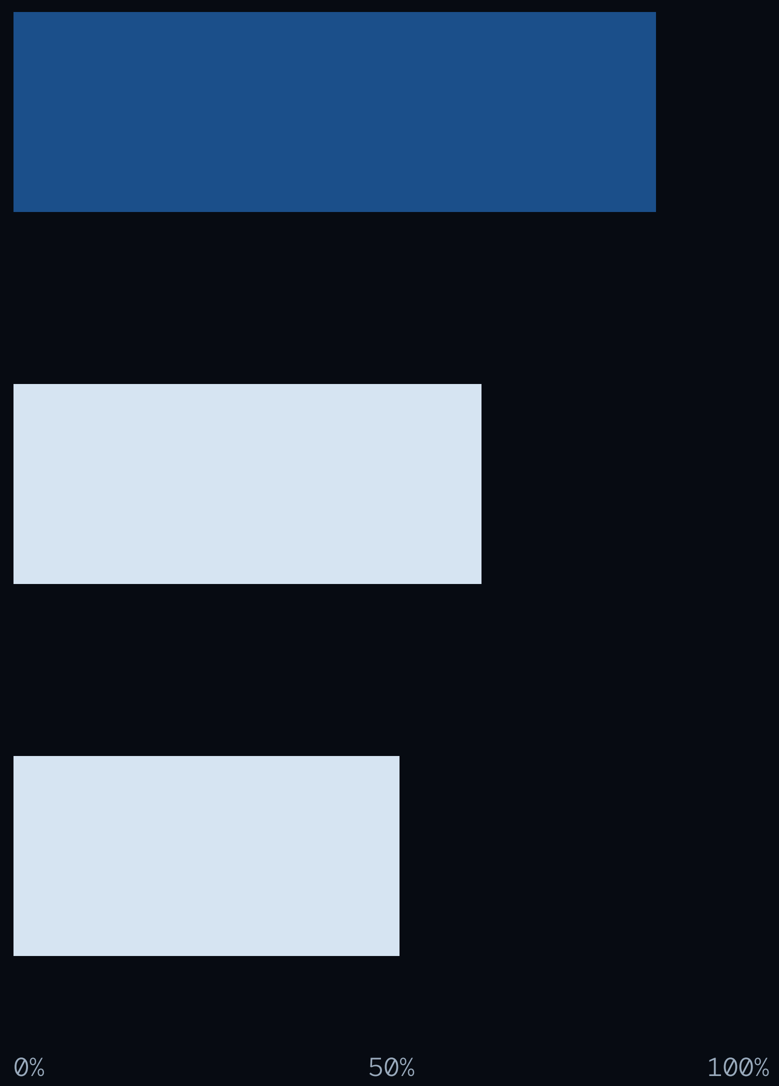
EUR 220 /t

2035 CENTRAL CASE

That cost flows into extra-EU suppliers' CBAM bills at the same weekly settlement.

2024 average EUR 65.4: ICE / Commission Carbon Market Report 2024. August 2026 spot about EUR 82: ICE EUA, 12 Aug 2026. Central case 155 / 220 and ranges 130–180 / 170–280: BloombergNEF Long-term Forecast 2026; Wood Mackenzie European Carbon Outlook H1 2026. ABN Amro and Citi public baselines: 145 / 200.

Solar PV imports from APAC reach 85% of EU demand



IMPORT CATEGORY	SHARE OF EU DEMAND, 2024	MARKET-ACCESS GATE
Solar PV modules China, Vietnam	85%	Forced Labour Reg. bars goods tied to forced labour from Dec 2027.
Permanent magnets China	62%	CRMA: no more than 65% of any strategic raw material from one third country by 2030.
Refined nickel Indonesia, Philippines	51%	Same CRMA 65% cap, against an Indonesia–Philippines supply base.

All three clear **50% APAC dependence**. Steel, the CBAM test case, is about 18% of EU demand from Asia.

Sources: DG GROW, CRM Resilience: 2025 Foresight Report, July 2025; EUROFER Outlook 2026, Jan 2026.
Instruments: Reg. (EU) 2023/956 (CBAM); Reg. (EU) 2024/1252 (CRMA); Reg. (EU) 2024/3015 (Forced Labour Reg.).

Omnibus left 5,000 reporters. The bottleneck stayed.

DISCLOSE AND VERIFY

~5,000

Remain in scope after the threshold rose to 1,000 employees and EUR 450m. They still have to disclose Scope 3. CBAM declarants still verify embedded emissions above 50 tonnes.

ESRS E1-6 ¶51-58 · Reg. (EU) 2023/956 Art. 7

REDUCE

Tier-2/3

Most of that exposure sits in suppliers the brand neither owns nor controls. Carbon3 finances the verified reduction there as an inset.

ILLUSTRATIVE CORRIDORS

- DE → ID nickel
- NL → VN agri
- FR → BD RMG

Scope after Omnibus I, in force March 2026, amending Dir. 2022/2464 (CSRD). CBAM verification and 50 t de minimis: Reg. (EU) 2023/956 Art. 7, Annex IV as amended.
Insetting ≠ offsetting: does not substitute for EU ETS surrender or enable carbon-neutral claims.

Carbon3

From 2026, market access runs through Scope 3 and CBAM.

The levy, the allowance price and the remaining **5,000** CSRD reporters all need the same thing: verified upstream data.

> Carbon3 unlocks external capital for the supplier tiers that carry the exposure, de-risks the investment, and shares the independently verified Scope 3 benefit, tied to the supply chain it comes from. Compliance and development, financed together.

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Sources: EEA · DG CLIMA · ICE · BloombergNEF · ICIS · Wood Mackenzie
EU ETS Dir. (EU) 2023/959 · CBAM Reg. (EU) 2023/956 · Climate Law Reg. (EU) 2026/667 · CSRD Dir. 2022/2464