

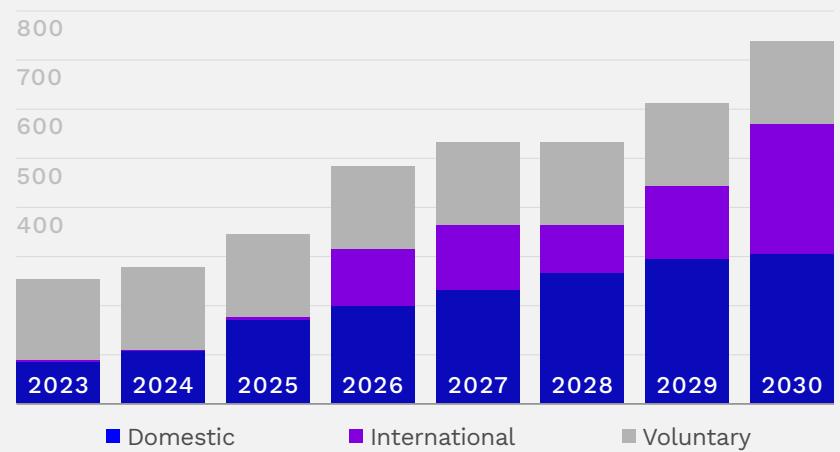
2025 news highlights

In October 2025, the Oxford Institute of Energy Studies published its second whitepaper in this series, co-authored by Hannah Hauman, Global Head of Carbon Trading at Trafigura. The report explores how global carbon markets can move from concept to reality and outlines the steps needed to support the rapid growth in demand for compliance-grade carbon credits by 2030 – from transparent systems and clear regulations to reliable financing.



↗ [Read more in the whitepaper.](#)

Projected credit demand reaching 700mt by 2030



↗ [Listen to the podcast hosted by Hannah Hauman and her co-author Hasan Muslemani.](#)

Key market developments: 2025 in review

The carbon unit price evolution shown for each jurisdiction is calculated from the first trading day and the last trading day between January 1 2025 and December 31 2025.

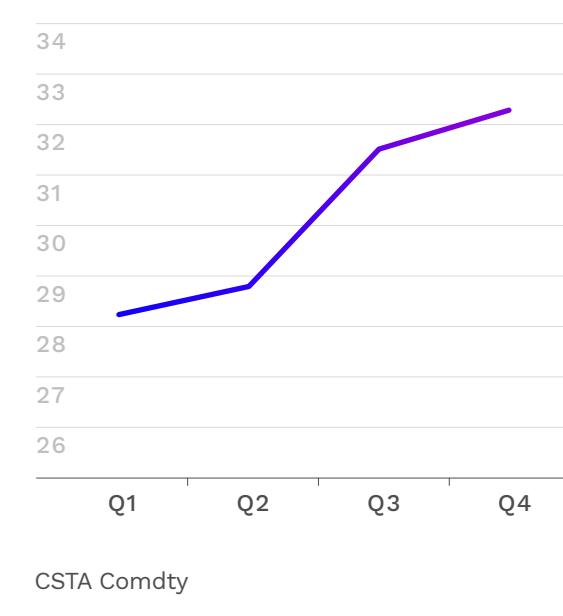
International markets

CORSIA takes flight; Article 6 takes root

CORSIA (+13%)

- 2024 CORSIA Sector Growth Factor has been set by ICAO at 15.4 percent, resulting in a finalised figure of 55.7 million tonnes demand, an increase of 12.7 million tonnes vs their High CAEP/13 scenario for 2024.
- Total CORSIA issued tonnes at the time of writing stand at 17.6 million tonnes due to administrative and policy delays for eligible tonnes, however market activity remains muted given airlines have until January 2028 to purchase and cancel CORSIA units in respect of the first phase of CORSIA.
- The first ICE CORSIA futures delivery completed in December 2025, with 116,000 tonnes delivered at USD18.5 per tonne.
- Verra approved three CORSIA insurance providers to insure against revocation of authorisation by the host country for CEEU labelling, including CFC Underwriting Limited, Oka, and Artio Carbon Limited.
- ICAO updated its list of CORSIA Phase 1 eligible emissions units, now inclusive of Premium T-VER and Isometric. Engineered removals are now eligible.

CORSIA (in USD/t)



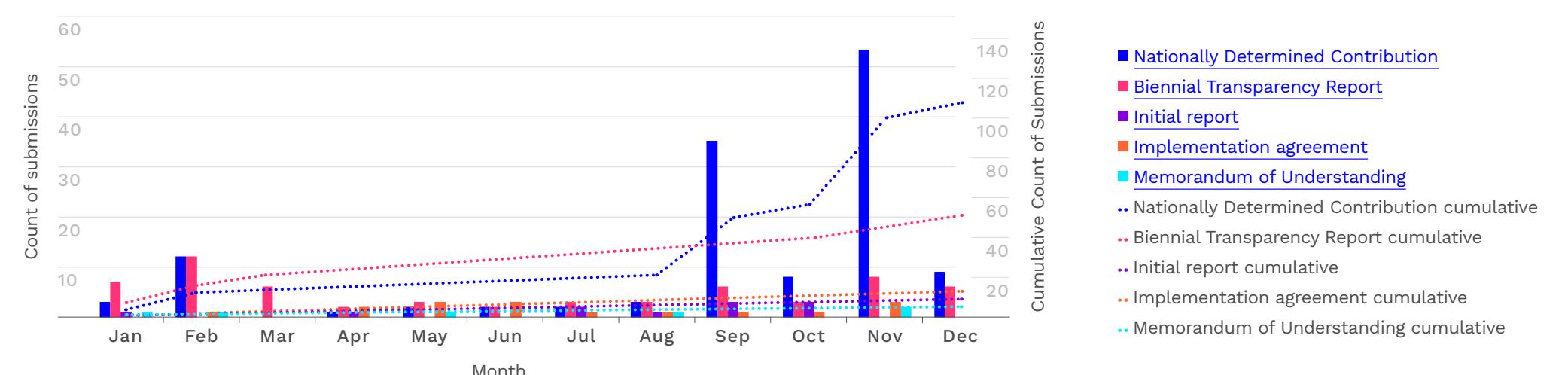
CSTA Comdty

¹ www.unfccc.int.

Article 6

- A total of 224 policy updates were submitted to UNFCCC in 2025, over half were associated with Nationally Determined Contributions (NDCs). This trend was driven by the 2025 deadline to submit 2035 NDCs and the publication of Biennial Transparency Reports (BTRs). Other updates reflected progress across additional policy areas, notably international agreements, memorandum of understanding (MoUs), and related cooperation initiatives¹.
- The EU agreed the five percent ITMO target to meet 2040 targets, equating to a minimum of ~235 million tonnes of demand.
- Switzerland's KliK Foundation has contracted for the supply of approximately [17 million ITMOs](#), with only a small number delivered so far, and maintains a procurement target of 20+ million units towards Switzerland's 2030 targets.
- The Government of Singapore issued an RFP to purchase Article 6 credits from host countries, with bilateral implementation agreements; this tender follows the awarding of the first RFP in 2025, which resulted in the Government of Singapore contracting [2.175 million tonnes](#) from four nature-based projects in Ghana, Peru and Paraguay.

Count of 2025 Article 6 operationalisation milestones



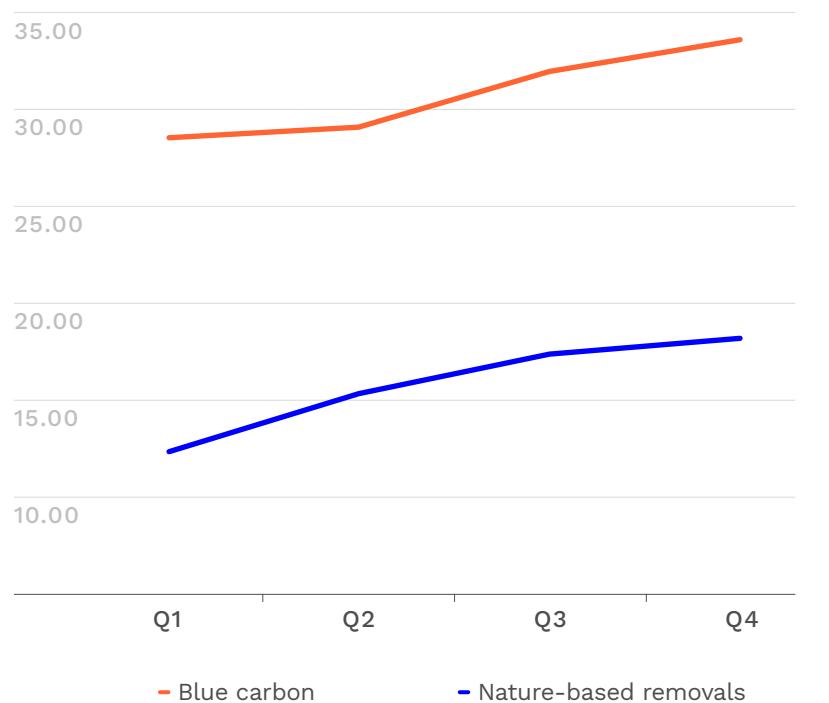
- Nationally Determined Contribution
- Biennial Transparency Report
- Initial report
- Implementation agreement
- Memorandum of Understanding
- Nationally Determined Contribution cumulative
- Biennial Transparency Report cumulative
- Initial report cumulative
- Implementation agreement cumulative
- Memorandum of Understanding cumulative

Removals markets (ARR +59%/Blue Carbon +25%)

Demand leaps forward

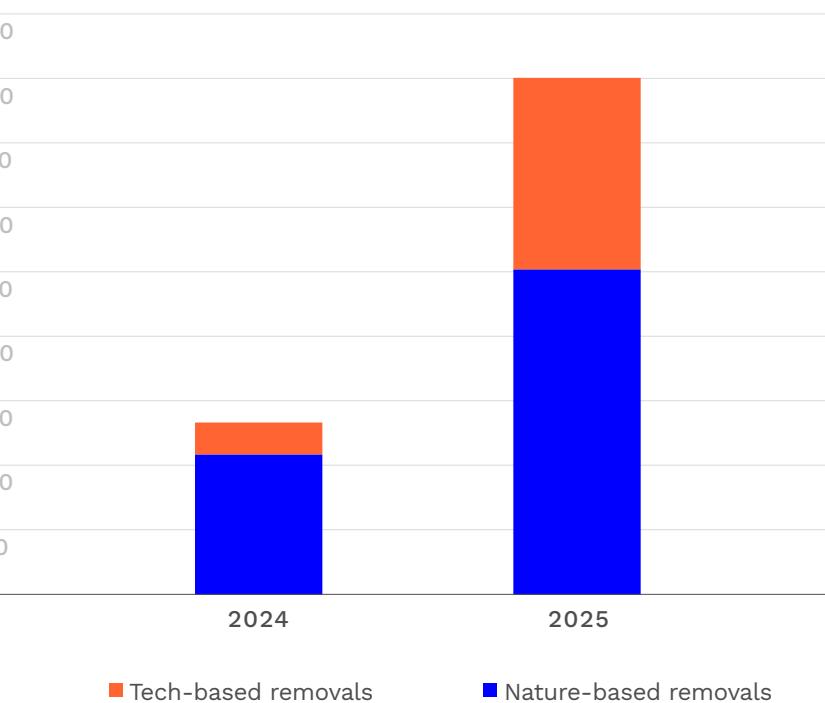
- In 2025, at least 50 million tonnes of NBR was contracted over long-term forwards, a 3x increase from 2024¹.
- Issuances for total nature-based removals dropped by over three million tonnes year-on-year, despite IFM removals increasing by two million tonnes year on year. The drop in supply was led by a decrease in native restoration production, blue carbon, and agroforestry projects, as well as withdrawal of Chinese ARR Projects from independent standards as these redirect to China domestic ETS².
- Symbiosis Coalition launched its first tender for reforestation and agroforestry projects in January 2025.
- The EU continued to develop its Carbon Removal and Carbon Farming Regulation (CRCF) which acknowledges nature-based and technology-based removals for use in voluntary markets as well as potential to incorporate in the EU ETS.
- The Article 6.4 Supervisory Body postponed finalising of its non-permanence and reversals tool until 2026 following nature-based sector concerns over stringency requirements with conclusions expected in 2026.

Removals (in USD/t)



Source: Bloomberg

Carbon removal offtake volumes¹



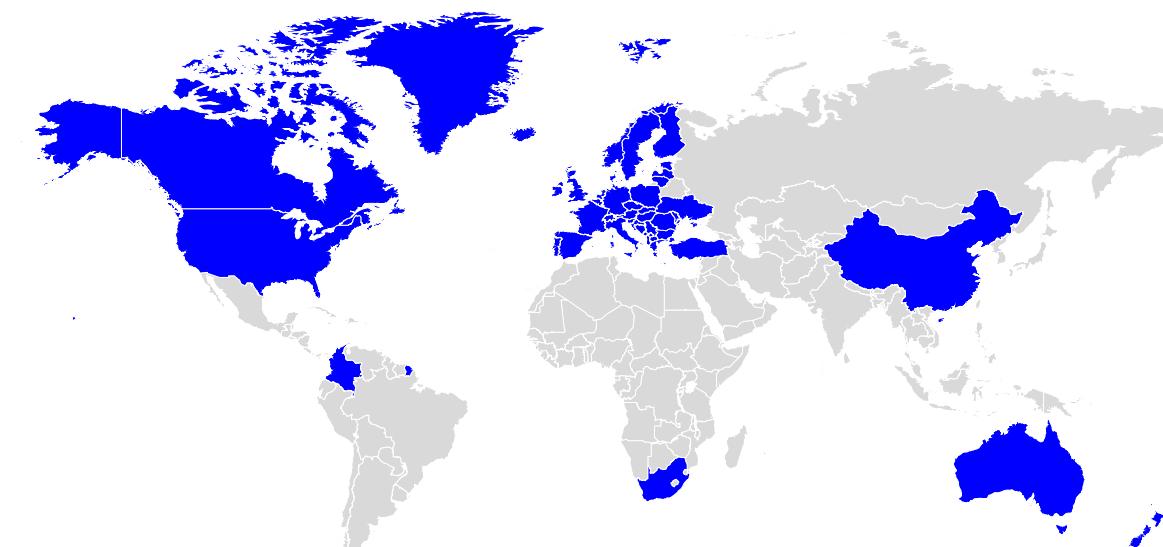
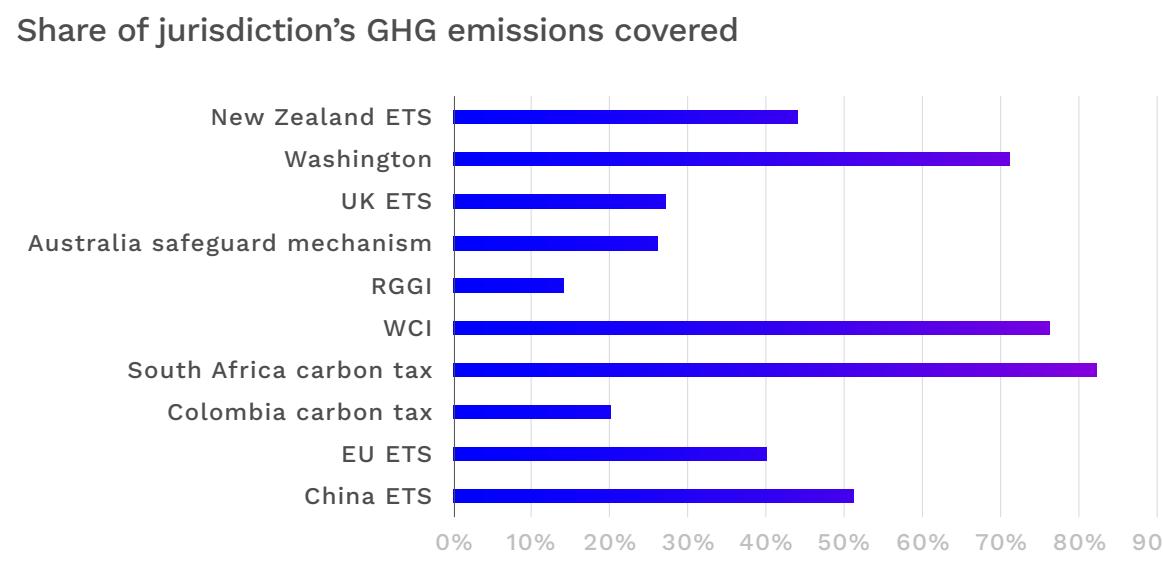
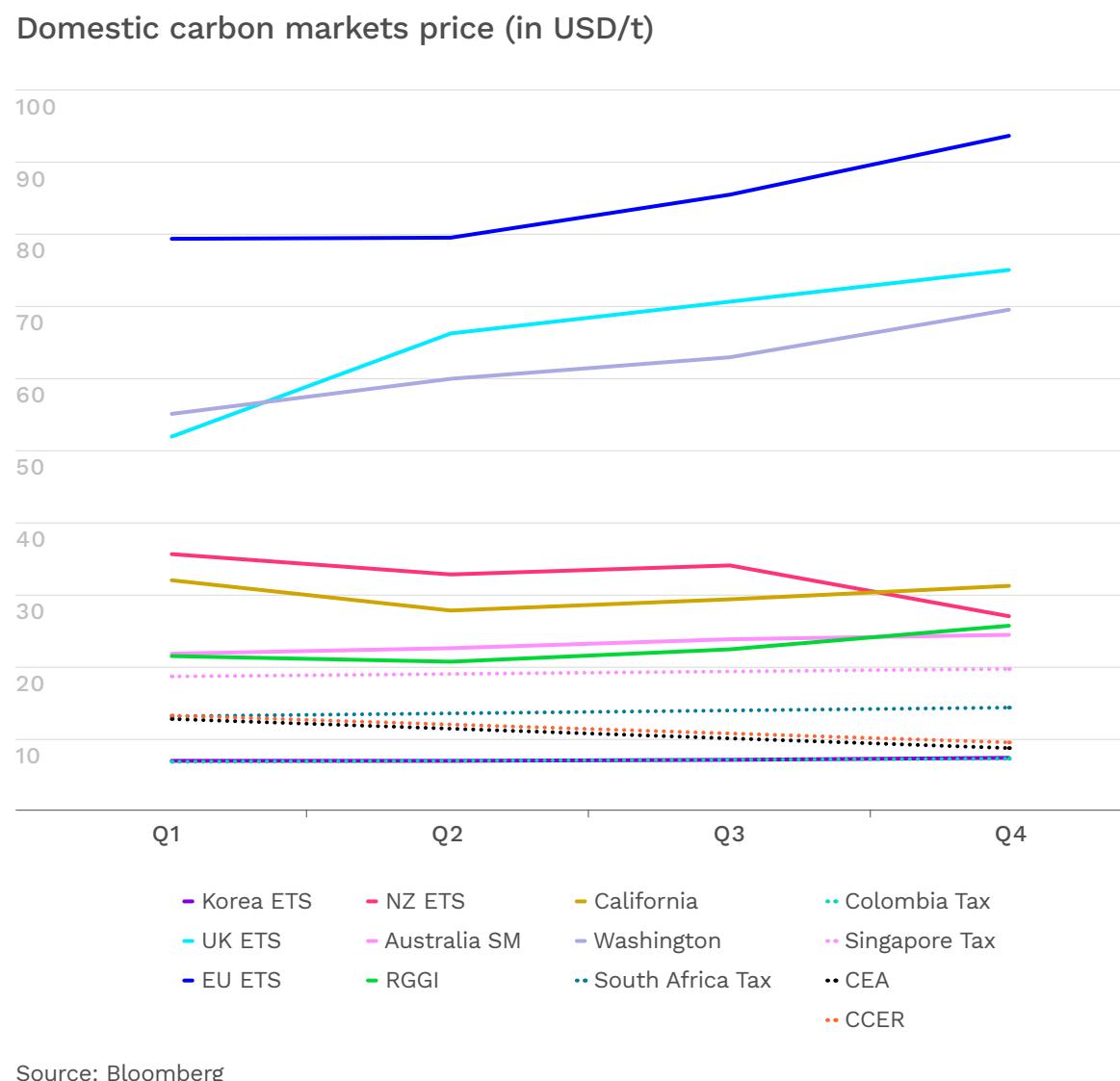
¹ Argus Carbon, Jan 2026

² Sources: Gold Standard, Verra, Climate Action Reserve, ACR Carbon

↗ [Sign-up to receive future editions](#)

Disclaimer: This communication is the property of the disclosing party and is made available to you for informational purposes only and subject to customary confidentiality restrictions. By accessing this communication, you hereby expressly waive all liability of the disclosing party based, in whole or in part, on the information provided. No representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of the information provided. You should conduct your own investigation and analysis of the information contained and should consult with your own professional advisers for advice on any investment, reporting, legal, tax or accounting issues relating thereto. Neither the receipt of this communication by any person, nor any information contained herein constitutes, or shall be relied upon as constituting, the giving of investment, legal, tax, accounting, reporting or other advice to any such person. No obligation to provide any access to any additional information or to update or correct the communication is accepted. This communication is not an offer or a solicitation of an offer to buy or to sell any instruments or to participate in any trading strategy.

Domestic compliance markets



Europe (EUA +32%/UKA +69%)

Spec interests reach all time highs

- EUA prices saw significant volatility with prices ranging between €60-88/tCO₂. April tariff concerns drove macro selling to lows whilst year-end positioning ahead of anticipated 2026-2027 tightness pushed prices higher. Speculative funds played an increasingly dominant role reaching record 118 million tonnes net positions, with Q2 seeing unusual EUA-TTF decoupling and limited fuel switching potential.
- Major policy developments included a provisional 2040 -90 percent net emissions target, ETS2 postponement to 2028, 54 million tonnes 2026 auction supply reduction from maritime cancellations, €100 billion Industrial Decarbonisation Bank, and EU-UK linkage progress narrowing spreads from €30 to €10/tCO₂.
- Looking ahead, despite structural shortages in the EU ETS scheme, the market faces uncertainties around RepowerEU auction volumes and political intervention risks ahead of the Q3 2026 ETS Directive review covering MSR adjustments and aviation scope extension.

Australia (ACCU +3%)

Fundamentals affirmed

- 2025 marked a pivotal year for the Australian carbon market with political and 2035 NDC clarity, combined with long-awaited method progression on EP, LFG and SFM and CAC restructuring.
- Q1 saw lows of AUS32.50 per tonne amid uncertainty on bumper SMC issuance and the Federal Election. Labour's landslide reduced regulatory risk which alongside strong compliance buying drove prices above AUS38.00 per tonne by September. Q4 saw volatility from NZU contagion, the CAC announcement and opposition abandoning net-zero targets but demonstrated resilience with support at AUS36.00 per tonne.
- 2026 opens with an anticipated scheme and coal mine fugitive emission reviews alongside potential scope expansion. Tighter baselines may combine with supply headwinds from slow IFLM development and Soil Carbon issuance, while SFM could catalyse prompt issuance, with some concerned over price impact.

New Zealand (NZU -38%)

Sentiment rocks market confidence

- NZU experienced extreme volatility throughout 2025, settling down 47 percent peak-to-trough with six million tonnes of auction, with CCR supply cancelled.
- Q1 saw prices plunge to the high-40s driven by Trump's 'Liberation Day' tariffs, forestry FY-end sales, weak log demand and a major emitter's market absence. Q2/Q3 stabilised in the mid-50s as these pressures eased, however, November's shock announcement to decouple ETS from Paris NDC targets caused a 37 percent crash to NZD33 per tonne. A brief recovery to NZD47 per tonne on ministerial reassurance was reversed by year-end profit-taking, pushing prices back into the 30s.

- Despite consecutive years of significant volume cancellations, prices finished near two-year lows – highlighting the disconnect between prompt pricing and medium-term fundamentals. The Federal Election, MERP4 volumes and tightening balances are expected to be the key price drivers for 2026.

China (CEA -32%)

Last year of carry-forward restrictions; market expansion

- CEA prices fell 46 percent from CNY97 to CNY52 by late October, as compliance entities sold aggressively ahead of strict carry-forward restrictions which restricts stockpiling from year to year. Whilst end-2025 saw recovery to CNY75 following MEE intervention on the newly introduced industrial sectors – aluminium, cement, steel – relaxing limits from 10,000 tonnes to 100,000 tonnes and announcing tightened allocation benchmarks strongly encouraging state-owned entities to increase purchases in the upcoming year.
- CCER development** accelerated with 14 methodologies published and five under consultation, yet issuance remained constrained at 15 million tonnes with project owners reluctant to sell below CNY80.
- The government announced its first absolute emissions target of [7-10 percent by 2035](#) and additional transformative targets were signalled including full industrial coverage by 2027, absolute cap-and-trade with paid allocations by 2030, and auctions potential ahead of the decade-end.

North America

(CCA -15%/RGGI +12%/WCA +39%)

Extensions secured yet clarity absent

- California confirmed its cap-and-trade scheme extension beyond 2030, though key programme reviews remain outstanding including confirmation of a potential [118 million tonnes supply](#) reduction for 2027-2030, alongside Quebec's proposed [17.5 million tonnes reduction](#). Meanwhile, the WCI linkage with Washington's cap-and-trade scheme was postponed to 2027. The RGGI third programme review was released but uncertainty remains amid Pennsylvania's exit and Virginia's potential return by the decade-end.
- Policy uncertainty drove short-term price volatility. California CCAs experienced significant disruption, falling to multi-year lows of USD26.74 per tonne, following the CARB's delay announcement, before recovering to USD32 per tonne by end-October as the scheme review progressed and holding the 30s level by year-end. RGGI prices dipped in Q2 on federal policy concerns but recovered in Q3 post programme review. Washington prices showed steady growth throughout, supported by regulatory adjustments and linkage expectations.
- Following Trudeau's departure, Carney's Budget 2025 prioritised climate competitiveness strategy, removed the emissions cap for the oil and gas sector and extended the carbon capture, utilisation and storage (CCUS) tax credits, among others in Canada.

Singapore

Operationalisation of A6.2 delays delivery

- In 2025, Singapore signed eight new IAs and three MOUs with host countries for Article 6.2 cooperation for its tax and sovereign credit demand.
- Due to constrained supply of eligible credits for emissions year 2024, taxable facilities were allowed to roll over their unutilised offset limit (up to five percent of taxable emissions in 2024) to emissions year 2025.

South Africa

Increase in credit demand

- South Africa's 2025 National Budget in March raised offsetting caps to 10 percent for fugitive and process emissions, and 15 percent for combustion emissions, up from Phase 1 levels of five percent and 10 percent respectively, though falling short of Phase 2 draft proposals of 20 percent and 25 percent.
- CCER development** accelerated with 14 methodologies published and five under consultation, yet issuance remained constrained at 15 million tonnes with project owners reluctant to sell below CNY80.
- In November, the Treasury committed to analysing the impact of reducing cushioning measures for electricity generators in future years, whilst five-year carbon price neutrality for electric utilities remains in effect until 2030.

Colombia

Status quo maintained but reform pressure mounts

- Congress voted** to maintain the offsetting cap at 50 percent for 2026, rejecting a proposed reduction to 30 percent.
- The carbon levy of USD7.10/tCO₂e in 2025 rises annually by inflation plus one percent and was also kept unchanged despite proposals to increase it to USD11.43/tCO₂e in 2026.

Emerging markets

Regulatory markets launch across the globe

- Following a delay, Mexico is expecting to operationalise its ETS scheme in 2026.
- Brazil's domestic ETS expects to become operational by the end of the decade.
- Turkey finalised its framework with a 2026 pilot phase focusing predominantly on CBAM-exposed sectors.
- Korea and Japan published regulations for the new compliance phase of their national schemes, with both scheduled to commence in 2026.
- India launches its new ETS as of January 2026, primarily focused on the power sector.
- Vietnam launched its ETS pilot phase in 2025, targeting power generation, steel and cement and progressing to a full implementation stage in 2029.
- Indonesia broadened the scope of power plants covered under its scheme.
- In the 2026 budget, Malaysia confirmed the introduction of its carbon tax starting in 2026 for the iron, steel and energy sectors with final rates yet to be confirmed.

Things to watch out for in 2026

- Q1**
 - CBAM Compliance period starts
 - Release of 2026-2030 EU Benchmarks
 - 100 percent inclusion of maritime
 - Federal Carbon Price Escalator Canada
 - New Zealand MERP4 volumes start issuance
- Q2**
 - Japan GX ETS Mandatory scheme start
 - EU-UK Summit with potential news on their ETS linkage
 - EU TNAC and MSR publication
 - First Article 6.4 (ITMO) issuances
 - Announcements on WCI-Washington Markets potential linkage
- Q3**
 - India CCTS Compliance start
 - EU ETS Directive review including MSR review, CORSIA review and possible aviation scope extension, removals inclusions post 2030
 - Turkey ETS Pilot phase
 - Korea ETS Mandatory Phase 4 starts
- Q4**
 - US Congress elections
 - 2026 United Nations Climate Change Conference
 - ICAO to publish 2025 sectoral growth factor and offsetting requirements or CORSIA
 - New Zealand Federal Election
 - Australia Safeguard Mechanism policy review expected