

CBAM AND EU ETS

German Energy Day

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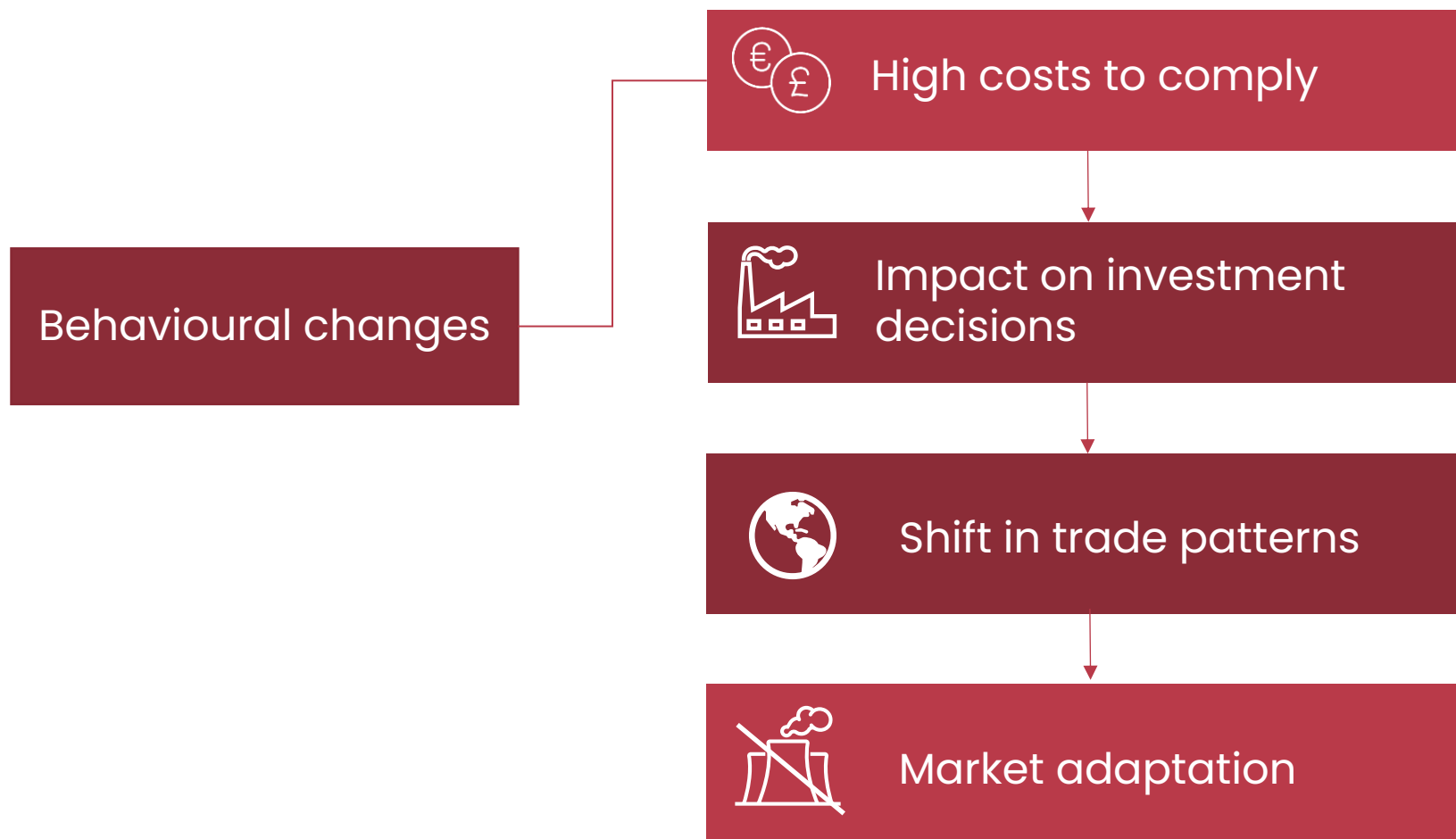
April 2025

AGENDA

- How CBAM will impact industry
- Outstanding concerns
- CBAM's impact: A case study
- European carbon market: An update
- UK-EU ETS linkage

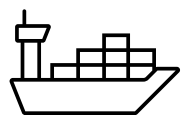


HOW CBAM WILL IMPACT INDUSTRY



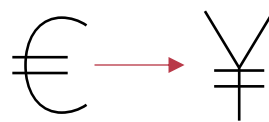
CBAM: OUTSTANDING CONCERNS

Circumvention



- Resource shuffling
- Downstream circumvention
- Scrap circumvention

Exports



- No current export protection measures
- Q2 2025: CBAM review announcement expected

WTO/Geopolitics

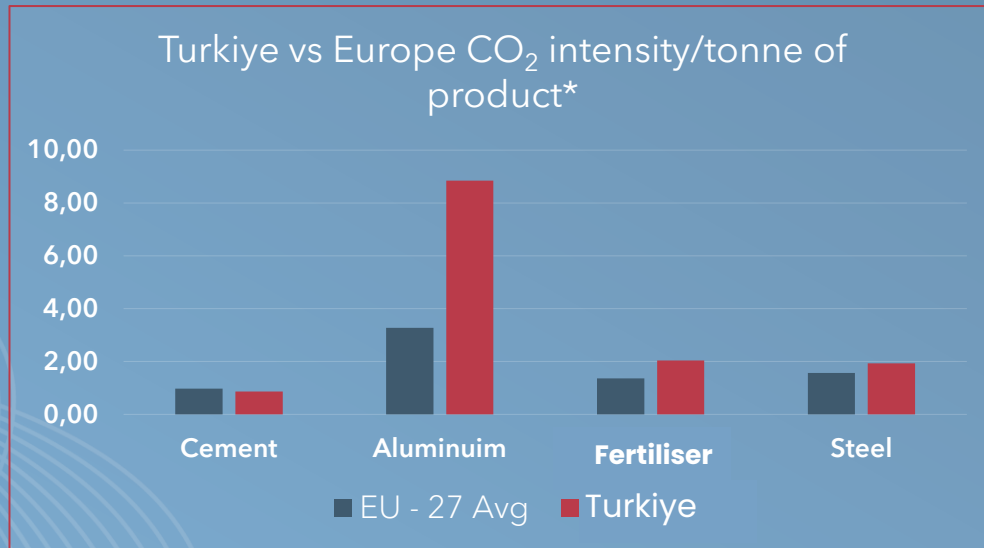


- CBAM's legality in the WTO could be questioned
- Impact on the wider trade environment





CBAM'S IMPACT: TÜRKİYE



Key take-aways for Turkish companies importing to the EU:

Turkish Aluminium is ~170% **more** carbon intensive than EU aluminium

Turkish cement is slightly **less** carbon intensive than EU cement

*JRC 2023 Technical Report

2030 – CBAM cost per 100k tonnes of goods

Using average EF for Türkiye (% increased cost of good – Q3, 2024 prices)



Clinker: €7,554,000 (+227%)



Fertiliser €18,340,000 (+26%)



Steel €18,568,000 (+21%)



Aluminium €112,553,000 (+45%)

2034 – CBAM cost per 100k tonnes of goods



Clinker €21,378,000 (+719%)



Fertiliser €50,464,000 (+72%)



Steel €47,232,000 (+52%)



Aluminium €205,087,000 (+82%)

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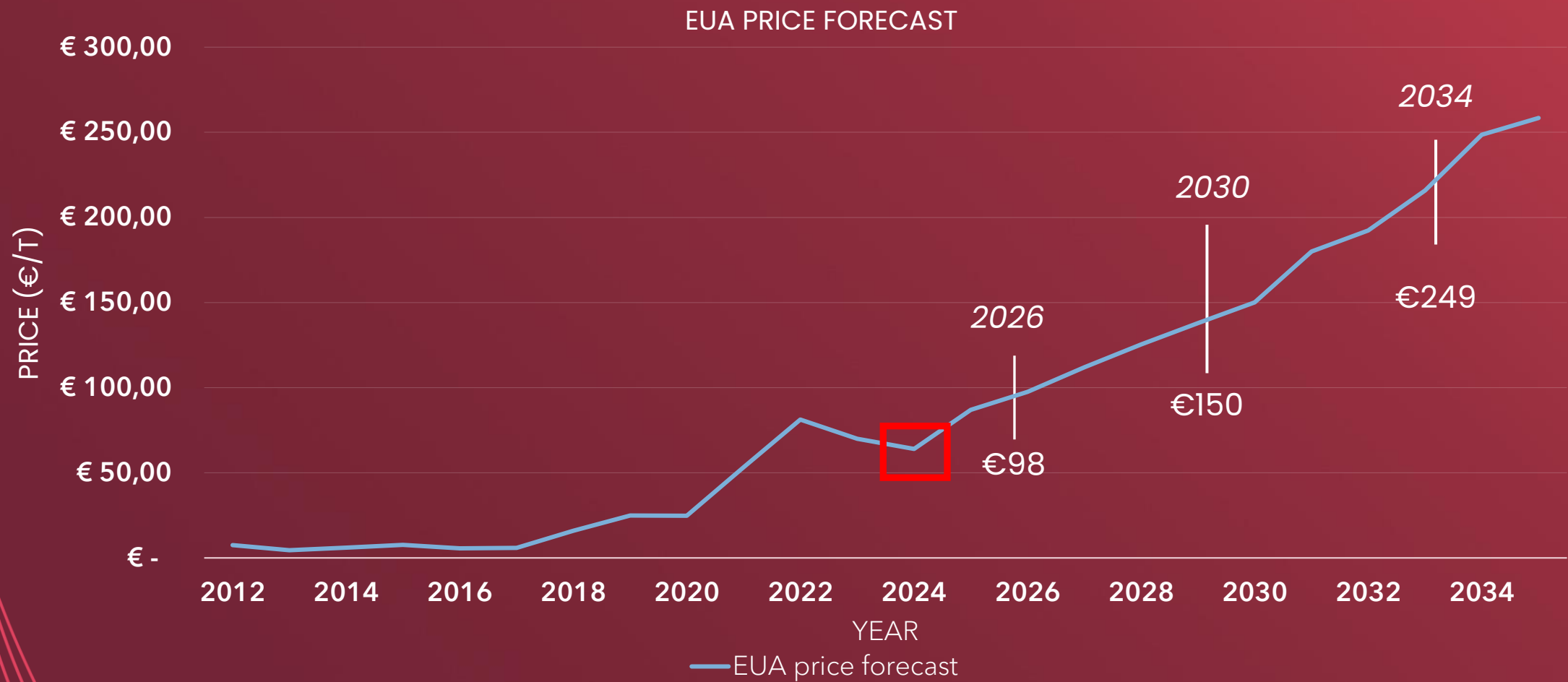
EUROPEAN CARBON MARKETS



POWER PASSESS THE BATON TO INDUSTRY



EU ETS AMBITION = HIGHER EUA PRICE



Source: Redshaw Advisor's EUA Price Forecast Assessment (RALEPA)

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POTENTIAL EU-UK ETS LINKAGE

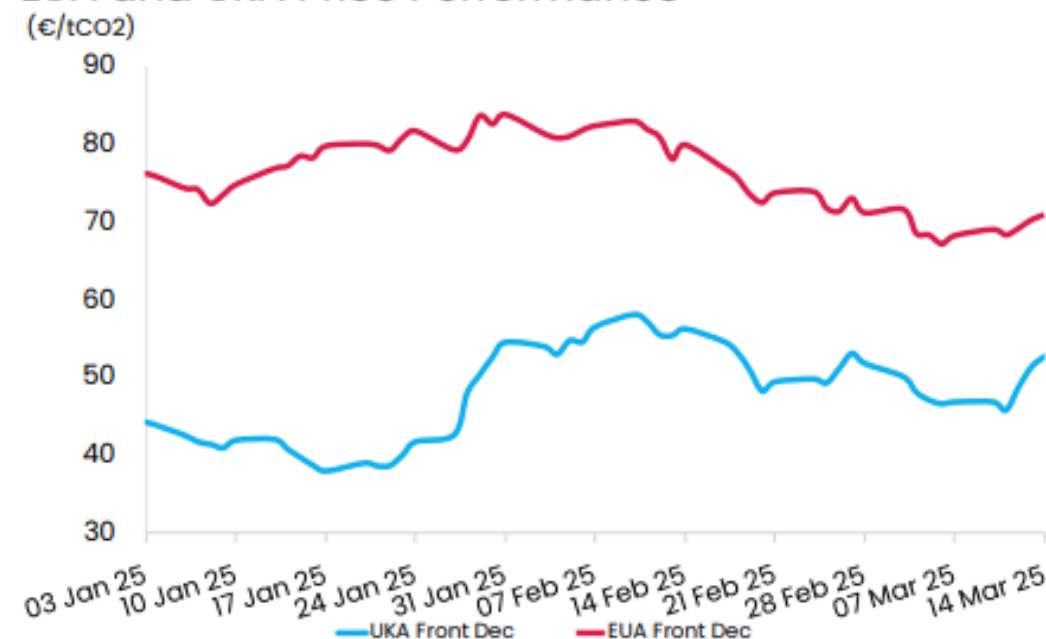
UK ETS suffers with liquidity
UKAs are at a discount
compared to EUAs

Now, both the EU and UK
are implementing CBAMs.
This has rekindled
discussions about linking
the EU ETS with the UK
ETS.

In recent months, the UK
ETS price has been very
sensitive to headlines about
the linkage.

All eyes are currently on the
19th May 2025 EU-UK
Summit, where the parties
are expected to consider
the case for linking the ETS.

EUA and UKA Price Performance



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