
THE EURASIAN GREEN TRANSFORMATION CORRIDOR

From CBAM to Opportunity: Turkey's Bridging Role and the Policy Agenda of Young Businesspeople

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EXECUTIVE SUMMARY

The European Union's Carbon Border Adjustment Mechanism (CBAM) is fundamentally restructuring the global trade architecture. In poorly executed analyses, this transformation is routinely misconstrued as a threat. In reality, CBAM represents a critical inflection point—and inflection points invariably carry both risks of loss and windows of opportunity. For Turkey, this opportunity rests on its capacity to serve as an intermediary, a standard-setter, and a logistics hub in the green transformation process of the Eurasian continent.

This white paper analyzes the multi-layered impacts of CBAM on the economies of Turkey and Eurasia. It outlines how Turkey's bridging role can be translated into concrete policy instruments and demonstrates how young businesspeople will position themselves as both primary actors and policy subjects throughout this process.

The core argument is straightforward: Turkey cannot protect its market share in Europe without integrating into European climate policies. However, if it manages this integration strategically, it can transform into an inevitable transit node for economic actors across a vast geography extending from Russia to Central Asia, and from the South Caucasus to Iran. This is not merely a political choice; it is an economic imperative.

1. INTRODUCTION: WHY NOW, WHY US

1.1 The Anatomy of Historical Momentum

For decades, climate policy was a collection of commitments shaped in the meeting rooms of environmental ministers—the vast majority of which remained unimplemented. Between 2019 and 2026, this paradigm shifted fundamentally. The European Green Deal moved far beyond a mere declaration of intent, evolving into concrete trade policy instruments. The transitional phase of CBAM, which covers iron and steel, aluminum, cement, fertilizer, electricity, and hydrogen sectors, commenced in 2023; financial obligations took full effect in 2026.

Turkey is more profoundly affected by this process than other major trading partners for two primary reasons:

- **Export Dependency:** Approximately forty percent of Turkey's exports are destined for Europe, a significant portion of which originates from carbon-intensive industries.
- **The Customs Union Constraint:** Due to its inclusion in the Customs Union since 1995, Turkey lacks the negotiating buffers that other third countries possess against unilateral shifts in EU trade policy.

When these two factors converge, the cost of delayed adaptation escalates disproportionately for Turkey.

1.2 Young Businesspeople: Why We Are at the Center of This Debate

As of 2026, the generation managing more than half of the business community and the vast majority of employment in Turkey is treated as a passive subject rather than an active stakeholder in this policy debate. While large conglomerates and apex professional organizations have integrated CBAM compliance into their corporate agendas, the voices of young entrepreneurs and small-to-medium enterprise (SME) founders remain largely unheard.

In drafting this white paper, AVGIAD focused on two core questions:

1. Do current policy recommendations accurately reflect the genuine operational constraints faced by young businesspeople?
2. Will the youth assume a pioneering role in the green transformation of the Eurasian geography, or will they be relegated to mere compliance?

The answers to these questions directly influence both national and international policy prescriptions.

2. CORRECTLY READING CBAM: ANATOMY OF THE THREAT AND MAP OF OPPORTUNITY

2.1 The Actual Functioning of the Mechanism

CBAM mandates an equivalent carbon price on the import of specific goods into the EU to match the carbon costs borne by domestic EU producers. This fee is indexed to the weekly average auction prices of the EU Emissions Trading System (ETS). The 2025 average hovered around €65 per metric ton; most analysts forecast this figure to reach the €80–€100 band by 2030.

The math appears simple: if the exporting country lacks a functional carbon pricing mechanism or if its price is lower than the EU's, the delta is paid via purchasing CBAM certificates. Given that Turkey does not yet possess an operational domestic carbon pricing system, exporters in the covered sectors face an immediate competitive disadvantage. However, a closer look behind the raw numbers reveals a much more nuanced and compelling narrative.

2.2 Sectoral Breakdown: Who Is Affected, and to What Extent?

- **Iron and Steel:** This sector bears the highest exposure to CBAM. Turkey ranks among the world's leading steel exporters, and a significant portion of its production relies on Electric Arc Furnaces (EAFs). This is a structural advantage: EAFs have a substantially lower carbon intensity compared to integrated blast furnaces. If powered by renewable energy sources, EAFs can minimize their CBAM liability. The core issue lies not in production technology, but in the energy mix.
- **Cement:** This is one of the hardest-to-abate sectors due to inherent process emissions. The chemical reaction in clinker production releases CO_2 regardless of the energy source utilized. Nevertheless, the Turkish cement sector has already accumulated deep expertise in optimizing clinker-to-cement ratios and utilizing alternative raw materials. Making this expertise transparent through robust CBAM documentation is a critical action item.
- **Aluminum:** Turkey positions itself favorably in secondary aluminum production. Producing recycled aluminum yields up to a 95% reduction in energy consumption compared to primary production, which translates to a vastly lower CBAM burden.
- **Fertilizer:** Natural gas dependency exposes this sector to structural vulnerability. In the short term, solutions will come from marginal efficiency gains; in the medium term, green hydrogen-based ammonia production offers a transformative pathway.

2.3 Turkey's Hidden Advantages

The prevailing CBAM literature predominantly generates a discourse of victimhood. While this narrative may serve political purposes, it is analytically flawed. Turkey possesses several structural advantages that have not yet been fully internalized by public awareness:

- **Geographical Proximity and Logistics Infrastructure:** The ports of Istanbul and Izmir occupy strategic positions along East-West trade corridors. The infrastructure required to act as a regional hub for green cargo certification, carbon footprint verification services, and sustainability documentation is largely already in place.
- **Renewable Energy Capacity:** Turkey has executed heavy investments in wind and solar power, backed by ambitious targets. As of 2026, renewable sources account

for approximately fifty percent of installed capacity. This ratio is on track to place the industrial sector's energy transition on a highly competitive footing.

- **Qualified Engineering Workforce:** The green transformation is spawning a services economy. Energy efficiency auditing, sustainability reporting, carbon accounting, and environmental engineering form the bedrock of this new economy. Turkey's technical higher education capacity is uniquely capable of meeting this demand.
- **Manufacturing Agility:** One of the greatest strengths of the Turkish manufacturing sector is its order flexibility and rapid adaptation capacity. This agility will serve as a decisive competitive differentiator during the alignment with green product standards.

3. TURKEY'S BRIDGING ROLE: A STRATEGIC ANALYSIS

3.1 Moving Beyond the "Bridge" Metaphor

For decades, Turkey has leaned heavily on the "bridge" narrative: an energy bridge, a cultural bridge, a bridge between East and West. Over time, this rhetoric has occasionally lost its concrete economic substance, devolving into a cliché.

In the context of the green transformation, however, the bridging role carries an authentic, quantifiable economic value. The reason is clear: CBAM impacts all neighboring regional economies similarly, yet the institutional capacity of most of these economies to comply with CBAM lags significantly behind Turkey's.

Turkish traders purchasing steel from Kazakhstan to sell to Europe are already aware of this. Turkish facilities processing Ukrainian coal or Azerbaijani aluminum know this. Data confirming that a substantial portion of commercial flows transiting Georgia, Armenia, and Moldova is managed by Turkish logistics operators further validates this reality.

The strategic question is: what does this commercial flow mean for Turkey's carbon accounting, and how can Turkey leverage it into a structural advantage?

3.2 Eurasia's CBAM Map

Eurasian economies exhibit a highly heterogeneous profile regarding their readiness for CBAM:

- **Kazakhstan:** A WTO member and an Eurasian Economic Union state, Kazakhstan is actively taking steps to develop its own domestic carbon market. Its steel and aluminum exports are substantial. While it lacks a comprehensive partnership agreement with the EU, active dialogue mechanisms are operational.
- **Ukraine:** The post-war reconstruction process holds massive potential for green steel and renewable energy development. Its EU accession path will mandate absolute CBAM alignment; in this context, Turkey can share its sectoral experience and export technical services.

- **Georgia:** Having signed an EU Association Agreement, Georgia actively manages its regulatory alignment. Its export volume in CBAM-covered sectors remains relatively limited, leaving green tourism and sustainable agriculture as its standout opportunities.
- **Azerbaijan:** Driven by a profound transition in its energy sector, Azerbaijan is actively shaping its policy around green hydrogen and renewable energy exports. Strong economic ties with Turkey already exist; extending this bond into the green energy dimension is a natural progression.
- **Central Asia (Uzbekistan, Kyrgyzstan, Tajikistan):** Direct export volumes under CBAM are currently modest. However, as these economies face prospective exposure to China's tightening carbon regulations, developing green transformation capacity becomes unavoidable for accessing both EU and Chinese markets. Turkey can serve as both an operational blueprint and an intermediary for technical cooperation.
- **Russia:** Post-2022 economic relations operate under multi-dimensional restrictions. Nonetheless, a complex interdependence persists in sectors outside of energy and agriculture. In a long-term scenario, the development of Russia's green steel capacity could open up significant avenues for Turkish engineering and consultancy firms.

3.3 Tangible Economic Manifestations of the Bridging Role

Turkey can monetize its bridging role across this geography via three concrete business models:

4. NATIONAL POLICY AGENDA: WHAT NEEDS TO BE DONE

4.1 Carbon Pricing Architecture

Establishing a domestic carbon pricing system in Turkey is no longer an optional policy choice; it is a structural necessity. By design, the CBAM framework allows exporters to deduct any carbon price paid in their home country from their final liability at the EU border. Consequently, an operational domestic carbon pricing system protects exporters via a reciprocity mechanism. Without it, Turkish exporters will pay the carbon tax directly to the EU, transferring domestic capital straight into the EU budget.

The proposed policy roadmap is structured as follows:

- **Short-Term (2026–2027):** Fortify the legal infrastructure for the voluntary carbon market, establish sectoral emissions baselines, and deploy a rigorous Monitoring, Reporting, and Verification (MRV) system. This phase must focus on building the foundational architecture.
- **Medium-Term (2027–2029):** Launch a pilot Emissions Trading System (ETS) modeled on the EU framework, initially targeting high-exposure industrial sectors, with a phased implementation timeline negotiated transparently with the business community.
- **Long-Term (2030 and beyond):** Formally negotiate linkage or mutual recognition agreements with the EU ETS. This step is critical to eliminating the cross-border carbon tariff burden on Turkish industry.

Critical Caveat: The domestic carbon pricing architecture must be carefully calibrated to prevent degrading industrial competitiveness. Transition support must be extended to vulnerable sectors, revenues must be explicitly earmarked for a national green transformation fund, and a distinct exemption threshold must be established to shelter SMEs.

4.2 Green Finance Ecosystem

Existing financing channels for green transformation investments remain structurally inadequate across several dimensions:

- **Standardization of Green Lending:** While Turkey's green bond and green loan markets are growing, the definition of "green" remains ambiguous. Aligning a national green finance taxonomy with the EU Taxonomy Regulation, while adjusting for local economic context, is an urgent priority.
- **Mobilizing Development Banking:** The Development and Investment Bank of Turkey (TKYB) should open dedicated credit windows tailored for CBAM compliance investments. Ensuring these windows are accessible to SMEs is paramount.
- **Access to International Climate Finance:** Turkey's OECD status frequently excludes it from specific concessional climate fund mechanisms. This must be renegotiated at a technical level to develop hybrid access frameworks.
- **Risk-Sharing Mechanisms:** Designing public-private partnerships (PPPs) to distribute risk in green investments will catalyze private capital, particularly in sectors plagued by prohibitive upfront capital expenditures (CapEx).

4.3 Education and Human Resources Policy

Green transformation is not merely an issue of technology and capital; human capital is its most critical, yet least discussed, element:

- **National Green Professions Certification:** Standardized national certification pathways must be established for emerging roles, including energy auditors, sustainability reporting specialists, carbon accounting analysts, and Environmental Product Declaration (EPD) practitioners.
- **Higher Education Curriculum Reform:** Engineering faculties must integrate mandatory coursework in climate engineering, circular design, and environmental economics into existing stems.
- **Vocational Training Frameworks:** Practical, short-course training modules focused on CBAM documentation, sustainability accounting, and green supply chain management must be rolled out rapidly for SME employees and young entrepreneurs.

4.4 Industrial Policy: Domestic Green Technology Production

To successfully execute this transition, Turkey must avoid becoming a pure importer of green technologies; it must evolve into a primary producer:

- **Photovoltaik (PV) Solar Production:** Significant import dependencies persist in solar panel components. Strengthening domestic manufacturing capacity across the entire value chain is both an economic and strategic necessity.
- **Wind Turbine Component Manufacturing:** Turkey possesses a robust existing baseline in manufacturing wind turbine towers and blades. Policy must prioritize deepening this supply chain to foster export capacity.
- **Energy Storage Systems:** R&D investments must be aggressively concentrated in battery chemistries and hydrogen storage systems via joint university-industry research clusters.
- **Circular Economy Infrastructure:** Developing waste management, recycling, and secondary raw material markets will simultaneously depress industrial input costs and lower the carbon intensity of CBAM-exposed sectors.

5. INTERNATIONAL POLICY AGENDA: CONSTRUCTING THE EURASIAN CORRIDOR

5.1 Institutional Architecture

Solidifying Turkey's position within the Eurasian green transformation corridor requires new or updated institutional arrangements:

- **The Eurasian Green Transformation Forum:** A high-level, recurring technical forum hosted by Turkey with neighboring regional states. The agenda must forgo political rhetoric in favor of concrete technical alignment: harmonized carbon accounting methodologies, bilateral green certification pacts, and cross-border clean energy trading frameworks.

- **Turkey-EU Climate Policy Dialogue:** The institutional channels through which Turkey engages the EU on CBAM are currently bottlenecked. Climate policy alignment must be formally integrated into the broader modernization negotiations of the Customs Union, supported by a dedicated Turkey-EU technical working group on CBAM.
- **Bilateral Green Economy Agreements:** Negotiating targeted "Green Economy Partnership Agreements" with Azerbaijan, Kazakhstan, and Georgia to govern renewable energy transit, green investment facilitation, and mutual recognition of carbon offsets.

5.2 Energy Diplomacy

Turkey's energy transition infrastructure can anchor regional decarbonization:

- **Green Electricity Transmission:** Turkey's renewable grid can serve as a prime transit corridor for green electricity destined for Europe. Wheeling solar-derived green power from the Middle East and the South Caucasus through the Turkish grid represents a major opportunity for infrastructure investment and energy diplomacy.
- **Hydrogen Cooperation Alliances:** Turkey holds deep potential for green hydrogen production. Combining the vast renewable potential of Azerbaijan and Kazakhstan with Turkey's industrial processing and pipeline infrastructure will attract international capital and secure access to European markets.
- **Energy Efficiency Technology Export:** Exporting energy efficiency technologies and technical consultancy services to energy-intensive industrial sectors in Central Asia serves both Turkey's economic and diplomatic interests.

5.3 Redesigning the Trade Architecture

- **The Eurasian Sourcing Conundrum:** Goods originating from Eurasian countries transiting through Turkey to Europe face strict rules of origin checks. No matter how clean the processing phase in Turkey is, downstream compliance remains technically and diplomatically complex. Resolving this requires negotiating bilateral "green supply chain" validation protocols with the EU.
- **Unified Certification Frameworks:** Harmonizing product-level carbon footprint documentation standards between Turkey and Eurasian states, ensuring these frameworks achieve mutual recognition with the EU's Product Environmental Footprint (PEF) and EPD systems.
- **Sustainability Chapters in Trade Pacts:** Systematically embedding robust sustainability clauses into all new or renegotiated Free Trade Agreements (FTAs) signed by Turkey within the region. This builds both domestic regulatory pressure and international institutional credibility.

5.4 Active Positioning in Multilateral Platforms

Turkey must transition away from its historically reactive posture within international climate frameworks—such as UN Climate Change Conferences (COPs), G20 climate working

groups, and OECD platforms—and pivot toward proactive policy leadership. Turkey must project a clear identity as the leading voice representing Eurasian economic realities in global climate negotiations, converting geopolitical position into long-term diplomatic capital.

6. POLICY AGENDA OF YOUNG BUSINESSPEOPLE

6.1 Structural Disadvantages and Real Obstacles

An authentic policy document must candidly address the systemic barriers confronting its target demographic before highlighting their strengths. Young businesspeople face several acute structural disadvantages within the green transition:

- **Credit & Capital Access:** Green transformation projects require substantial upfront capital. Young entrepreneurs with limited corporate histories struggle to clear the underwriting hurdles of traditional green finance. Collateral bottlenecks, rigid credit history requirements, and the high cost of preparing bankable feasibility studies form formidable barriers.
- **Information Asymmetry:** The technical minutiae of CBAM, the reporting mandates of the EU Taxonomy, and global disclosure standards (GRI, TCFD, ISSB) are complex and subject to continuous iteration. While large corporations can afford specialized internal compliance units, accessing this expertise is cost-prohibitive for young firms.
- **Deficit in Representation:** Institutional boards, sectoral chambers, and public advisory mechanisms are overwhelmingly dominated by legacy business figures. The inclusion of young business leaders in these decision-making loops remains ad-hoc and dependent on individual patronage rather than systemic design.
- **Network Fragmentation:** Green business opportunities are intensely network-driven. The institutional linkages required to unlock European Investment Bank (EIB) financing, engage climate-focused venture capital, or embed into European green supply chains are not systematically accessible to younger networks.

6.2 As Stakeholders, Not Instruments: Policy Demands

AVGIAD justifies the following policy demands not merely as benefits for young businesspeople, but as essential accelerators for the broader national green transformation strategy:

- **Demand 1 – Green Entrepreneurship Fund:** Establish a dedicated green transformation credit and equity-matching facility under TKYB and KOSGEB earmarked exclusively for entrepreneurs under the age of 35. This facility should feature a simplified pre-qualification process, a non-repayable grant component for technology validation, and subsidized technical consulting.
- **Demand 2 – Sustainability Education Incentives:** Implement tax credits or direct grant mechanisms to subsidize young business leaders acquiring international

sustainability credentials (such as GRI, ISO 14001, EMAS). The objective is a rapid expansion of domestic human capital in carbon accounting.

- **Demand 3 – Mandated Representation in Public Consultation:** Institutionalize a fixed quota for qualified young business representatives within the technical advisory committees of the Ministry of Environment, Urbanization and Climate Change and the Ministry of Trade. This representation must be functional, granting agenda-setting inputs and early access to draft regulations.
- **Demand 4 – International Green Network Program:** Launch a state-backed initiative tasked with forging structural ties between young green entrepreneurs in Turkey, Europe, and Eurasia, prioritizing mentorship, joint project development, and cross-border market entry.
- **Demand 5 – Streamlined SME Compliance Portals:** Deploy an open-access, simplified digital reporting platform for SMEs to calculate and track their CBAM compliance. The platform should offer pre-populated templates with verified sectoral baseline emissions data and a voluntary, low-cost \$CO_2\$ verification track.
- **Demand 6 – The Eurasian Youth Entrepreneurship Corridor:** Launch a platform led by AVGIAD to facilitate green economy joint ventures among young entrepreneurs across Eurasia, providing project-based matchmaking, syndicated green financing applications, and peer-to-peer technical knowledge sharing.

6.3 Priority Green Sectors for Young Entrepreneurs

Not all green sectors offer an equal playing field. AVGIAD identifies the following sub-sectors as prime targets for young entrepreneurs due to lower barriers to entry, high growth velocity, and compressed payback periods:



7. IMPLEMENTATION: WHO, WHEN, HOW

7.1 Priority Matrix

Resource constraints require policy actions to be sequenced based on their implementation velocity and systemic impact:

- **High Impact, Rapid Deployment (2026–2027):** Launch the national carbon emissions tracking infrastructure; roll out the digital SME compliance platform; initiate national green professions certification programs; enter technical bilateral alignment talks with key regional neighbors.
- **High Impact, Medium-Term Execution (2027–2029):** Initiate the pilot domestic ETS; enact national green finance legislation aligned with the EU Taxonomy; convene the inaugural session of the Eurasian Green Transformation Forum.
- **Structural Structural Reforms (2029–2032):** Achieve full operationalization of the national ETS alongside formal EU mutual recognition talks; embed comprehensive climate chapters into the modernized Customs Union; execute the comprehensive National Circular Economy Strategy.

7.2 Stakeholder Responsibilities

Executing this policy agenda requires the coordinated mobilization of an integrated stakeholder network:

- **The Executive Branch (Relevant Ministries):** Codifying the legal architecture, enacting fiscal incentives, deploying public capital, and leading international treaty negotiations.
- **Public Banks & Development Finance Institutions:** Designing innovative risk mitigation instruments and managing concessional green lending channels.
- **Sectoral Associations & Chambers of Commerce:** Driving member education, coordinating capacity building, and synthesizing standardized sectoral data repositories.
- **Academia & Research Institutes:** Leading engineering curriculum adaptation, spearheading technical standard development, and providing data-driven policy analysis.
- **Civil Society & Business Associations (including AVGIAD):** Asserting representation in policy negotiations, managing international networking nodes, and monitoring implementation accountability.
- **The Private Sector:** Executing capital investment decisions, transforming corporate supply chains, and driving technology innovation.

8. CONCLUSION: A CALL AND A COMMITMENT

As long as CBAM is framed within Turkey and Eurasia primarily as an external shock, national compliance strategies will be dictated by defensive reflexes. While these defensive postures are understandable, they guarantee long-term economic marginalization.

The core thesis of this white paper is definitive: by virtue of its geographic location, expanding renewable energy base, technical engineering talent, and historic trade networks across Eurasia, Turkey is uniquely positioned to emerge as a primary beneficiary of the post-CBAM trade realignment. However, this potential will not materialize through inertia. It demands intentional policy choices, sustained institutional investment, and the courage to break from legacy business conventions.

Young businesspeople stand to gain the most from a successful transition—and stand to lose the most if execution falters. Those who are absent from the room when infrastructure investments are decided, when financial architectures are finalized, and when institutional structures are built will be reduced to the objects of this transformation rather than its authors.

AVGIAD presents this policy white paper not as a static registry of grievances, but as an open invitation to structured negotiation. Green transformation policy requires an ongoing, highly technical, and completely transparent dialogue with ministries, development banks, European institutions, and Eurasian partners. We are fully prepared to lead our part of this dialogue.

The strategy for Turkey's green transformation corridor must not be drawn by policymakers in isolation. We can build it collectively, or we can bear the economic consequences of failure separately.

APPENDIX: CORE CONCEPTS AND DEFINITIONS

- **CBAM (Carbon Border Adjustment Mechanism):** The European Union's landmark trade policy tool designed to place a carbon price on imports of carbon-intensive goods from third countries that do not reflect the internal carbon pricing costs of the EU Emissions Trading System.
- **EU ETS (Emissions Trading System):** The EU's foundational cap-and-trade system that establishes a market price for greenhouse gas emissions allowances covering major industrial installations and power generators.
- **ESG (Environmental, Social, Governance):** A standardized corporate evaluation framework utilized by investors and institutions to measure a company's comprehensive sustainability and ethical risk profile.
- **GRI (Global Reporting Initiative):** The premier international independent standards organization that provides a common global language for corporate sustainability reporting and impact disclosure.
- **TCFD (Task Force on Climate-related Financial Disclosures):** A framework backed by the G20 designed to guide companies in disclosing climate-related financial risks and opportunities to investors, lenders, and insurers.

- **EPD (Environmental Product Declaration):** An independently verified and registered document that communicates transparent, comparable data regarding the lifecycle environmental impact of a specific product.
- **Circular Economy:** An economic model targeted at eliminating waste and pollution by design, circulating products and materials at their highest value, and regenerating natural systems.

This white paper has been compiled on the basis of rigorous consultations with AVGIAD members, academic authorities, industrial experts, and policy analysts. The positions, analyses, and recommendations detailed herein represent the formal institutional posture of AVGIAD, published for dissemination to policymakers, researchers, and the public.

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