

AVGİAD GLOBAL SOUTH CBAM READINESS INDEX

A Comparative Assessment of Nine Regional Blocs' Preparedness for the EU Carbon Border Adjustment Mechanism First Edition — July 2026 | Prepared by AVGİAD (Avrasya Genç İşadamları Derneği / Eurasia Young Businessmen Association)

Executive Summary

Since the EU's Carbon Border Adjustment Mechanism entered its definitive regime on 1 January 2026, at least five independent studies have assessed its impact on individual regional blocs in isolation. This Index is the first attempt to place those findings side by side. The headline result: not one of the nine blocs reviewed has built an institution equivalent to the EU's own CBAM machinery, and readiness is heavily concentrated in one or two pioneer countries per bloc rather than spread across full memberships. Only one bloc — the Western Balkans, through the Energy Community — has a standing, published tracking mechanism. Three blocs (the Shanghai Cooperation Organisation, the Organisation of Islamic Cooperation, and the Organization of Turkic States) show no documented bloc-level CBAM engagement at all.

Methodology

This Index synthesizes existing third-party assessments — it is a comparative overlay, not new primary data collection. Four dimensions are scored qualitatively (None / Nascent / Developing / Established) based on the cited sources: (1) Trade Exposure to EU CBAM-covered goods, (2) Domestic Carbon Pricing, (3) MRV (Monitoring, Reporting, Verification) infrastructure, and (4) Institutional CBAM Tracking, i.e., whether a bloc-level body actively monitors readiness. Readers should treat the ratings as directional, not statistically precise, and consult the underlying sources listed at the end for country-level detail.

Comparative Overview

Bloc	Trade Exposure	Domestic Carbon Pricing	MRV Infrastructure	Institutional Tracking
Western Balkans (Energy Community)	Medium	Nascent (Montenegro only)	Developing	Established
ASEAN	Medium	Nascent (Singapore, Indonesia)	Developing	Proposed only
GCC	Medium–High (concentrated)	None	Nascent–Developing	None
Africa (African Union)	Low–Medium (uneven)	Nascent (South Africa lead)	Nascent	Nascent (voluntary markets, not CBAM)

Arab League	Uneven (Egypt high)	Nascent	Nascent	Nascent
Shanghai Cooperation Organisation	Not assessed at bloc level	Mixed (China only)	Not assessed	None (dialogue proposed)
Organisation of Islamic Cooperation	Not assessed at bloc level	Minimal	Not assessed	None
Organization of Turkic States	Not assessed at bloc level	None (Türkiye only)	Not assessed	None
Pacific Islands Forum	Low (different exposure profile)	None	Developing (for climate finance)	Not applicable

Regional Briefs

Western Balkans (Energy Community). The only bloc with a standing readiness instrument: the Energy Community Secretariat publishes an annual CBAM Readiness Tracker covering its nine contracting parties. The Energy Community Secretariat's CBAM Readiness Tracker found that only Montenegro has carbon pricing in place, at a level well below the EU ETS, with further steps to be taken under the Energy Community Decarbonisation Roadmap. Exposure averages roughly 4% of total exports across the WB6, ranging up to 10% for individual countries. Modeling for the region found CBAM's expected trade coverage ranges between 1% and 10% of total exports by country, averaging around 4% across the Western Balkan Six. Kosovo is the only contracting party with no plans to introduce carbon pricing at all.

ASEAN. Singapore and Indonesia are currently the only member states with established carbon pricing instruments, with Vietnam assessed as furthest along among the remaining eight. Singapore has adopted a carbon tax and Indonesia a cap-and-trade programme, while Vietnam is considered the most prepared for carbon-pricing implementation among the other ASEAN states. A regional "ASEAN Common Carbon Framework" has been proposed as a policy paper concept but is not yet an operating institution.

Gulf Cooperation Council. Aluminium is the dominant exposure channel, with Bahrain and the UAE most affected in both absolute and GDP-relative terms; Kuwait and Qatar are largely unaffected. Aluminium is the main CBAM impact channel for GCC countries, with Bahrain and the UAE the most affected, while Kuwait and Qatar are largely unaffected. No GCC-wide carbon pricing exists, and Gulf states have so far shown limited appetite for a domestic carbon tax of their own. MRV systems are uneven — the UAE has strengthened federal requirements while Qatar has yet to establish a centralized national framework. Qatar has yet to establish a centralized national MRV framework, while the UAE's federal legislation has strengthened requirements, though implementation remains distributed among emirate-level authorities.

Africa (African Union). Modeling suggests a modest aggregate GDP impact — under 0.18% for any single country in one scenario — but the bigger risk flagged is administrative market-access friction rather than the levy itself. The Africa Carbon Markets Initiative (ACMI), launched at COP27, is scaling voluntary carbon credits continent-wide, and the AU Commission, UNECA and the African Development Bank are discussing a continental approach to carbon markets, though this remains at the discussion stage

rather than an operating mechanism. ACMI has noted it is encouraged by ongoing discussions on a continental approach to carbon markets with the AU Commission, UNECA and AfDB, which would engender much-needed policy and framework coordination across African countries.

Arab League. Exposure is highly uneven: Egypt alone accounted for roughly €4.6 billion of CBAM-covered exports to the EU in 2022 — about 10% of its total exports to the world — while most other Arab economies face costs below \$1 per tonne of CO₂. Egypt's exports to the EU of CBAM-covered goods were worth approximately €4.6 billion in 2022, about 10% of the country's total exports to the world, while the CBAM exposure index for the remaining Arab countries implies additional costs of less than \$1 per tonne of CO₂ emitted. In January 2025, the Arab League signed an MoU with a Qatar-based centre to build capacity on Article 6 (Paris Agreement carbon markets) — a carbon-credit initiative distinct from CBAM readiness itself.

Shanghai Cooperation Organisation. The SCO Heads of State committed in 2022 to "launch dialogue on carbon trading between SCO member states," a commitment still at the discussion stage: an ad hoc working group on climate change was proposed in 2024, with its draft regulations still under expert-level discussion as of mid-2025. SCO member states agreed to launch dialogue on carbon trading, including approaches for its implementation, as part of their 2022 climate change statement; a subsequent ad hoc working group on climate change was proposed in 2024, with draft regulations still being discussed at expert level as of mid-2025. An Environmental Information Sharing Platform exists, but no CBAM-specific work has been identified.

Organisation of Islamic Cooperation / COMCEC. COMCEC, the OIC's economic cooperation body, has published research on Islamic green finance and climate resilience across its 57 member states, but no CBAM-specific assessment or tracking mechanism was found.

Organization of Turkic States. The clearest data gap in this Index: OTS engagement on climate/energy has so far consisted of general connectivity discussions with UNECE, with no dedicated carbon-pricing or CBAM work identified. The OTS delegation, headed by the Deputy Secretary General, met with UNECE's Sustainable Energy Division director in Geneva in January 2024 to discuss energy connectivity cooperation. Türkiye is the only OTS member with a national carbon framework in motion (its 2025 Climate Law).

Pacific Islands Forum. A structurally different case: Pacific economies are not major industrial exporters in CBAM-covered sectors, so the region's climate-finance strategy treats carbon pricing as merely one financing tool to "explore," alongside blue/green bonds and debt-for-climate swaps, rather than a trade-exposure issue. Pacific Islands Forum's Climate Finance Access and Mobilisation Strategy 2025–2030 aims to explore innovative financing tools including carbon pricing, blue and green bonds, and debt-for-climate swaps, with a focus on improving access to climate funds rather than trade exposure.

Key Cross-Cutting Findings

- In every bloc except the Western Balkans, readiness is driven by one or two pioneer countries (Singapore/Indonesia in ASEAN, Montenegro in the Balkans, South Africa in Africa, Egypt's exposure in the Arab League) rather than bloc-wide policy.

- Institutional tracking — a body actually publishing a readiness assessment — is the scarcest resource of all, not technical capacity. Only the Energy Community has one.
- Three blocs (SCO, OIC, OTS) show no documented bloc-level CBAM engagement whatsoever, despite covering some of the largest economies and commodity exporters outside the EU.
- Where dialogue exists outside the EU's own machinery, it is almost always about Article 6 / voluntary carbon credits (Arab League, Africa) rather than compliance-grade carbon border pricing — a materially different problem from CBAM readiness.
- No cross-bloc comparison of this kind existed publicly before this Index; each of the five source studies was produced independently, for a single bloc, with no shared methodology.

Sources

World Bank, State and Trends of Carbon Pricing Dashboard; World Bank Blogs, "Challenges and opportunities for carbon pricing in the Western Balkans"

Observer Research Foundation (ORF), "The EU's CBAM and Gulf Countries: An Analysis of Early Evidence"

African Climate Foundation & the Firoz Lalji Institute for Africa, LSE, "Implications for African Countries of a Carbon Border Adjustment Mechanism in the EU"

Energy Community Secretariat, "CBAM Readiness Tracker" and Decarbonisation Roadmap (2021)

CEDARE, "The CBAM Challenge: Implications for Arab Countries and their Strategic Response"

Economic Research Forum (ERF); UN ESCWA, "European Union Carbon Border Adjustment Mechanism: exposure and risks for Arab countries"

ASEAN Centre for Energy; ADB/SEADS

Shanghai Cooperation Organisation Secretariat; Organization of Turkic States; COMCEC; Pacific Islands Forum Secretariat — public statements and reports, as cited above

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Note: This Index is a synthesis of third-party public research current as of July 2026 and does not constitute independent primary verification of any country's or bloc's emissions or trade data.