WORLD BANK GROUP

2026

STATE AND TRENDS OF carbon pricing

Executive Summary

Foreword

As countries navigate a period of heightened uncertainty – from fiscal pressures and energy market volatility to growing development needs – policymakers are increasingly focused on how to deliver growth that is both sustainable and resilient. In that context, carbon pricing and carbon markets can play a supporting role.

When designed well, carbon pricing can help create incentives for efficiency, innovation, and investment, while supporting governments in mobilizing revenues for broader development priorities. Carbon markets can help channel investments in technological and natural solutions that advance smart development goals, from improving industrial efficiency to protecting nature.

What is increasingly clear is that these instruments continue to evolve and expand globally. New Emissions Trading Systems and carbon taxes have been implemented in India, Japan, Mauritania, Serbia, and Viet Nam. While these countries have reached implementation at a similar moment, their approaches reflect different institutional capacities and development priorities. There is no single model for carbon pricing, and successful policies must be grounded in local realities and needs.

At the same time, we can see some global trends emerging. Today, nearly 30 percent of global greenhouse gas emissions are covered by a direct carbon price across 87 implemented policies. The entry into force of the EU's Carbon Border Adjustment Mechanism marks a further evolution, extending carbon pricing towards international trade. Looking ahead, additional countries—including Brazil and Türkiye—are preparing policies.

Carbon credit markets are also expanding into new areas. As this report highlights, credits can find new markets if they meet the right criteria, including supporting international aviation to achieve their goals through CORSIA. At the World Bank Group, our objective is to support both scale and integrity for carbon pricing and carbon markets. This includes helping countries in making strategic choices, from building the infrastructure that underpins international transfers to working with policymakers to inform carbon pricing design.

This year's edition of the *State and Trends of Carbon Pricing* report also provides an opportunity to reflect on the past decade. Viewed over this longer horizon, several trends stand out clearly: carbon pricing has expanded significantly, with more diverse approaches to its design, and steadily increasing carbon prices. Carbon markets have expanded both in size and the potential uses they serve and now exist in a more elaborate ecosystem to generate, trade, and evaluate credits. I hope that this year's report continues to support informed debate and practical decision making in a rapidly changing global landscape.

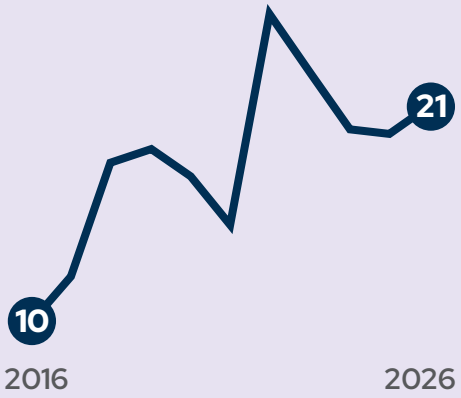
Paschal Donohoe
Managing Director and Chief Knowledge Officer, World Bank Group

State and Trends of Carbon Pricing 2026

Carbon pricing

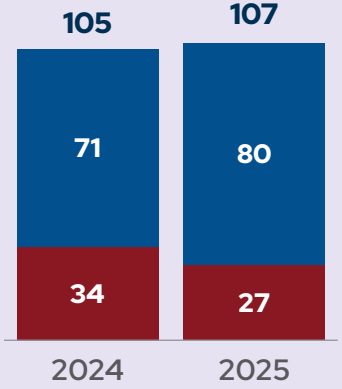
Average carbon prices have nearly doubled from 2016 to 2026

2026 US$ t/CO_2e



ETS and carbon tax revenues continue to exceed US$ 100 billion

2025 US$

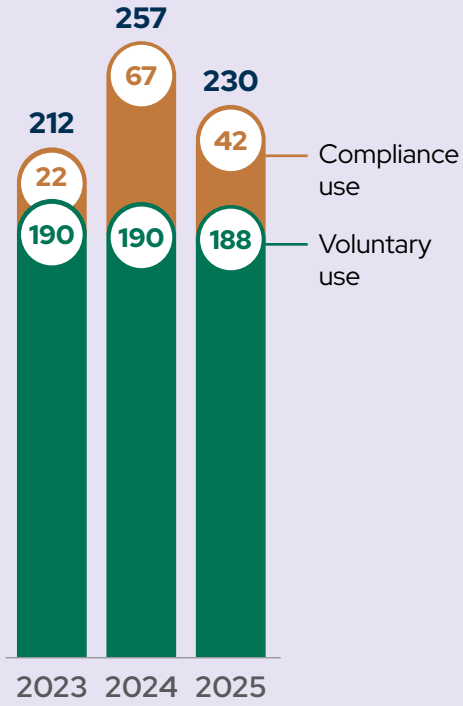


If policies under development are fully implemented by 2030, nearly **1/3** of global GHG emissions could be covered by an ETS or carbon tax

Carbon credit markets

Credit retirements around 10% lower than 2024 levels

Million tCO_2e



From 2024 to 2025 carbon credit issuances increased

8%

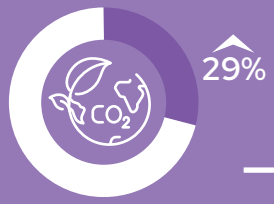
The first project received provisional issuance from

PACM

CORSIA-approved projects received a

US$ 1.50-6/tCO_2e

price premium over similar credits that are not yet CORSIA-approved

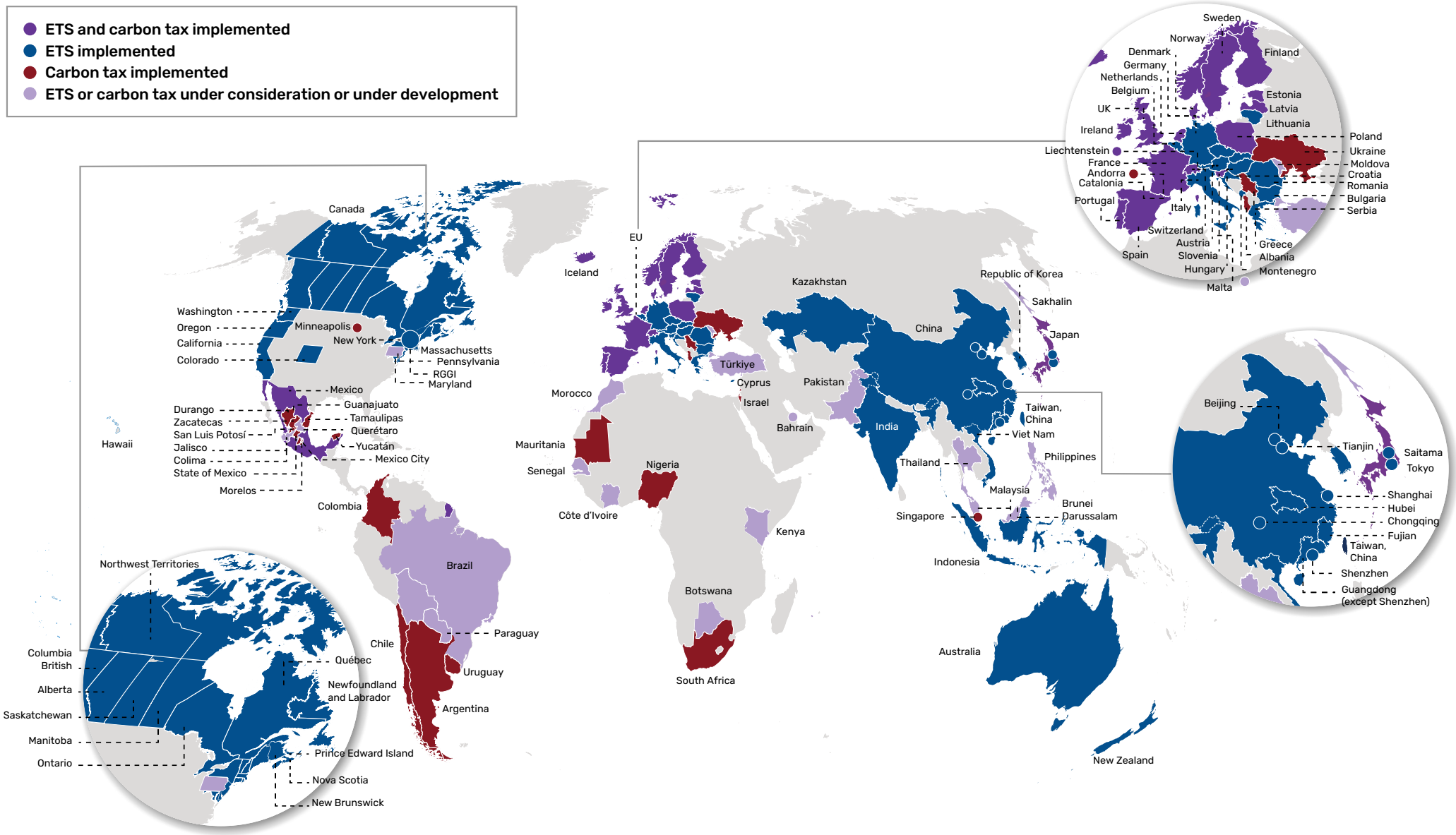


Carbon Pricing

Direct carbon pricing covers 29 percent of global greenhouse gas (GHG) emissions through 87 implemented policies.

- Global GHG emissions covered by Emissions Trading Systems (ETSs) have tripled since 2016, rising from eight percent to over 24 percent; by contrast, the share covered by carbon taxes has remained relatively stable at around four to five percent, with increases in 2026 driven by national ETSs in India, Japan and Viet Nam.
- If ETSs and carbon taxes currently under development are fully implemented, by 2030 nearly one-third of global GHG emissions will be covered by carbon pricing.
- Although the EU's Carbon Border Adjustment Mechanism (CBAM) covers less than 0.5 percent of global GHG emissions, its formal adoption has served to increase interest in implementing both carbon pricing and other border carbon adjustments.

Map of ETSs and carbon taxes implemented, under consideration or under development

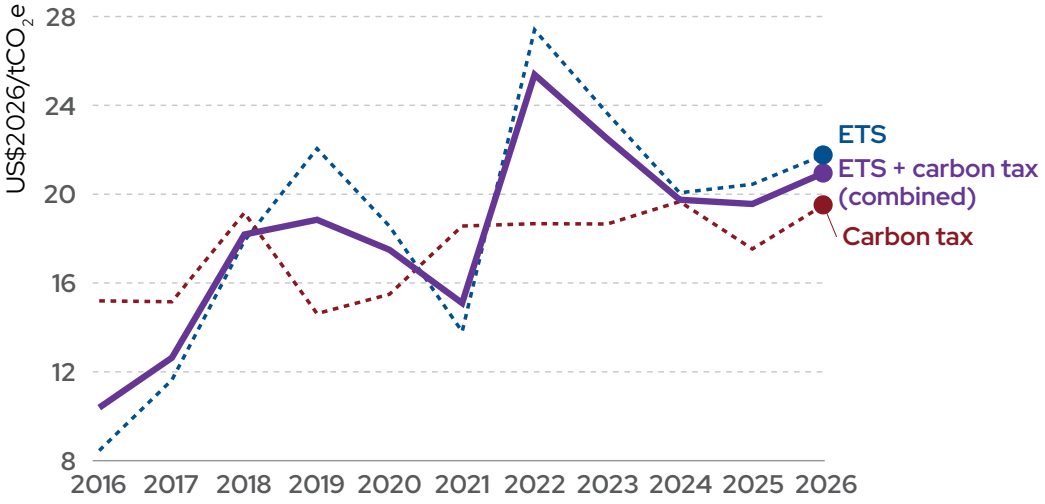


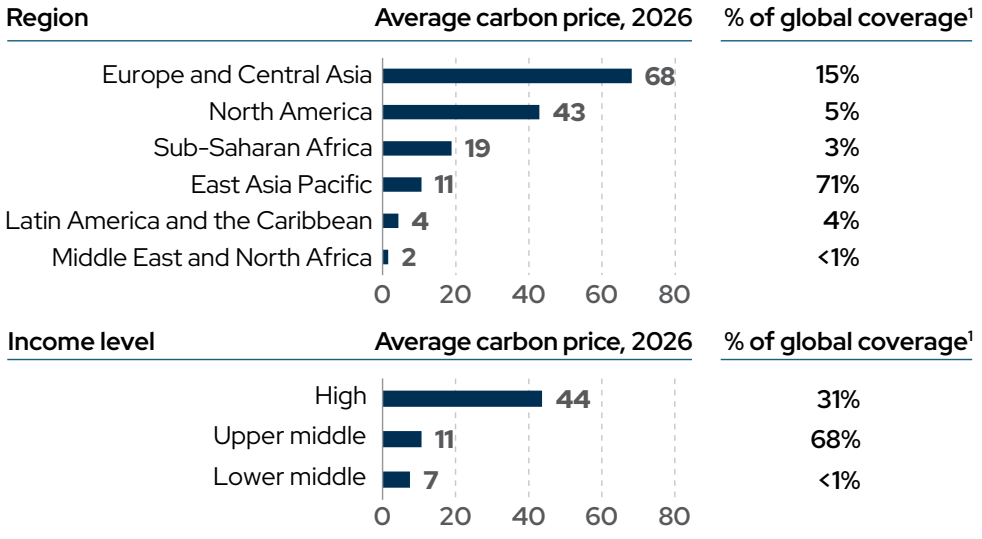
Carbon Pricing

Direct carbon prices across carbon taxes and ETSs have increased by seven percent since April 2025.

- The average carbon price across implemented instruments has doubled between 2016 and 2026 from US$ 10/tCO_2e to nearly US$ 21/tCO_2e, driven by ETS price increases.
- While average carbon tax rates have remained relatively constant, scheduled increases in 2026 have taken effect in jurisdictions including Singapore, which increased its carbon tax rate by 80 percent.
- Prices in ETSs have experienced significant volatility in 2026, particularly since recent disruptions to global commodity markets began.

Average carbon price for ETSs, carbon taxes, and both combined 2016–2026, US$2026/tCO$_2$e





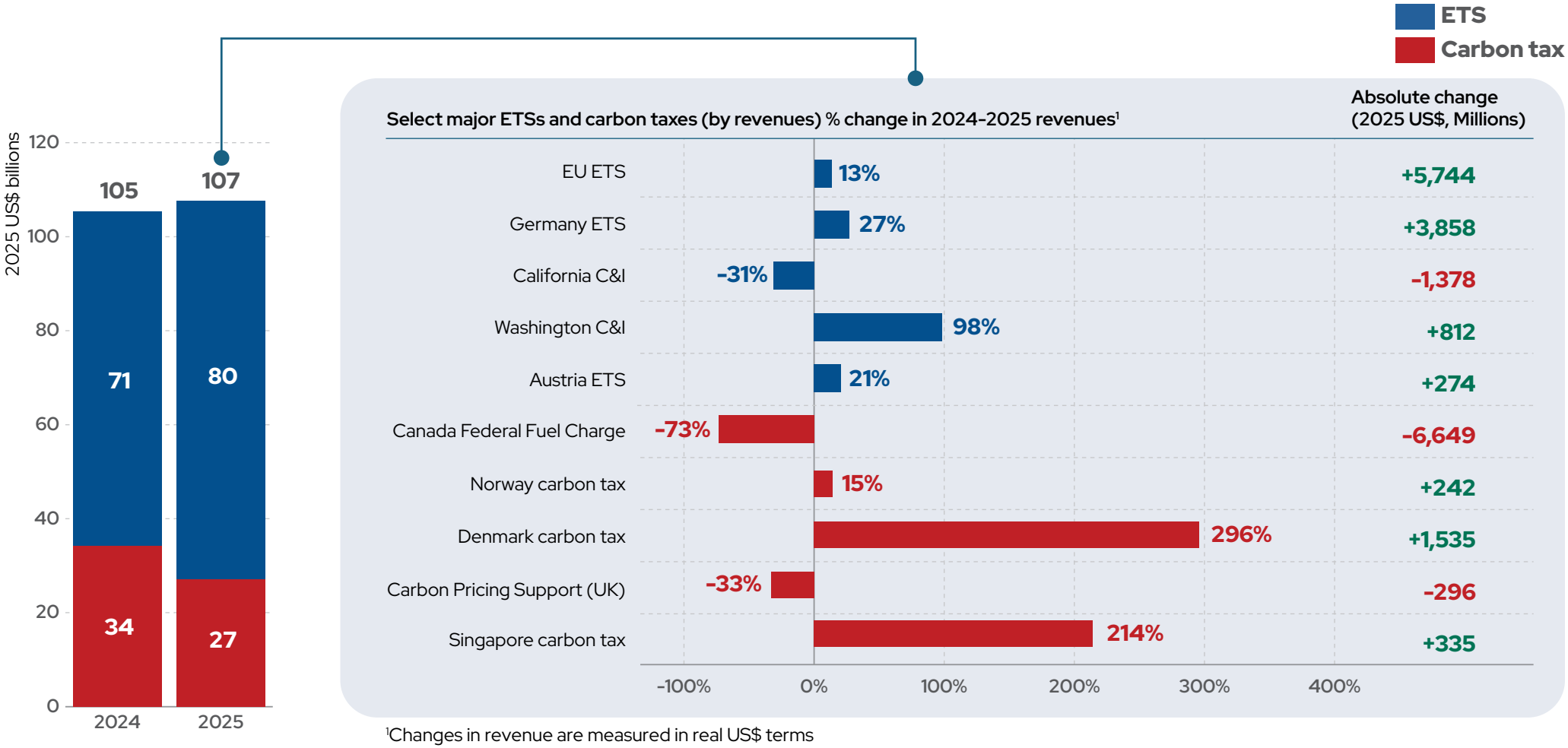
[1] Calculated as percentage of global GHG emissions covered by an ETS or carbon tax. Values exclude newly implemented ETSs in India, Japan and Viet Nam where carbon prices are not available at time of publication. Prices are as of April 1, 2026

Carbon Pricing

Annual government revenues from ETSs and carbon taxes in 2025 rose by two percent to over US$ 107 billion.

- Carbon pricing revenue collected by governments has risen from under US$ 30 billion in 2016 to over US$ 100 billion each year, in real terms, since 2021.
- The vast majority of revenues occur in developed economies, noting that carbon prices in developing economies are generally lower, and the use of allowance auctions is currently limited in ETSs in major middle-income countries.
- Carbon pricing revenues continue to be directed toward climate mitigation investments, including Japan's new GX-ETS, which will channel future revenues toward a national fund for energy transition projects.

ETS and carbon tax revenues 2024–2025, 2025 US$



[1]Changes in revenue are measured in real US$ terms

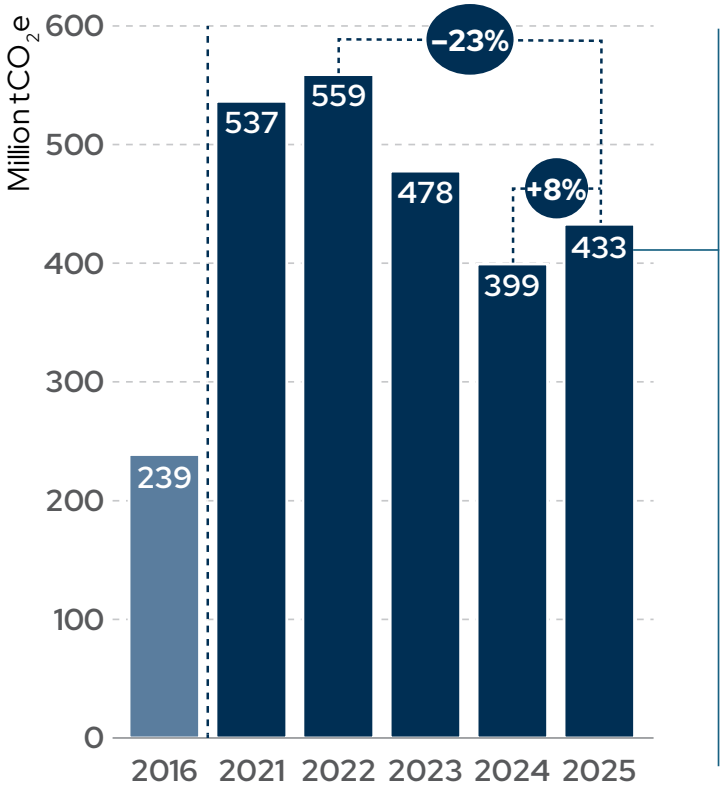
Carbon credit markets

Overall carbon credit issuances rose eight percent from 2024 to 2025, still 20 percent below 2022 levels, but more than 80 percent above the level of issuances a decade ago.

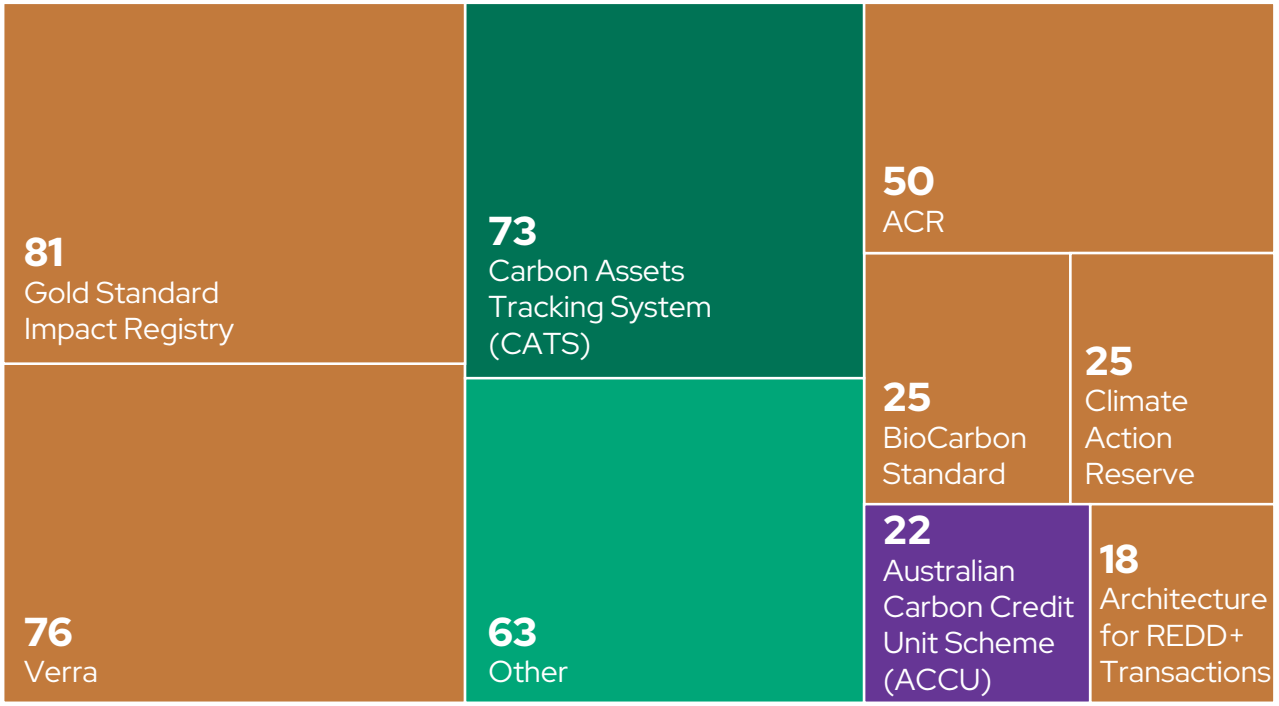
- Governmental crediting mechanisms have increased in number from 24 to 34 over the past 10 years, with credit issuances rising by nearly 40 percent in 2025 compared to 2024.
- Issuances from independent crediting mechanisms decreased by around four percent between 2024 and 2025 but remain around 70 percent of total credit issuances.
- The first credits under the newly operational Paris Agreement Crediting Mechanism (PACM) were provisionally issued to a clean cookstoves project in Myanmar.

Total carbon credit issuances, 2021–2025, million tCO_2e

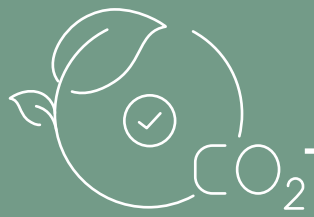
Carbon credit issuances, 2016 and 2021–2025



2025 issuances by crediting mechanism, Million tCO_2e



* Data reflects original issuances only.

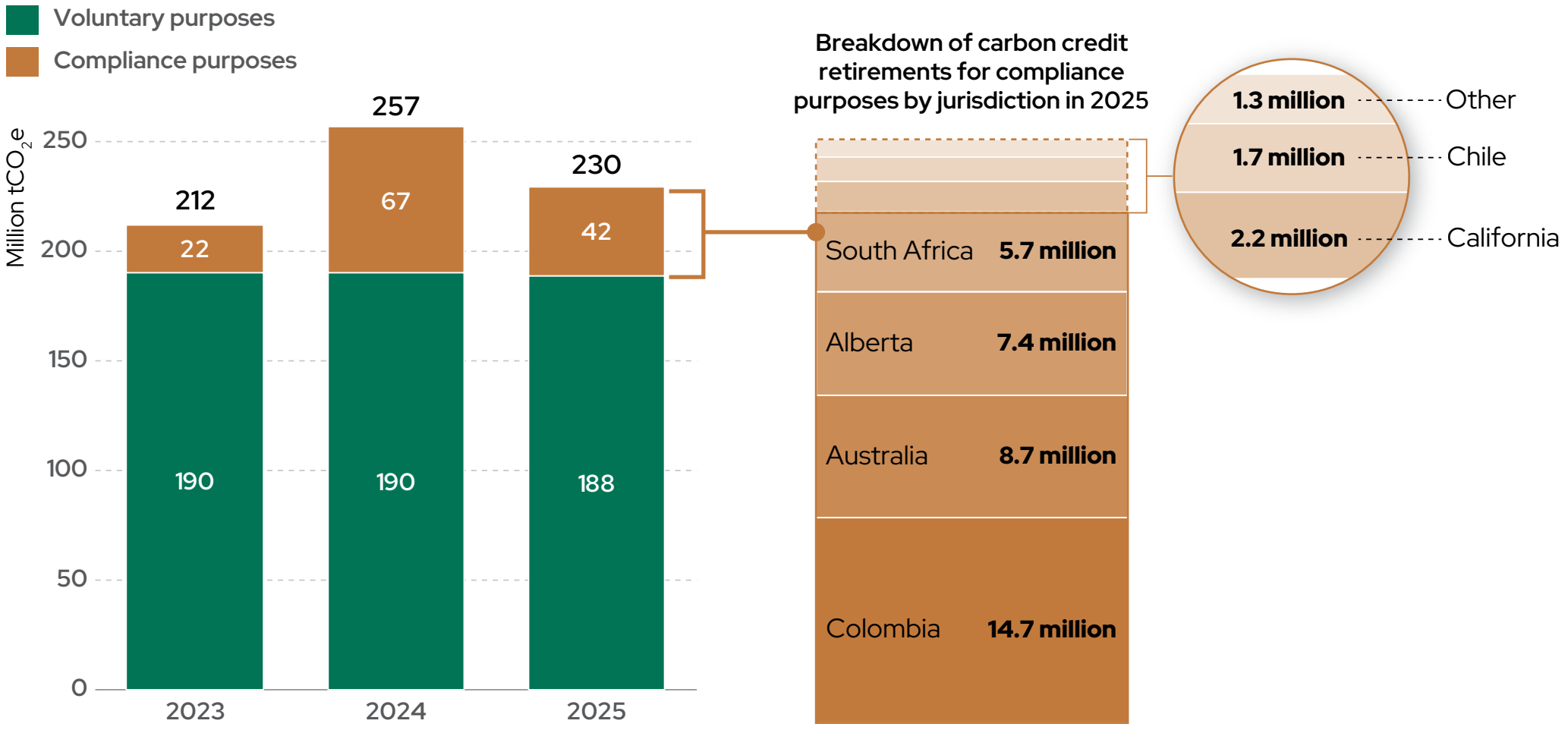


Carbon credit markets

Retirements of carbon credits declined by more than 10 percent from 2024 to 2025, attributed to credits used for compliance in California returning to 2023 levels after a ten-fold spike in 2024.

- Credits used for voluntary purposes dominate retirements, representing over 80 percent of the total credits retired in 2025.
- Beyond current retirements, future demand signals can be seen in the US$ 12 billion of offtake agreements for future carbon credits signed in 2025, marking a three-fold rise from 2024 levels.
- Projects that receive either high ratings from third-party providers or high integrity labels are increasingly sought by buyers in both compliance and voluntary carbon credit markets.

Carbon credit retirements for voluntary and compliance purposes, 2023–2025

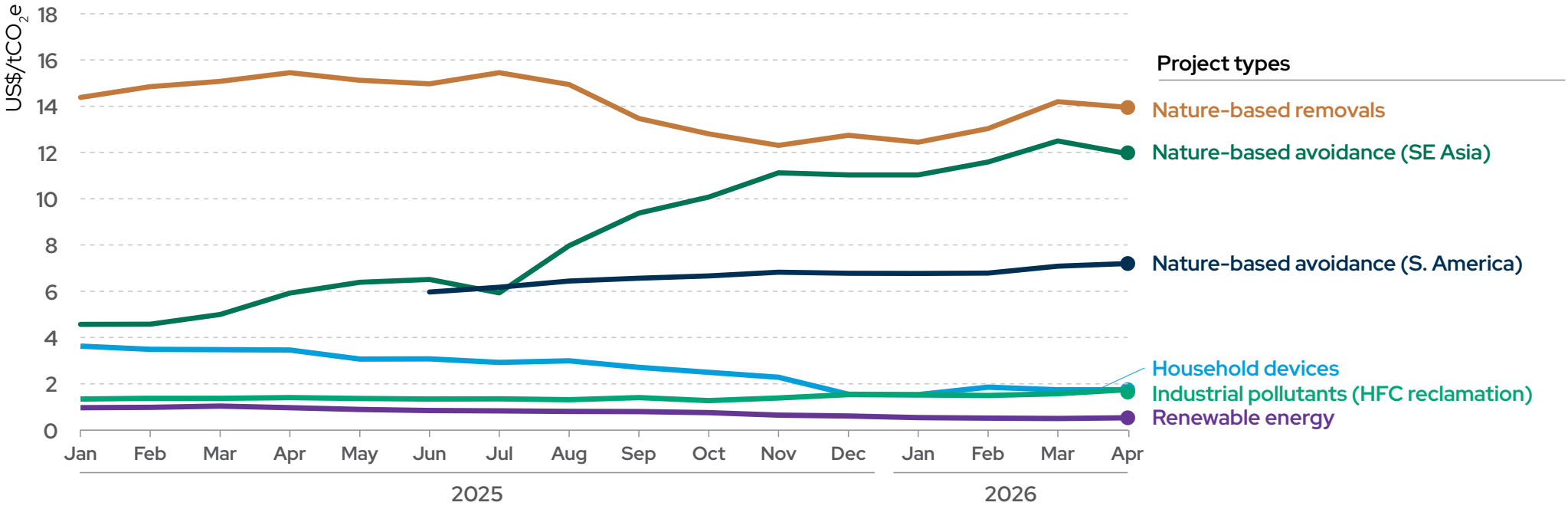


Carbon credit markets

Carbon credit prices across project types declined slightly across 2025, but credits that are eligible for international compliance or obtained high ratings continue to generate a price premium.

- The largest price movement occurred in forest conservation projects in Southeast Asia, where constrained supply created a short-term spike in prices for these credits in the second half of 2025.
- Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) eligible credits have traded since September 2025 at prices between US$ 15/tCO_2e and US$ 22/tCO_2e, which exceeds the price range for most other credit types (US$ 1–14/tCO_2e).
- There is growing evidence of a correlation between how a project is evaluated by rating agencies and its market price, reflected, for example, in an 87 percent price increase for each rating band for reforestation projects.

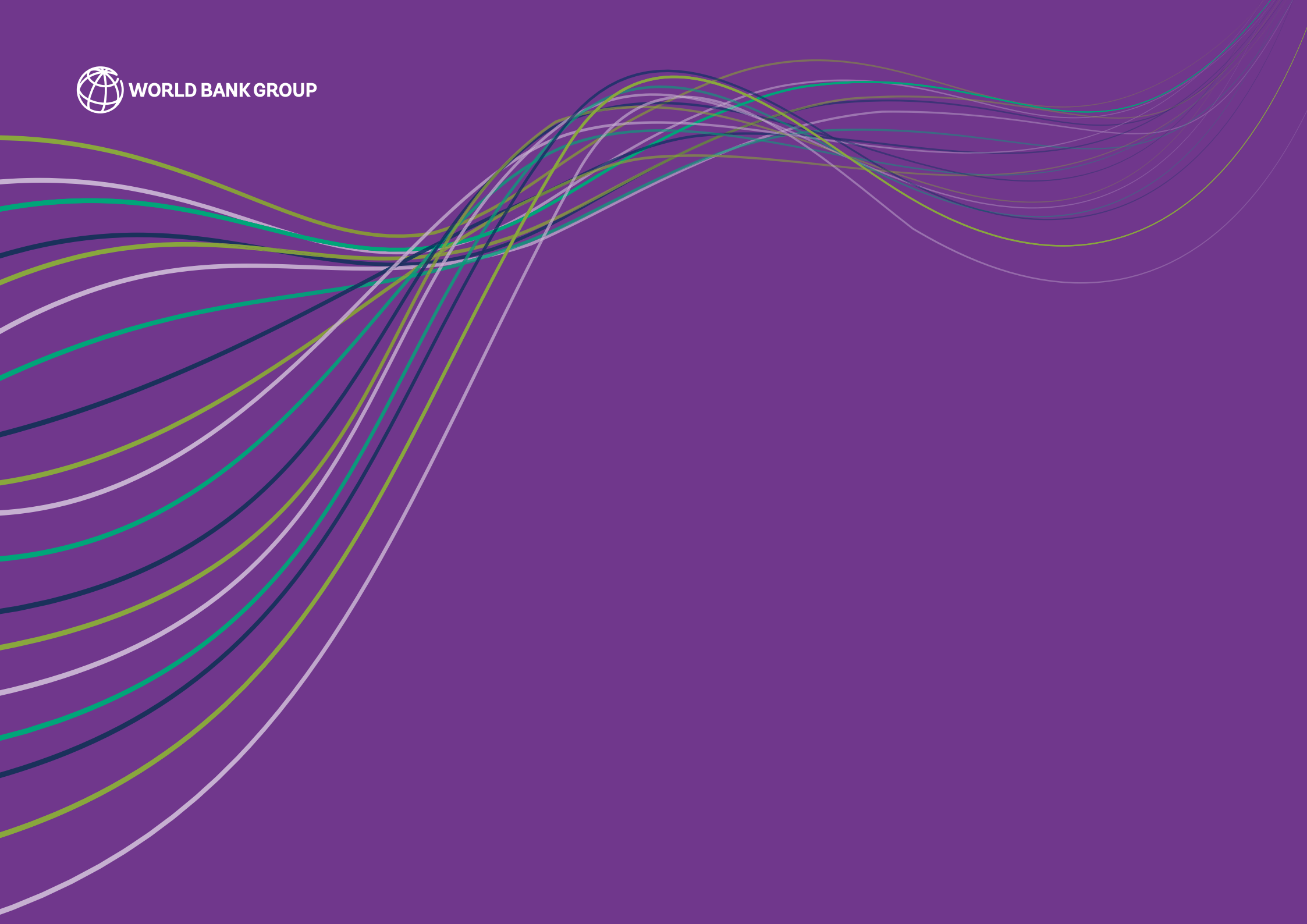
Carbon credit prices by project type January 1, 2025 – April 1, 2026 in US$/$tCO_2e$



1818 H Street NW, Washington, DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

1 2 3 4 29 28 27 26

ISBN (electronic): 978-1-4648-2348-0
DOI: 10.1596/978-1-4648-2348-0
Cover Design: Design and Creative Services, Global Corporate Solutions, World Bank Group.
The cutoff date for the data used in the report was April 1, 2026 unless otherwise stated.


WORLD BANK GROUP