

2025

STATE AND TRENDS OF

# carbon pricing



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## Table of Contents

<p><b>FOREWORD</b></p> <p>8</p>	<p><b>EXECUTIVE SUMMARY</b></p> <p>10</p>
<p><b>CHAPTER 1</b></p> <p>Introduction 13</p>	<p><b>CHAPTER 2</b></p> <p>Carbon taxes and emission trading systems 19</p>
<p><b>CHAPTER 3</b></p> <p>Carbon crediting markets and mechanisms 45</p>	<p><b>ANNEXES</b></p> <p>Annex A 68 Annex B 69 Annex C 73 Annex D 78</p>
	<p><b>ENDNOTES</b></p> <p>82</p>

## List of Figures

<b>FIGURE 1</b> Share of global greenhouse gas emissions covered by an ETS or carbon tax, 2005-2025	21	<b>FIGURE 11</b> Sources of demand and supply in global carbon credit markets	47
<b>FIGURE 2</b> Global map of ETS and carbon taxes implemented, under development, or under consideration	22	<b>FIGURE 12</b> Total carbon credit retirements for compliance and voluntary purposes and demand sources for compliance retirements, 2023-2024	49
<b>FIGURE 3</b> Share of economic sectors' global GHG emissions covered by an ETS or carbon tax	27	<b>FIGURE 13</b> Carbon credit issuances and retirements from independent crediting mechanisms and volume of unretired credits, 2021-2024	50
<b>FIGURE 4</b> Prices and coverage across ETSs and carbon taxes, as of April 1, 2025	32	<b>FIGURE 14</b> Map of governmental crediting mechanisms as of April 1, 2025	55
<b>FIGURE 5</b> Emissions-weighted average carbon prices for covered emissions and global emissions, 2015-2025	33	<b>FIGURE 15</b> Breakdown of unretired credits from independent crediting mechanisms by project type and credit vintage, as of April 2025	58
<b>FIGURE 6</b> Total carbon price by component in Latin America, 2016-2024	36	<b>FIGURE 16</b> The evolution of new project listings in independent crediting mechanisms by category	59
<b>FIGURE 7</b> Carbon prices by fuel in Latin America, 2017-2024	37	<b>FIGURE 17</b> Composition of issuances from independent crediting mechanisms by CCP-label status, million tCO <sub>2</sub> e	60
<b>FIGURE 8</b> Number of organizations using an internal carbon price and share of type of internal carbon price used, 2021-2024	38	<b>FIGURE 18</b> Exchange-traded carbon credit prices by project types, January 1, 2022 to April 1, 2025	64
<b>FIGURE 9</b> Total carbon revenues from ETSs and carbon taxes, 2015-2024	40	<b>FIGURE 19</b> Comparison of average annual carbon credit prices from exchange-traded and over-the-counter transactions by project category, 2023-2024	65
<b>FIGURE 10</b> Share of ETS and carbon tax revenue by category, 2018-2024	43		

## List of Boxes

<b>BOX 1</b> Effectiveness of emissions trading systems and carbon taxes	15
<b>BOX 2</b> What is carbon pricing?	18
<b>BOX 3</b> The political economy of carbon pricing	23
<b>BOX 4</b> Border carbon adjustment mechanisms	26
<b>BOX 5</b> The growing role of rate-based emissions trading schemes	30
<b>BOX 6</b> Total carbon pricing in Latin America	35
<b>BOX 7</b> Three real-world examples of carbon pricing revenue allocation or planned use	42
<b>BOX 8</b> The carbon credit market landscape	47
<b>BOX 9</b> Interactions between carbon pricing and crediting mechanisms	51
<b>BOX 10</b> COP29 decisions on Article 6	62

## List of Tables

<b>TABLE 1</b> Carbon pricing developments in key emerging economies	25
<b>TABLE 2</b> Mapping of economic sectors and IPCC 2006 Guidelines for National Greenhouse Gas Inventories emissions codes	80

## Abbreviations and acronyms

<b>BCA</b>	Border carbon adjustment mechanism	<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>CBAM</b>	Carbon border adjustment mechanism	<b>ITMO</b>	Internationally transferred mitigation outcome
<b>CCP Framework</b>	The Integrity Council for the Voluntary Carbon Market's Core Carbon Principles Framework	<b>LPG</b>	Liquefied petroleum gas
<b>CDM</b>	Clean Development Mechanism	<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>CER</b>	Certified emission reduction	<b>MLN</b>	Million
<b>COP29</b>	2024 Conference of the Parties of the United Nations Framework Convention on Climate Change	<b>NDCs</b>	Nationally determined contributions under the Paris Agreement
<b>CORSIA</b>	Carbon Offsetting Reduction Scheme for International Aviation	<b>OBPS</b>	Output-based pricing system
<b>ETS</b>	Emissions trading system	<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>GDP</b>	Gross domestic product	<b>OTC</b>	Over the counter
<b>GHG</b>	Greenhouse gas	<b>PACM</b>	Paris Agreement Crediting Mechanism
<b>I4CE</b>	Institute for Climate Economics	<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation
<b>IATA</b>	International Air Transport Association	<b>tCO<sub>2</sub>e</b>	Metric ton of carbon dioxide equivalent
<b>ICAO</b>	International Civil Aviation Organization	<b>TREES</b>	The REDD+ Environmental Excellence Standard
<b>ICVCM</b>	The Integrity Council for the Voluntary Carbon Market	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>IEA</b>	International Energy Agency	<b>USD</b>	United States dollar
<b>IMF</b>	International Monetary Fund	<b>VAT</b>	Value-added tax
		<b>VCS</b>	Verra's Verified Carbon Standard

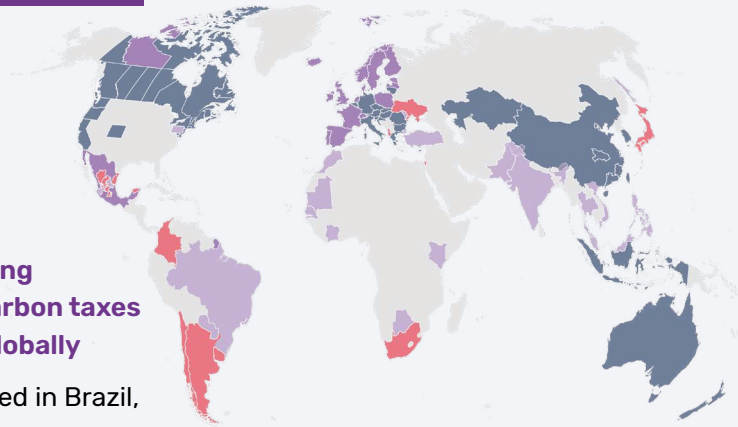
# State and Trends of Carbon Pricing 2025

## CARBON PRICING

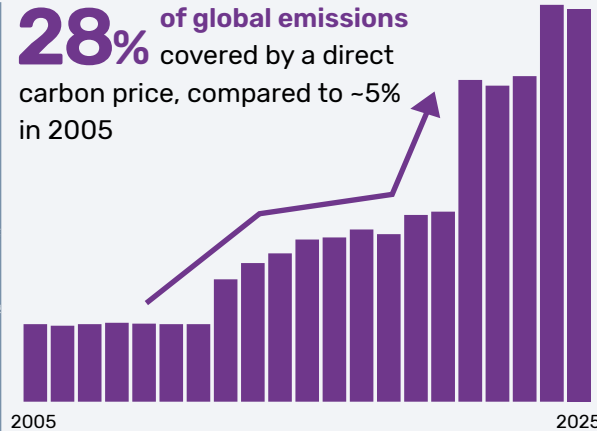
**80**

emissions trading systems and carbon taxes implemented globally

Plus ETSs planned in Brazil, India, and Türkiye



**28%** of global emissions covered by a direct carbon price, compared to ~5% in 2005



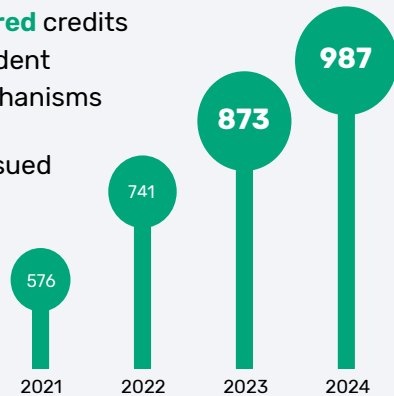
**USD 100+** billion in revenues raised for second consecutive year

Over **50%** of revenue was used to support environmental, infrastructure, and development projects

## CARBON CREDIT MARKETS

**~1 billion** unretired credits from independent crediting mechanisms

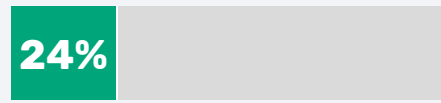
**2/3** are from credits issued before 2022



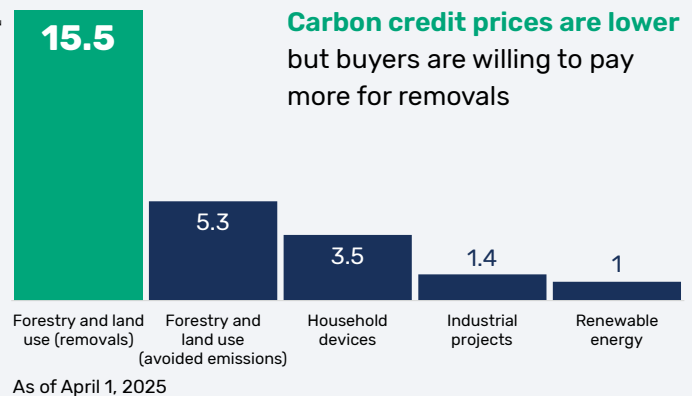
**~3x** more domestic compliance retirements

in 2024, compared to 2023

In 2024, almost **a quarter** of global credit retirements were to meet domestic compliance obligations



USD/tCO<sub>2</sub>e



Carbon credit prices are lower but buyers are willing to pay more for removals



## Foreword

**Governments today face immense fiscal pressure amid a complex and uncertain economic environment.** Low economic growth projections and rising volatility in trade and financial markets are placing additional pressures on public budgets. These converging pressures are not only threatening fiscal resilience but also undermining development gains.

**In this context, carbon pricing offers a powerful tool. It can mobilize finance and secure development outcomes even during periods of uncertainty.**

It mobilizes domestic revenue, drives efficiency and innovation, and attracts international finance—all while helping countries advance climate and development goals. It's a pragmatic solution at a time when resources are tight, and ambitions are high.

**We saw continued momentum over the past year, particularly among large middle-income economies.** China's expansion of carbon pricing brought three gigatons of greenhouse gas (GHG) emissions under its emissions trading system. Today, around 28% of global emissions are covered by a direct carbon price and economies representing nearly two-thirds of global economic output have implemented either a carbon tax or emissions trading system. More countries, including Brazil, India, and Türkiye, are moving forward with domestic carbon pricing frameworks. Others, including Zambia, Tanzania, Paraguay, and Viet Nam, are positioning themselves to participate in international carbon markets.

**Carbon markets are also increasing globally.** Carbon credit markets play multiple roles. They support climate commitments, lower the cost of new technologies, and finance nature-based solutions like forest restoration. But they do more than just carbon savings; they deliver development dividends in

terms of more affordable energy access, cleaner cooking fuels, and healthier forests, to name just a few.

**We are also seeing innovation.** The emergence of new insurance products—including a political risk guarantee issued by our Multilateral Investment Guarantee Agency—are helping de-risk investments in international carbon markets and support private sector participation.

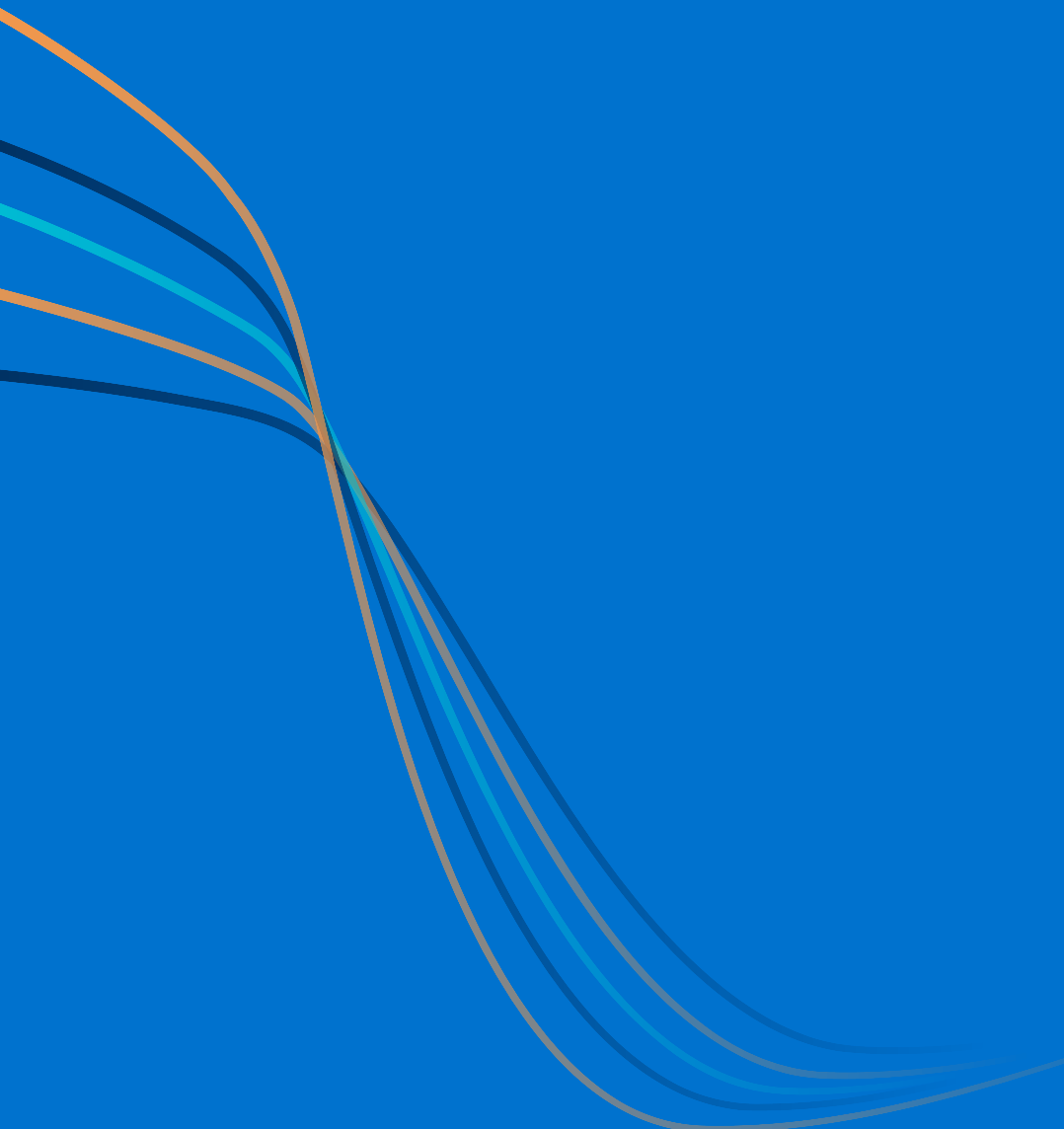
**The private sector plays a critical role.** Companies are increasingly subject to compliance requirements under new and expanding carbon pricing schemes. To scale impact, there is a growing demand for safe, efficient, and interoperable transaction infrastructure to incentivize more private sector revenues.

**The growth from fewer than 10 instruments in 2005 to 80 today is a reminder of global progress on direct carbon pricing.** For over 20 years, the State and Trends of Carbon Pricing report series has provided an important global pulse check—offering rigorous, evidence-based insights into policies and market developments. The World Bank seeks to provide knowledge that can drive development and scale impactful solutions. I hope this year's report continues to inform action, inspire innovation, and strengthen partnerships across public and private sectors.

**Axel van Trotsenburg**

Senior Managing Director  
World Bank





# Executive Summary