

Turkish Emission Trading System

General Information

ETS Description

Over the last decade, Türkiye has been preparing to deploy carbon pricing instruments to help achieve its mitigation targets. On 2 July 2025, Türkiye's parliament adopted the country's first Climate Law, which was published in the Official Gazette on 9 July 2025 and entered into force immediately. This landmark legislation, Türkiye's first comprehensive climate law, establishes the legal basis for the Turkish Emission Trading System (TR ETS) and creates key institutional frameworks including a Carbon Market Board to oversee the system. It earmarks revenues from future allowance auctions exclusively for green transformation and climate action, with up to 10% allocated to just transition measures. The TR ETS is expected to launch as a pilot in 2026 running through 2027, before transitioning to full implementation. The law's adoption and the TR ETS were anticipated in the "Long-Term Strategy" document (LTS 2053) published during COP 29, as well as in Türkiye's annual Medium-Term Programs since 2022.

Following the Climate Law enactment, the Directorate of Climate Change (DoCC) published the draft implementing regulation on 22 July 2025, inviting stakeholder comments which closed on 4 August 2025. The draft regulation outlines the operational framework for the TR ETS, including an intensity-based cap system, free allocation methodology based on benchmarks, and coverage of installations in power and industry sectors with emissions above 50,000 tonnes CO₂e. Domestic offsets are expected to be allowed up to 10% of surrender obligations after but not during the pilot phase. The TR ETS will leverage data collected under Türkiye's comprehensive mandatory monitoring, reporting and verification (MRV) system which has been in place since 2015. The law and the draft regulation also establish strict compliance obligations and significant administrative penalties for non-compliance.

The development of the pilot and the operational phases of the TR ETS has been supported through multiple international partnerships. A World Bank funded project under the PMI program was formally launched in January 2024, and the first activities are starting in 2025. The project will assist Türkiye in assessing design options through modeling studies and support the development of legislative and regulatory frameworks for the TR ETS. It will also help the government analyze the broader economic impact of the TR ETS, establish a national carbon crediting mechanism, develop a strategy for engaging with the emerging Article 6 markets, and commission studies on a just transition strategy. These preparations are taking place in the context of Türkiye's "Green Deal Action Plan", which aims to align the country with the European Green Deal and taking into account the advisory decisions of the Climate Council, a multi-stakeholder consultation which took place in 2022.

As a candidate for EU accession, Türkiye is also planning to commence an Instrument for Pre-Accession Assistance (IPA III) project in 2025 for the transposition of the EU ETS legislation into domestic legislation which will further refine the national ETS' technical features.

ETS Status

under development

Jurisdictions

Turkey

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

558.3 MtCO₂e (2022)

GHG reduction targets

By 2030: Up to 41% reduction from the BAU scenario (Updated First NDC)

By 2053: Net-zero GHG emissions

Compliance

Monitoring, Reporting, Verification (MRV)

REPORTING FREQUENCY: Annual

VERIFICATION: Annual emission data reports (prepared according to the monitoring plans confirmed by DoCC) and their underlying data require independent third-party verification annually for all entities. The Turkish Accreditation Agency is the institution that accredits the verifiers.

FRAMEWORK: The Turkish MRV legislation (mainly based on the EU system) establishes an installation-level system for CO₂ emissions for approximately 770 entities. Sector coverage includes the energy sector (total rated thermal input >20 MW) and industry sectors (iron and steel, metals, cement, glass, fertilizer, aluminium, lime, mineral fiber, brick, plaster, refinery, ceramic products, insulation materials, pulp and paper, and chemicals over specified threshold sizes/production levels). The system covers about half of the country's aggregate emissions.

Entities had until October 2014 to submit their first monitoring plans. Since then, they have also submitted subsequent monitoring plans and verified annual emissions reports from 2015 to 2024 to DoCC. Entities must submit their verified annual emission reports before the end of April each year.

Penalties and enforcement

Entities that fail to comply with the Turkish MRV regulation are subject to sanctions under Turkish "Environmental Law No. 2872".

Other Information

Institutions involved

Directorate of Climate Change: The competent authority under the Ministry of Environment, Urbanization and Climate Change responsible for overall ETS management, including permitting, MRV, and offset oversight. The Directorate also coordinates national and international climate policy and inter-agency cooperation.

Carbon Market Board: Designed as the high-level decision-making body of the TR ETS, the Board approves national allocation plans, determines free allowance distribution, sets offset limits, and makes strategic decisions on pilot and implementation phases. The Board is chaired by the Minister of Environment, Urbanization and Climate Change. Its members include deputy ministers from related key ministries (*Environment, Urbanization and Climate Change; Energy and Natural Resources; Treasury and Finance; Industry and Technology; Trade; Agriculture and Forestry; Transport and Infrastructure*), the Vice President of Presidency of Strategy and Budget, and the heads of the Capital Markets Board, Energy Market Regulatory Authority, and Directorate of Climate Change.

Advisory Board: The consultative body chaired by the President of the Union of Chambers and Commodity Exchanges of Türkiye, composed of decision-making level representatives of key private sector associations, financial and professional organizations, and relevant stakeholders. The Board provides advisory input on strategies and actions related to the TR ETS and international carbon markets. Its recommendations, along with justifications, are submitted to the Carbon Market Board.

Energy Exchange Istanbul (EXIST): Designated as the market operator for the TR ETS. EXIST organizes the trading of allowances; establishes and operates the registry system for the issuance, holding, transfer, cancellation, and surrender of allowances.

Energy Market Regulatory Authority (EMRA): Responsible for establishing rules on market surveillance and oversight of market abuse within the TR ETS.

Regulatory Framework

[Climate Law \(2025\)](#)

[Draft implementing regulation \(2025\)](#)

[Grant Agreement with the World Bank PMI](#)

[2025-2027 Medium Term Plan \(2024\)](#)

[DoCC website](#) for other legislation and documents

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