ABOUT THIS ISSUE

This issue looks at carbon markets under Article 6 of the Paris Agreement and what COP31 in Antalya will settle on them. It follows the main brief of November 4, which covered the three priority issues of the conference.

Article 6 lets countries cooperate to meet their climate pledges. Under Article 6.2 they trade emission cuts with each other. Under Article 6.4 a UN mechanism issues credits for projects. Article 6.8 covers cooperation that involves no trading.

The rules were completed at COP29 in Baku in 2024. Antalya deals with running the system, paying for it and checking its quality. A full review of the rules is due in 2028.

THE 2028 REVIEW

Countries agreed to review the Article 6 guidance in 2028. Changes to the design of the system wait until then. Some negotiators have begun to propose improvements, and the findings of the expert reviews and the first large reporting round will shape that debate.

ADJACENT NEGOTIATIONS

The EU carbon border adjustment mechanism entered its definitive phase in January 2026. Russia has opened a WTO dispute, and India and Indonesia have raised objections. The finance talks also shape demand for credits, because developed countries count private finance mobilized through markets.

$50bn a year

PRESIDENCY AIM FOR CARBON MARKETS

Extra finance for developing economies that COP31 President Murat Kurum says carbon markets can help mobilize.

The Landscape Group

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COP31 ANTALYA 2026

Carbon Markets Move From Writing Rules to Running Them

The three Article 6 tracks

what each does and what COP31 handles



Figure 1. The three Article 6 tracks under the Paris Agreement and the items on each that COP31 is expected to handle. ITMOs are internationally transferred mitigation outcomes, the units countries trade under Article 6.2.

The CDM transition and the road to review

key dates for moving Kyoto-era projects into the Paris mechanism



Figure 2. Deadlines for the transition from the Kyoto Protocol's Clean Development Mechanism (CDM) to the Paris Agreement Crediting Mechanism (PACM), with COP31, the reporting deadline and the 2028 review. Red markers fall in the coming weeks.

The state of play

At the Bonn session in June, the UN climate secretariat said its Article 6 day was about building confidence in the current design. The only carbon market item formally negotiated was how to pay for the Article 6.2 system, and it went on to Antalya without agreement.

Six items matter in Antalya. They are funding for Article 6.2, the quality of country deals, the UN crediting mechanism, the move of old CDM projects, non-market cooperation and reporting. Türkiye joined the Coalition to Grow Carbon Markets this year.

Reporting

The second biennial transparency reports are due by December 31, 2026. They will record the first large volumes of authorized credits, mostly of 2023 and 2024 vintages, and the corresponding adjustments that stop double counting. These numbers give the 2028 review its evidence.

Antalya Decides How to Pay for Carbon Markets and How to Check Them

The rulebook is finished, so the work now lies in funding, quality and reporting.

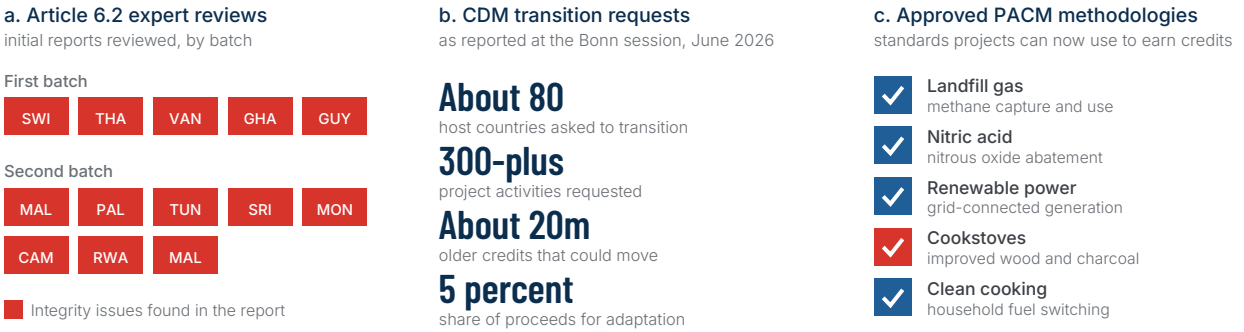


Figure 3. Article 6 in practice. a, the 13 initial reports under Article 6.2 reviewed by UN expert teams in the first two batches, each with integrity findings. b, requests to move CDM activities to the PACM. c, PACM methodologies approved so far. Cookstoves, in red, face complaints from developers that the methods are too strict to use.

Funding for Article 6.2

The UN registry, expert reviews and capacity-building behind country deals face a shortfall of about $8 million to $9 million. In Bonn, Parties agreed the system needs steady funding and did not agree on the source. They urged Parties to raise voluntary contributions.

The divide is clear. Switzerland and the EU are open to fees paid by the private companies that use the registry. The LDCs, the small island states, the African Group, the Arab Group and the like-minded developing countries oppose added costs for countries that take part.

Quality of country deals

UN expert teams review each country's first Article 6.2 report. In both batches so far, reviewers recorded integrity issues in every report. No country gave the information on public participation and integrity that COP29 asked for. COP31 will discuss the secretariat's synthesis of recurring findings.

The crediting mechanism

The PACM issued its first credits in February 2026, to a cookstove program in Myanmar. Its Supervisory Body reports to COP31. Approved methods now cover landfill gas, nitrous oxide from nitric acid plants, grid-connected renewables and two kinds of cookstoves.

A safeguard tool for the rights of local communities and Indigenous peoples went out for a two-week consultation, which critics found too short. Germany has opened a tender for 1.1 million PACM credits.

The CDM transition

About 80 host countries asked to move more than 300 CDM activities to the new mechanism by the June 30 deadline. About 20 million older credits could follow. Remaining transitions close on December 31, 2026. The Adaptation Fund receives a 5 percent share of proceeds from these credits, and that flow may not be fully running when the CDM closes.

Non-market approaches

Under Article 6.8, the review moves to the next technical session. The EU and AILAC want more functions for the online platform for non-market cooperation. The like-minded developing countries, the Arab Group, the African Group and Egypt want to keep to the current mandate.

The stake for Indonesia

Indonesia presents itself as a hub for high-integrity carbon markets. At COP30 it reported deals to sell 2.75 million credits and launched a blue carbon roadmap, with international sales planned from 2027. Its Second NDC counts carbon markets among the ways to meet an investment need of about $472.6bn. Clear reporting and a strong expert review will raise the price buyers pay for Indonesian credits.

Sources and method

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Method. Batch membership in Figure 3a follows the Carbon Market Watch account of the first two review rounds. Transition counts come from the secretariat briefing at the Bonn session and may have risen since.