

Ukraine

General Information

ETS Description

Ukraine plans to establish a national ETS in line with its obligations under the “Ukraine-EU Association Agreement”, which entered into force in September 2017. Issues related to climate change are addressed in Article 365 (c) Title V and in Annex XXX [KK1.1] to the agreement, which outlines steps for the implementation of a national ETS, including:

- adopting national legislation and designating a competent authority or authorities;
- establishing a system for identifying relevant installations and GHGs;
- developing a national allocation plan to distribute allowances;
- establishing a system to issue allowances to be traded domestically; and
- establishing MRV and enforcement systems, as well as public consultations procedures.

The country has since established a national MRV system, with its scope partially covering activities similar to the EU ETS, to provide a solid basis for the upcoming ETS. Since 2021, the MRV procedures have been applied by regulated installations. From 2022, due to the Russian war of aggression against the country, the MRV system was implemented on a voluntary basis. In January 2025, the Ukrainian Parliament reintroduced mandatory reporting under the MRV system. For those located in areas where military operations are taking place or in the temporarily occupied territory, some flexibility applies.

In October 2024, the Ukrainian Parliament approved the Law on the Basic Principles of State Climate Policy, mandating the establishment of an ETS. According to the law, the Ukrainian ETS will have an absolute cap on emissions for covered sectors and will be established by national law.

From 2023, work on the “Roadmap on the Introduction of a GHG ETS” has been ongoing. In February 2025, a governmental decree “On approval of Action Plan for the establishment of a national GHG trading system”, was approved, following stakeholder consultation in 2024. The action plan stipulates that the first operational phase of the ETS will commence from 2028, with the launch of the second operational phase starting “not earlier than in three years after martial law will be halted or cancelled”. The key design elements of the ETS should “account for national circumstances” and be aligned with the Directive 2003/87/EU.

ETS Status

under development

Jurisdictions

Ukraine

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

232.9 MtCO₂e (2023)

GHG reduction targets

By 2035: Economy-wide net domestic reduction of more than 65% in GHG emissions compared to 1990 (NDC 3.0)

By 2050: Climate neutrality (Law on the Basic Principles of State Climate Policy)

Current Allowance Price (per t/CO₂e)

Carbon tax: CO₂ tax

Compliance

Monitoring, Reporting, Verification (MRV)

FRAMEWORK: MRV rules are set in the dedicated law and two cabinet orders (see 'Regulatory Framework' section).

MONITORING: Monitoring is required annually for CO₂ emissions from the following activities:

- fuel combustion in installations over 20 MW;
- oil refining;
- the production of coke, metal ores, pig iron, steel, ferrous alloys including ferroalloys (if the total nominal thermal capacity of combustion units exceeds 20 MW), cement clinker, lime or the calcination of dolomite or magnesite (with a production capacity exceeding 50 tonnes per day), nitric acid, ammonia, and glass production (with a production capacity exceeding 20 tonnes per day);
- N₂O emissions from the production of nitric acid.

Monitoring takes place according to Monitoring Plans, approved by the Ministry of Economy, Environment and Agriculture of Ukraine).

REPORTING: Covered entities are obliged to submit a verified annual report on GHG emissions to the Ministry of Economy, Environment and Agriculture of Ukraine by the end of March of the following year.

VERIFICATION: Emissions data reports and their underlying data require third-party verification by an accredited auditor.

Other Information

Institutions involved

Ministry of Economy, Environment and Agriculture of Ukraine: Competent authority for implementing the MRV law and the upcoming ETS.

National Accreditation Agency of Ukraine: Accredits third-party verifiers.

State Ecological Inspection of Ukraine: Controlling compliance with MRV requirements.

National Center for GHG Emissions: Authorized institution empowered to perform certain functions in the field of MRV delegated by the Ministry of Economy, Environment and Agriculture of Ukraine.

Regulatory Framework

[Order of the Cabinet of Ministers on approval of an action plan for the national GHG ETS development](#)

[Law on the Basic Principles of State Climate Policy](#)

[Law on the principles of monitoring, reporting and verification of greenhouse gas emissions](#)

[Order of the Cabinet of Ministers on approval of the procedure for monitoring and reporting on GHG emissions](#)

[Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part](#)

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