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**INTERACTION WITH THE EU
IN THE FIELD OF THE CARBON MARKET
AS A FACTOR IN THE DEVELOPMENT
OF "GREEN" TECHNOLOGIES IN UKRAINE**

Nowadays, there is an urgent issue of restoring and preserving the agricultural resource potential, which involves the implementation of a system of land protection measures and changes in the organizational and economic conditions of management. One of the ways to improve the situation in the agricultural land use sector is the introduction of a low-carbon approach to land use, which corresponds to the general goals of the Low-Carbon Development Strategy of Ukraine until 2050. This project was developed with the technical support of the United States Agency for International Development "Municipal Energy Reform in Ukraine" [1]. The carbon market is becoming a key aspect in efforts to transition to a sustainable economy because of its significant impact on greenhouse gas emissions and climate change. The implementation of strategies aimed at reducing carbon intensity and increasing clean energy is becoming an important element of policy in many countries.

Carbon trading has become an integral part of many countries. For example, the European Union has set an ambitious goal to reduce greenhouse gas emissions by 55% by 2030 [2]. Numerous legislative norms, programs and mechanisms are subject to this strategy.

An innovative solution from the European Union appears in the world – the world's first mechanism for controlling carbon emissions at the border, known as the carbon debt adjustment mechanism (Carbon Border Adjustment Mechanism, CBAM) [3]. But before considering CBAM, it is important to understand another effective emission control mechanism (Emissions Trading System, ETS). This instrument is the basis of climate policy and allows the government to set limits on CO₂ in certain sectors. The working

principle of ETS is that the government sets limits on CO₂ in specific sectors, and companies receive allowances for these emissions, which can be bought or given free of charge, depending on the sector. Businesses have the option to decide for themselves whether they will buy allowances or take measures to reduce emissions to avoid the need for these allowances. Also, companies can sell the saved allowances on the market, which is different from the carbon tax, which is fixed by the state and does not depend on market fluctuations.

In turn, CBAM is a mechanism that foresees a significant tax burden for EU market participants for the carbon footprint of their products, in fact importers will be required to pay additional fees for environmentally polluted goods that do not meet the established carbon norms and are transported across the border of the European Union. Currently, the CBAM mechanism is implemented with particular care for the most ecologically burdened industries, such as metallurgy, fertilizers and energy. It is planned to start monitoring producers who harm the climate from the end of 2023, and the introduction of fines is planned for the beginning of 2026 [4]. Such a mechanism allows the European Union to exercise stricter control over the production and import of goods, relying on global environmental standards and creating incentives for the transition to more environmentally friendly production technologies.

It is expected that the implementation of the CBAM mechanism will contribute to a more accurate determination of the carbon footprint in the prices of imported goods. An important aspect here is the need to apply taxes directly to the product, and not to the production processes, which will help avoid the use of hidden taxes, which violates the COT rules.

Developing an effective emissions trading system is a complex task that requires detailed planning. Ukraine is already working on the development of an emissions trading system. The first important step is the collection of data, particularly on emissions. We already have a database for this task, which is regulated by the Law of Ukraine "On Principles of Monitoring, Reporting and Verification of Greenhouse Gas Emissions" [5]. By law, businesses must monitor and report on their emissions. Initially, it was planned to receive the first such reports in 2022, but due to the unfolding of a full-scale war, the obligation to submit them became temporarily optional. Thus, early data is almost non-existent and will likely be difficult to obtain before the end of the conflict. After the end of martial law, reporting will become mandatory only after three months. The next step is to define the key aspects of the emissions trading system, including setting the scope, determining the cap and choosing an approach to allocation of allowances.

It was supposed to launch the Ukrainian ETS in 2025 to synchronize with CBAM, but due to the current conditions, this schedule does not seem

practical. However, it can serve as an important step in the formation of climate policy, thanks to the possibility of broad public participation in this process. Such a perspective opens the door for a deep analysis of alternative ways and optimization of the schedule of actions aimed at achieving the set goals in the field of climate policy.

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