

# Establishing the Temporary Decarbonisation Fund

2025/0418(COD) - 15/09/2026 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted, by 433 votes to 97, with 146 abstentions, **amendments** to the proposal for a regulation of the European Parliament and of the Council establishing the Temporary Decarbonisation Fund.

The matter was referred back to the committee responsible for interinstitutional negotiations.

As a reminder, the proposal aims to establish the temporary decarbonisation fund to temporarily support European producers of goods subject to the carbon border adjustment mechanism (CBAM) and to mitigate the risks of carbon leakage.

The main amendments adopted in plenary session concern the following points:

## ***Financial support from the Fund***

Members are requesting that the Fund provide financial support **during the period 2027-2029** (instead of the period 2028-2029) to address the remaining risk of carbon leakage associated with carbon intensive goods produced and exported by eligible operators of installations and eligible downstream operators in the period 2026-2027.

A ‘downstream operator’ means any legal or natural person established in a Member State that uses goods listed in Annex I to Regulation (EU) 2023/956 as primary material inputs in its production processes to produce eligible goods.

The risk exposure of some goods using products, including agri-food products, in particular fertilisers, should also be included in the Fund insofar as some of those products could, in the short term, experience a significant cost increase, as a result of higher prices of imports of intrants and precursors.

Members wish to **open the fund to fertiliser producers** and downstream users facing higher carbon-related input costs, with products such as urea, ammonium nitrate and ammonium sulphate added to the list of eligible goods.

The Fund should aim to ensure that support is directed towards genuine decarbonisation transformation. Direct support under the Fund should be **subject to clear conditionality** with appropriate decarbonisation such as through climate-neutrality plans that prioritise genuine transformation and social criteria.

## ***Funds***

Each Member State should communicate to the Commission the exact annual amounts to contribute to the Fund for the year 2026 by 31 July 2027 and for the year 2027 by 31 July 2028, respectively. Member States should transfer to the Fund a monetary amount that corresponds to the amount referred to in the regulation by 30 September 2027 for the revenues of the year 2026 and by 30 September 2028 for the revenues of the year 2027.

According to Members, leftover revenue could be redirected to the EU's **international climate finance** commitments under Article 9 of the Paris Agreement. The Commission, for its part, proposes that excess revenues be returned to Member States in proportion to their financial contributions to the Fund.

### ***Third countries***

To support low- and middle-income third countries for the reduction of their greenhouse gas emissions, the Commission should continue to **engage** with lower-middle income third countries to support their compliance with CBAM. The Commission should periodically assess, report on, and, where appropriate, propose new measures.

### ***Interim report***

**By 31 March 2028**, the Commission should carry out a comprehensive assessment and submit to the European Parliament and to the Council an interim report on the performance and effectiveness of the Fund in: (i) preventing carbon leakage; (ii) supporting the level playing field of Union producers in third markets; (iii) achieving verifiable emission reductions.

The interim report should evaluate in particular: (i) the adequacy of the financial resources allocated to the Fund in light of its objectives; (ii) consistency of the Fund with Union climate objectives, State aid rules, and the Union's international obligations; (iii) the appropriateness of introducing a **targeted transaction fee on the secondary EU ETS market**, its effect on price stability and expected revenues for the Fund; (iv) an assessment of the effectiveness and added value of using the remaining funds of the Fund.

The Commission may, where appropriate, and at the latest by 31 December 2028, submit, together with the corresponding report, a **legislative proposal accompanied by an impact assessment** to, inter alia: (i) extend the existence of the Fund after 31 December 2029, taking into account the provisions of the Directive 2003/87/EC for the period 2031-2040; (ii) adapt the scope of the Fund in terms of eligible goods or sectors; (iii) adapt the financial envelope of the Fund in order to ensure adequate support to eligible operators; (iv) introduce a transaction fee on the EU ETS secondary market.

By 31 December 2030, the Commission should present a report to the European Parliament and to the Council on the performance and the expenditure financed by the Fund.

### ***Eligibility and conditions***

An operator and a downstream operator that produces eligible goods will not be eligible to receive financial support when: (i) it is in breach of relevant working and employment conditions and employer obligations resulting from Union or national labour laws, (ii) the operator and downstream operator concerned, or the parent company, are not established in jurisdictions listed in the Union list of non-cooperative jurisdictions for tax purposes.

A downstream operator will receive financial support from the Fund provided that the downstream operator demonstrates to the satisfaction of the Commission that it has undertaken actions leading to a verifiable and significant reduction in the use of the goods concerned, or investments that lead to a lower-carbon method in their relevant production processes to use those goods or investments in their relevant supply chains leading to the use by that operator of lower-carbon versions of those goods.