



2025/0418(COD)

7.4.2026

*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council
establishing the Temporary Decarbonisation Fund
(COM(2025)0990 – C10-0353/2025 – 2025/0418(COD))

Committee on the Environment, Climate and Food Safety

Rapporteur: Pascal Canfin

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council establishing the Temporary Decarbonisation Fund (COM(2025)0990 – C10-0353/2025 – 2025/0418(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2025)0990),
 - having regard to Article 294(2), Article 192(1) and Article 322(1), point (a), of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0353/2025),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the budgetary assessment by the Committee on Budgets,
 - having regard to the reasoned opinions submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Czech Chamber of Deputies and the Czech Senate, asserting that the draft legislative act does not comply with the principle of subsidiarity,
 - having regard to the opinion of the European Economic and Social Committee of [...] ¹,
 - having regard to the opinion of the Committee of the Regions of [...] ²,
 - having regard to Rule 60 of its Rules of Procedure,
 - having regard to the opinion of the Committee on Industry, Research and Energy,
 - having regard to the report of the Committee on the Environment, Climate and Food Safety (A10-0000/2026),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ [OJ C 0, 00.00.0000, p. 0./ Not yet published in the Official Journal.]

² [OJ C 0, 00.00.0000, p. 0./ Not yet published in the Official Journal.]

Amendment 1

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) The Union is committed to achieving climate neutrality by 2050 and reducing net greenhouse gas emissions by at least 55% by 2030, in line with the European Green Deal⁴ and the European Climate Law⁵. The Clean Industrial Deal, as set out in the Commission Communication of 26 February 2025⁶, underscores the need to align industrial competitiveness with climate ambition, ensuring that the transition to a climate-neutral economy is both just and economically resilient.

⁴ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 December 2019, The European Green Deal, COM(2019) 640 final.

⁵ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (OJ L 243, 9.7.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1119/oj>).

⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 26 February 2025, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85 final.

Amendment

(1) The Union is committed to achieving climate neutrality by 2050 and reducing net greenhouse gas emissions by at least 55% by 2030 **and 90% by 2040**, in line with the European Green Deal⁴ and the European Climate Law⁵. The Clean Industrial Deal, as set out in the Commission Communication of 26 February 2025⁶, underscores the need to align industrial competitiveness with climate ambition, ensuring that the transition to a climate-neutral economy is both just and economically resilient.

⁴ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 December 2019, The European Green Deal, COM(2019) 640 final.

⁵ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (OJ L 243, 9.7.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1119/oj>).

⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 26 February 2025, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85 final.

Or. en

Amendment 2

Proposal for a regulation Recital 2

Text proposed by the Commission

(2) The Union's environmental objectives, as set out in Article 191 of the Treaty, include preserving and improving the quality of the environment and promoting measures at international level to address global environmental challenges. They are pursued among other things through carbon pricing instruments, such as the Union's Emission Trading System ('EU-ETS') established by Directive 2003/87/EC⁷. Where the Union's international partners have policy approaches that are significantly below the level of the Union's climate ambition, production in third countries is not subject to comparable carbon constraints. This asymmetry risks incentivising the relocation of production of carbon-intensive goods – a phenomenon known as carbon leakage – which would undermine the attainment of the emission-reduction objectives of Directive 2003/87/EC. Such relocation may ultimately lead to an overall increase in global greenhouse gas emissions, thereby compromising the environmental integrity and effectiveness of the Union climate policy.

⁷ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI:

Amendment

(2) The Union's environmental objectives, as set out in Article 191 of the Treaty, include preserving and improving the quality of the environment and promoting measures at international level to address global environmental challenges. They are pursued among other things through carbon pricing instruments, such as the Union's Emission Trading System ('EU-ETS') established by Directive 2003/87/EC⁷. Where the Union's international partners have policy approaches that are significantly below the level of the Union's climate ambition, production in third countries is not subject to comparable carbon constraints. This asymmetry risks incentivising the relocation of production of carbon-intensive goods – a phenomenon known as carbon leakage – which would undermine the attainment of the emission-reduction objectives of Directive 2003/87/EC. Such relocation may ultimately lead to an overall increase in global greenhouse gas emissions, thereby compromising the environmental integrity and effectiveness of the Union climate policy. ***This asymmetry also risks hampering the level playing field for companies covered and indirectly impacted by the EU-ETS in the Union but active on export markets where local producers may not face a similar carbon price.***

⁷ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI:

Amendment 3

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) To incentivise industrial decarbonisation action, it is appropriate to establish a Union funding instrument, the Temporary Decarbonisation Fund (the ‘Fund’), providing temporary financial support to operators in carbon intensive sectors that are subject to the remaining risk of carbon leakage, ensuring that decarbonisation efforts within the Union are preserved and that emissions reduction incentives remain effective. Such support should be strictly limited to what is necessary to mitigate that remaining risk of carbon leakage, be proportionate, and be conditional upon demonstrable progress in reducing greenhouse gas emissions.

Amendment

(5) To incentivise industrial decarbonisation action **while also ensuring a level playing field both within the Union and abroad**, it is appropriate to establish a Union funding instrument, the Temporary Decarbonisation Fund (the ‘Fund’), providing temporary financial support to operators in carbon intensive sectors that are subject to the remaining risk of carbon leakage, ensuring that decarbonisation efforts within the Union are preserved and that emissions reduction incentives remain effective. Such support should be strictly limited to what is necessary to mitigate that remaining risk of carbon leakage, be proportionate, and be conditional upon demonstrable progress in reducing greenhouse gas emissions.

Amendment 4

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) The Fund should provide financial support in the years 2028 and 2029 to the final beneficiaries to address their exposure to the remaining risk of carbon leakage, determinable based on the two-year production reference period 2026–2027. Given the need to ensure continuity of decarbonisation efforts and address the remaining risks of carbon leakage and the fact that CBAM revenue will only become

Amendment

(8) The Fund should provide financial support in the years **2027**, 2028 and 2029 to the final beneficiaries to address their exposure to the remaining risk of carbon leakage, determinable based on the two-year production reference period 2026–2027. Given the need to ensure continuity of decarbonisation efforts and address the remaining risks of carbon leakage and the fact that CBAM revenue will only become

available in 2028, it is appropriate to allow support under this Regulation to cover actions before the entry into force of this Regulation, in accordance with Article 3(2) of Regulation 2024/2509. Such retroactive eligibility is strictly limited to actions that contribute to the environmental objectives of this Regulation.

available in 2028, it is appropriate to allow support under this Regulation to cover actions before the entry into force of this Regulation, in accordance with Article 3(2) of Regulation 2024/2509. Such retroactive eligibility is strictly limited to actions that contribute to the environmental objectives of this Regulation.

Or. en

Amendment 5

Proposal for a regulation Recital 9

Text proposed by the Commission

(9) By limiting the initial support period to two years, the Fund should provide short-term support pending a comprehensive review of how best to address the issue of the remaining risk of carbon leakage from 2028 onwards, in the context of the scheduled review of the EU ETS. ***The transitory character of the Fund precludes any interpretation that it may constitute a precedent, a model or a reference point for the EU ETS review. Accordingly, the existence, operation or cessation of the Fund shall not create any expectation, legal or otherwise, regarding the EU ETS review.***

Amendment

(9) By limiting the initial support period to two years, the Fund should provide short-term support pending a comprehensive review of how best to address the issue of the remaining risk of carbon leakage from 2028 onwards, in the context of the scheduled review of the EU ETS.

Or. en

Amendment 6

Proposal for a regulation Recital 10

Text proposed by the Commission

(10) Given the temporary nature of the Fund, its governance should be cost-efficient and minimise to the extent possible the administrative burden for both the final beneficiaries of the financial support and the Member States' competent

Amendment

(10) Given the temporary nature of the Fund, its governance should be cost-efficient and minimise to the extent possible the administrative burden for both the final beneficiaries of the financial support and the Member States' competent

authorities. *Therefore, a single call for applications in 2028 for the production reference period 2026-2027 should be provided for.*

authorities.

Or. en

Amendment 7

Proposal for a regulation Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) To allow for early compensation of the beneficiaries' exposure to the remaining risk of carbon leakage, a call for applications in 2027 should be provided for. Beneficiaries should be able to choose to do a single application in 2028 for the production reference period 2026-2027 or to do two separate applications, a first one already in 2027 for the production reference period 2026 and another in 2028 for the production reference period 2027.

Or. en

Amendment 8

Proposal for a regulation Recital 12

Text proposed by the Commission

Amendment

(12) The Fund should in particular contribute to the decarbonisation objective by providing support to operators of EU-ETS installations which produce goods exposed to the highest remaining risk of carbon leakage in the short term. Those goods should be selected taking into account both their emissions and carbon leakage exposure, using the approach followed to determine the carbon leakage list for the EU-ETS as a starting point and targeting the measure to those goods which remain most at risk of carbon leakage

(12) The Fund should in particular contribute to the decarbonisation objective by providing support to operators of EU-ETS installations **and downstream operators** which produce goods exposed to the highest remaining risk of carbon leakage in the short term. Those goods should be selected taking into account both their emissions and carbon leakage exposure, using the approach followed to determine the carbon leakage list for the EU-ETS as a starting point and targeting the measure to those goods which remain

based on an objective indicator.

most at risk of carbon leakage based on an objective indicator.

Or. en

Amendment 9

Proposal for a regulation Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) The risk exposure of some goods using products covered by Regulation (EU) 2023/956 should also be included in the Fund insofar as some of them could face, in the short term, a significant cost push due to the increased price of imports of intrants and precursors, in particular in the agri-food value chain, Therefore, the Fund should include operators of installation directly covered by the EU ETS and their downstream operators.

Or. en

Amendment 10

Proposal for a regulation Recital 13 b (new)

Text proposed by the Commission

Amendment

(13b) For the extension to agri-food products, the selection criteria used to determine the scope of covered products are the direct and indirect costs of the implementation of Regulation (EU) 2023/956 and Directive 2003/87/EC on those product costs, expressed as a proportion of the gross value added, and the sector's trade intensity with third countries.

Or. en

Amendment 11

Proposal for a regulation Recital 13 c (new)

Text proposed by the Commission

Amendment

(13c) For downstream operators, fulfilling the same conditionality requirements as operators is not relevant. Therefore, national competent authorities should impose less onerous commitments on downstream operators than on operators. In the case of sellers of fertilisers also selling agricultural products, commitments could take the form of commercial proposals which support the reduced use of fertilisers.

Or. en

Amendment 12

Proposal for a regulation Recital 14

Text proposed by the Commission

Amendment

(14) To ensure that the effect of the financial support is to incentivise the reduction of greenhouse gas emissions, that support should be subject to objective, non-discriminatory and pre-established conditions. To reduce administrative burden, the conditions should build on the existing administrative framework established for free allocation under the EU-ETS. To align the conditions with the existing procedure of application for free allocation, financial support should be contingent on the demonstration of the implementation of recommendations included in energy audits or equivalent measures or a legal commitment made for investments to achieve the targets and milestones referred to in a climate neutrality plan. To enable the most effective and cost-efficient emission reductions, beneficiaries should have the

(14) To ensure that the effect of the financial support ***to operators*** is to incentivise the reduction of greenhouse gas emissions, that support should be subject to objective, non-discriminatory and pre-established conditions. To reduce administrative burden, the conditions should build on the existing administrative framework established for free allocation under the EU-ETS. To align the conditions with the existing procedure of application for free allocation, financial support ***to operators*** should be contingent on the demonstration of the implementation of recommendations included in energy audits or equivalent measures or a legal commitment made for investments to achieve the targets and milestones referred to in a climate neutrality plan. To enable the most effective and cost-efficient emission reductions, beneficiaries should

choice to invest their support in projects that most appropriately suit their individual situation.

have the choice to invest their support in projects that most appropriately suit their individual situation.

Or. en

Amendment 13

Proposal for a regulation Article 1 – paragraph 2

Text proposed by the Commission

2. The Fund shall provide financial support in the period **2028-2029** to address the remaining risk of carbon leakage associated with carbon intensive goods produced by eligible operators of installations in the period 2026-2027.

Amendment

2. The Fund shall provide financial support in the period **2027-2029** to address the remaining risk of carbon leakage associated with carbon intensive goods produced by eligible operators of installations in the period 2026-2027.

Or. en

Amendment 14

Proposal for a regulation Article 2 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) ‘downstream operator’ means any person whose commercial activity is directly impacted by a carbon cost passed through an operator and that produces eligible goods;

Or. en

Amendment 15

Proposal for a regulation Article 3 – paragraph 3

Text proposed by the Commission

3. Each Member State shall communicate to the Commission the exact annual amounts to contribute to the Fund for the **years 2026 and 2027 respectively** by 31 **December** 2027 and 31 **December**

Amendment

3. Each Member State shall 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. Member

2028. Member States shall transfer to the Fund a monetary amount that corresponds to the amount referred to in paragraph 2 of this Article respectively by **31 March 2028 and 31 March 2029**. The amounts contributed shall be assigned revenue to the Fund in accordance with Article 21(5) of Regulation (EU, Euratom) 2024/2509. By way of derogation from that provision, the amounts contributed shall constitute external assigned revenue.

States shall transfer to the Fund a monetary amount that corresponds to the amount referred to in paragraph 2 of this Article respectively by **30 September 2027 for the revenues of the year 2026 and by 30 September 2028 for the revenues of the year 2027**. The amounts contributed shall be assigned revenue to the Fund in accordance with Article 21(5) of Regulation (EU, Euratom) 2024/2509. By way of derogation from that provision, the amounts contributed shall constitute external assigned revenue.

Or. en

Amendment 16

Proposal for a regulation Article 6 – paragraph 2

Text proposed by the Commission

2. The operator of an installation producing goods not listed in the Annex, which have a low ratio of value to weight and are subject to a heightened remaining risk of carbon leakage at national level as defined in the delegated act adopted in accordance with paragraph 3, shall, upon decision of the Commission following a reasoned request of a Member State, be eligible to receive financial support in accordance with Article 9 and be subject to the conditions set out in Article 7.

Amendment

2. The operator of an installation **or downstream operator** producing goods not listed in the Annex, which have a low ratio of value to weight and are subject to a heightened remaining risk of carbon leakage at national level as defined in the delegated act adopted in accordance with paragraph 3, shall, upon decision of the Commission following a reasoned request of a Member State, be eligible to receive financial support in accordance with Article 9 and be subject to the conditions set out in Article 7.

Or. en

Amendment 17

Proposal for a regulation Article 6 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The downstream operator producing eligible goods as listed in the Annex, which fall under the Combined

Nomenclature ('CN') codes in Regulation (EEC) No 2658/87 shall be eligible to receive financial support in accordance with Article 9 and subject to the conditions set out in Article 7.

Or. en

Amendment 18

Proposal for a regulation Article 7 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. A downstream operator shall receive support from the Fund provided that it demonstrates to the satisfaction of the competent authority that it has undertaken verifiable actions leading to a reduced use of goods included in Annexes I and II to Regulation (EU) 2023/956 or that it fulfils the conditions set out in paragraph 2 of this Article.

Or. en

Amendment 19

Proposal for a regulation Article 8 – paragraph 1

Text proposed by the Commission

Amendment

1. The operator of an installation producing goods that are eligible for financial support may submit an application for such support from the Fund **by 31 March 2028. That application shall be submitted to the competent authority of the Member State where the operator of the installation is established and cover the two years of application of the Fund.**

1. The operator of an installation **or downstream operator** producing goods that are eligible for financial support may submit an application for such support from the Fund:

Or. en

Amendment 20

Proposal for a regulation

Article 8 – paragraph 1 – point i (new)

Text proposed by the Commission

Amendment

(i) by submitting a single application by 31 March 2028 to cover the production reference period 2026-2027; or

Or. en

Amendment 21

Proposal for a regulation

Article 8 – paragraph 1 – point ii (new)

Text proposed by the Commission

Amendment

(ii) by submitting an application by 31 March 2027 that covers the production reference period 2026 and a supplementary application by 31 March 2028 that covers the production reference period 2027.

Or. en

Amendment 22

Proposal for a regulation

Article 8 – paragraph 1 – subparagraph 1 (new)

Text proposed by the Commission

Amendment

All applications for support shall be submitted to the competent authority of the Member State where the operator of the installation is established.

Or. en

Amendment 23

Proposal for a regulation

Article 8 – paragraph 2 – point a

Text proposed by the Commission

(a) for all operators, a production data report complementing the verified activity level reports for **2026 and 2027** submitted pursuant to Article 3 of Implementing Regulation (EU) 2019/1842, providing the necessary production data to verify the eligibility for financial support;

Amendment

(a) for all operators, a production data report complementing the verified activity level reports for ***the relevant production reference period covered by the call for application referred to in paragraph 1 of this Article*** submitted pursuant to Article 3 of Implementing Regulation (EU) 2019/1842, providing the necessary production data to verify the eligibility for financial support;

Or. en

Amendment 24

**Proposal for a regulation
Article 8 – paragraph 2 – point a a (new)**

Text proposed by the Commission

Amendment

(aa) for all operators, the share of production sold in third countries broken down by country of destination;

Or. en

Amendment 25

**Proposal for a regulation
Article 8 – paragraph 2 a (new)**

Text proposed by the Commission

Amendment

2a. For downstream operators, an application submitted pursuant to paragraph 1 shall be accompanied by the following specific elements:

(i) production data for the production reference period covered by the call for application referred to in paragraph 1 to verify the eligibility for financial support;

(ii) the share of production sold in third countries broken down by country of destination;

(iii) documentary and verifiable evidence that demonstrates actions by the downstream operator leading to a reduced use of goods included in Annexes I and II to Regulation (EU) 2023/956 or the fulfilment of the conditions of Article 7(2) of this Regulation;

Or. en

Amendment 26

Proposal for a regulation Article 8 – paragraph 2 b (new)

Text proposed by the Commission

Amendment

2b. Within 15 days of reception of the application under paragraph 1, the competent authority shall assess the completeness of the information provided by the applicant which is necessary to evaluate the eligibility of the operator and the downstream operator for support under the Fund.

If before the end of 15 days, the competent authority assesses that the information provided by the applicant is incomplete or insufficient to conclude the evaluation of its request, the applicant shall be requested to submit complementary information within a reasonable timeframe. The competent authority shall assess the completeness of the complementary information.

Following the acknowledgment of completeness referred to in the second subparagraph, the applicant shall not be asked to provide any new information unless duly justified.

Or. en

Amendment 27

Proposal for a regulation Article 8 – paragraph 5

Text proposed by the Commission

5. By 30 June 2028, a competent authority shall provide to the Commission a list identifying all the applicants that meet the conditions as determined in accordance with paragraph 4, their respective installations and the level of support calculated in accordance with Article 9.

Amendment

5. By **30 June 2027 and** 30 June 2028, a competent authority shall provide to the Commission a list identifying all the applicants ***that applied by 31 March 2027 and 31 March 2028, respectively,*** that meet the conditions as determined in accordance with paragraph 4, their respective installations and the level of support calculated in accordance with Article 9.

Or. en

Amendment 28

**Proposal for a regulation
Article 9 – paragraph 1**

Text proposed by the Commission

1. The competent authorities shall assess and calculate the amount of financial support to be provided to eligible operators, for the production of each of the goods listed in the Annex, based on the amount of free allocation phased out. That amount of allowances shall be calculated in accordance with Article 16(8) of Delegated Regulation (EU) 2019/331 and take into account the Decision the Commission has adopted in accordance with Article 23(4) of that Regulation. To obtain the financial value of the support, the amount of free allowances shall be adjusted to the share of production (in volume) of goods listed in the Annex, and multiplied with the annual average of the closing prices of EU ETS allowances on the common auction platform ***in 2026 and 2027***, in accordance with the procedures laid down in Delegated Regulation (EU) 2023/2830.

Amendment

1. The competent authorities shall assess and calculate the amount of financial support to be provided to eligible operators, for the production of each of the ***exported*** goods listed in the Annex, based on the amount of free allocation phased out. That amount of allowances shall be calculated in accordance with Article 16(8) of Delegated Regulation (EU) 2019/331 and take into account the Decision the Commission has adopted in accordance with Article 23(4) of that Regulation. To obtain the financial value of the support, the amount of free allowances shall be adjusted to the share of production (in volume) of goods listed in the Annex, and multiplied with the annual average of the closing prices of EU ETS allowances on the common auction platform ***for the reference period for which an application for support has been submitted in accordance with Article 8(1) of this Regulation and*** in accordance with the procedures laid down in Delegated Regulation (EU) 2023/2830.

Amendment 29

Proposal for a regulation Article 9 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The competent authorities shall assess and calculate the amount of financial support to be provided to eligible downstream operators, for the production of each exported good listed in the Annex to this Regulation, based on the volume of goods listed in that Annex, multiplied by the CO₂ content of the intrants or precursors used to produce those goods covered by Regulation (EU) 2023/956, and by the annual average of the closing prices of EU ETS allowances on the common auction platform for the reference period for which an application for support has been submitted, in accordance with Article 8(2a) of this Regulation and with the procedure laid down in Delegated Regulation (EU) 2023/2830.

Or. en

Amendment 30

Proposal for a regulation Article 9 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The competent authorities shall assess to the extent possible the competitiveness risk faced by the goods in the export destination due to the differences of carbon pricing schemes in the targeted market and the Union territory and factor it in the calculation of the amount of financial support to be granted.

Or. en

Amendment 31

Proposal for a regulation Article 10 – paragraph 1 – point a

Text proposed by the Commission

(a) review the calculation performed by the competent authorities pursuant to Article 9(1);

Amendment

(a) review the calculation performed by the competent authorities pursuant to Article 9(1), **(1a) and (1b)**;

Or. en

Amendment 32

Proposal for a regulation Article 10 – paragraph 3

Text proposed by the Commission

3. Based on its assessment in accordance with paragraph 1, the Commission shall adopt an implementing decision on the financial support to the operators upon availability of the resources of the Fund. That decision shall constitute a financing decision within the meaning of Article 110 of Regulation (EU, Euratom) 2024/2509. The notification of that decision to the competent authority concerned shall constitute an individual legal commitment within the meaning of Regulation (EU, Euratom) 2024/2509.

Amendment

3. Based on its assessment in accordance with paragraph 1, the Commission shall adopt an implementing decision **by 31 December 2027 for the lists received by 30 June 2027 and by 31 December 2028 for the lists received by 30 June 2028** on the financial support to the operators upon availability of the resources of the Fund. That decision shall constitute a financing decision within the meaning of Article 110 of Regulation (EU, Euratom) 2024/2509. The notification of that decision to the competent authority concerned shall constitute an individual legal commitment within the meaning of Regulation (EU, Euratom) 2024/2509.

Or. en

Amendment 33

Proposal for a regulation Article 11 – paragraph 2

Text proposed by the Commission

2. Within one month upon receipt of

Amendment

2. Within one month upon receipt of

the funding from the Commission and at the latest on 31 December **2029**, the competent authorities shall disburse the financial support awarded by the Commission under the decisions referred to in Article 10(3) to the final beneficiaries and shall inform the Commission immediately after the disbursements are made.

the funding from the Commission and at the latest on 31 **March 2028 for the implementing decisions referred to in Article 10(3) adopted by 31 December 2027 and on 31 March 2029 for the implementing decisions referred to in Article 10(3) adopted by 31 December 2028**, the competent authorities shall disburse the financial support awarded by the Commission under the decisions referred to in Article 10(3) to the final beneficiaries and shall inform the Commission immediately after the disbursements are made.

Or. en

Amendment 34

Proposal for a regulation Article 12 – paragraph 1

Text proposed by the Commission

1. Member States, as beneficiaries of funds under the Fund, shall take all the appropriate measures to protect the financial interests of the Union and to ensure that the use of the financial allocations complies with applicable Union and national law, in particular regarding the prevention, detection and tackling of fraud, corruption, conflicts of interests and all other irregularities affecting the financial interests of the Union. To that effect, Member States shall take any necessary measures for the recovery of amounts wrongly paid. Member States shall rely on their national budget management, control and recovery systems.

Amendment

1. Member States, as beneficiaries of funds under the Fund, **and their national competent authorities** shall take all the appropriate measures to protect the financial interests of the Union and to ensure that the use of the financial allocations complies with applicable Union and national law, in particular regarding the prevention, detection and tackling of fraud, corruption, conflicts of interests and all other irregularities affecting the financial interests of the Union. To that effect, Member States shall take any necessary measures **to prevent wrongful payouts and** for the recovery of amounts wrongly paid. Member States shall rely on their national budget management, control and recovery systems.

Or. en

Amendment 35

Proposal for a regulation Annex I – table Aluminium

| <i>Text proposed by the Commission</i> | |
|--|---|
| Aluminium | |
| CN code | Description |
| 76069100 | Plates, sheets and strip, of non-alloy aluminium, of a thickness of > 0,2 mm (other than square or rectangular) |
| ... | ... |
| <i>Amendment</i> | |
| Aluminium | |
| CN code | Description |
| 76069100 | Plates, sheets and strip, of non-alloy aluminium, of a thickness of > 0,2 mm (other than square or rectangular) |
| ... | ... |
| 76011010 | <i>Unwrought aluminium, not alloyed</i> |
| 76051100 | <i>Aluminium wire, of non-alloyed aluminium</i> |
| 76052100 | <i>Aluminium wire, of aluminium alloys</i> |
| 76061150 | <i>Aluminium plates, sheets and strip</i> |
| 76071190 | <i>Aluminium foil</i> |
| 76082089 | <i>Aluminium tubes and pipes</i> |
| 76110000 | <i>Aluminium reservoirs, tanks, vats and similar containers</i> |

Or. en

Amendment 36

Proposal for a regulation Annex I – table Cereals (new)

| <i>Text proposed by the Commission</i> | |
|--|---|
| <i>Amendment</i> | |
| Cereals | |
| <i>CN code</i> | <i>Description</i> |
| <i>10019900</i> | <i>Wheat and meslin, other than durum wheat, other than seed</i> |

| | |
|-----------------|--|
| 10011900 | <i>Durum wheat, other than seed</i> |
| 10039000 | <i>Barley, other than seed</i> |

Or. en

Amendment 37

Proposal for a regulation Annex I – table Fertilisers

| | |
|--|--|
| <i>Text proposed by the Commission</i> | |
| Fertilisers | |
| CN code | Description |
| 28342100 | Nitrate of potassium |
| ... | ... |
| <i>Amendment</i> | |
| Fertilisers | |
| CN code | Description |
| 28342100 | Nitrate of potassium |
| ... | ... |
| 31023090 | <i>Ammonium nitrate, whether or not in aqueous solution</i> |

Or. en

Amendment 38

Proposal for a regulation Annex I – table Iron & Steel

| | |
|--|--|
| <i>Text proposed by the Commission</i> | |
| Iron & Steel | |
| CN code | Description |
| 26011200 | Agglomerated iron ores and concentrates (excl. roasted iron pyrites) |
| ... | ... |
| <i>Amendment</i> | |
| Iron & Steel | |
| CN code | Description |
| 26011200 | Agglomerated iron ores and concentrates (excl. roasted iron pyrites) |

| | |
|----------|--|
| ... | ... |
| 72091899 | <i>Flat-rolled products of iron or non-alloy steel, cold-rolled, of a width \geq 600 mm</i> |
| 72092500 | <i>Flat-rolled products of iron or non-alloy steel, cold-rolled</i> |
| 72105000 | <i>Flat-rolled products of iron or non-alloy steel, plated or coated with zinc</i> |
| 72109080 | <i>Flat-rolled products of iron or non-alloy steel, plated or coated</i> |
| 72122000 | <i>Flat-rolled products of iron or non-alloy steel, clad, plated or coated</i> |
| 72163219 | <i>U, I or H sections of iron or non-alloy steel</i> |
| 72163299 | <i>U, I or H sections of iron or non-alloy steel</i> |
| 72189980 | <i>Other bars and rods of stainless steel</i> |
| 72192400 | <i>Flat-rolled products of stainless steel, cold-rolled</i> |
| 72202041 | <i>Flat-rolled products of stainless steel</i> |
| 72209080 | <i>Flat-rolled products of stainless steel</i> |
| 72210090 | <i>Bars and rods of stainless steel</i> |
| 72221181 | <i>Bars and rods of stainless steel</i> |
| 72221910 | <i>Bars and rods of stainless steel</i> |
| 72230011 | <i>Wire of stainless steel</i> |
| 72230019 | <i>Wire of stainless steel</i> |
| 72230099 | <i>Wire of stainless steel</i> |
| 72281050 | <i>Bars and rods of other alloy steel</i> |
| 72287090 | <i>Angles, shapes and sections of alloy steel</i> |
| 73021022 | <i>Rails of iron or steel</i> |
| 73021028 | <i>Rails of iron or steel</i> |
| 73021040 | <i>Grooved rails and other railway track construction material</i> |
| 73042300 | <i>Drill pipe of a kind used in drilling for oil or gas</i> |
| 73066910 | <i>Tubes, pipes and hollow profiles, welded</i> |
| 73071190 | <i>Tube or pipe fittings of non-malleable cast iron</i> |
| 73082000 | <i>Towers and lattice masts of iron or steel</i> |
| 73102990 | <i>Tanks, casks, drums, cans, boxes and similar containers</i> |
| 73110019 | <i>Containers for compressed or liquefied gas</i> |
| 73110030 | <i>Containers for compressed or liquefied gas</i> |
| 73181542 | <i>Screws and bolts, of iron or steel</i> |
| 73181552 | <i>Screws and bolts, of iron or steel</i> |

EXPLANATORY STATEMENT

The Carbon Border Adjustment Mechanism (CBAM) forms an integral part of a broader European industrial and climate strategy. Its core objective is to strengthen the European Union's capacity to deliver ambitious climate action while preserving a robust industrial base. By ensuring that European industries covered by the EU Emissions Trading System (ETS) compete on fair terms with international producers, CBAM contributes to creating a level playing field. Ultimately, it aims to stimulate decarbonisation investments within the EU, enhance industrial resilience, and reduce structural dependencies on imported fossil fuels.

The transitional phase of the CBAM has highlighted both the relevance of the instrument and the need to improve its functioning. In particular, it has revealed residual risks of carbon leakage affecting certain sectors. These risks arise notably from the progressive reduction of free allowances under the ETS and from cost pressures on raw materials, especially when European producers compete with operators not subject to equivalent climate constraints abroad. In this context, the European Parliament called on the Commission to develop a targeted response already early in the process of the CBAM creation. The Temporary Decarbonisation Fund (TDF), as proposed by the Commission, constitutes such a response and is therefore strongly welcomed.

The Fund should however not be considered as a standalone solution. It can provide meaningful support to parts of European industry in their decarbonisation efforts, but its effectiveness depends on its integration within a coherent and comprehensive policy framework. In this framework, the ETS must remain the central driver of EU climate policy, ensuring a strong, stable and credible carbon price signal. Complementary instruments – including the European Competitiveness Fund and the future Decarbonisation Bank – must act as key enablers of industrial transformation. In parallel, the CBAM should continue to evolve and expand, providing a stable and predictable environment for long-term decarbonisation investments.

Against this background, the Rapporteur proposes to strengthen the Fund so that it becomes **larger in scope, faster in delivery, and more predictable in its functioning**, thereby ensuring that it is fully fit for purpose and capable of contributing to the broader aim to better channel investment into decarbonisation.

1/A stronger fund

The Commission proposal limits eligibility to operators directly covered by the ETS. While this constitutes a logical starting point, it fails to account for the transmission of carbon costs along value chains. In practice, many economic actors are indirectly but significantly affected by both the ETS and CBAM. This is particularly the case for downstream operators, such as small and medium-sized enterprises in steel value chains or agricultural actors facing rising input costs, notably for fertilisers. These operators are exposed to carbon cost increases without being directly covered by the ETS and, therefore, without access to support under the current proposal. To address this gap, the Rapporteur proposes the creation of a specific category of **downstream operators**. These would include entities not directly covered by the ETS but producing goods falling within the scope of this Regulation and facing a demonstrable cost increase linked to CBAM-covered inputs.

For these downstream operators, the **carbon cost push criterion**, already used in the context of the CBAM extension to downstream products, appears particularly relevant. This indicator – reflecting both direct and indirect carbon cost increases relative to gross value added, combined with trade intensity – provides a robust and objective basis for calibrating the level of financial support. Furthermore, in order to ensure that the Fund effectively supports the decarbonisation transition rather than merely compensating for competitiveness losses, access to support should be conditional upon credible climate commitments. These conditionalities should, however, be proportionate and adapted to the specific capacities and constraints of smaller downstream operators.

In addition to the extension of the fund for the downstream operators, the rapporteur proposes to expand the product scope of the Fund in order to better target the value chains at risk and does so by using a 25% trade intensity criteria instead of 30%.

2/A faster, simpler and more flexible instrument

Under the Commission proposal, the TDF is designed as a one-off instrument, with a single application and a single disbursement, expected by the end of 2029. However, the phase-out of free allowances and the implementation of CBAM began as of 1 January 2026, meaning that operators are already bearing additional carbon costs today. Providing compensation only several years later risks undermining both the economic effectiveness, especially for SMEs that may likely be in the scope now given the modification of the eligible operator that the rapporteur proposes. In this context, the Rapporteur proposes **an optional two-call structure**, without prejudice to the single-call option for companies that prefer it:

- A **first call for applications** with a submission deadline of **31 March 2027**, allowing a **first payment in 2027** – enabling compensation for costs incurred in 2026.
- A **second call for applications**, following the original Commission timeline, would then cover costs incurred in 2027 and subsequent years.

Companies would retain full flexibility to choose whether to participate in one or both calls, or to wait for the single-call option. This two-step approach responds to the need for simplification and acceleration of European instruments, as highlighted notably in the Draghi report, while accommodating the diversity of administrative capacities across companies. In parallel, the Rapporteur proposes to shorten the procedural timelines applicable to both national competent authorities and the Commission, in order to ensure a more timely delivery of support.

3/A safer and more predictable framework

A key objective of the Rapporteur's amendments is to enhance predictability for economic operators.

- First, as regards exports, the Rapporteur proposes to clarify that the Fund will support only the share of production that is effectively exposed to carbon leakage risks on markets outside the European Union. This clarification improves transparency and legal certainty for businesses. At the same time, to avoid any risk of the Fund being perceived as an export subsidy mechanism, it is clearly specified that climate conditionalities apply to all beneficiaries, irrespective of their market orientation.
- Second, the proposal strengthens the predictability of revenue use. The Commission proposal already introduces an important innovation by earmarking CBAM revenues

for supporting decarbonisation in ETS and CBAM-covered sectors. This represents a first step towards a more strategic and effective use of carbon pricing revenues at EU level. This is particularly relevant in light of the current underperformance in the use of ETS revenues by Member States in supporting industrial decarbonisation. The TDF therefore constitutes a meaningful step ahead of the forthcoming broader review of EU climate legislation.

4/The specific case of farmers and fertilisers

In the short term, the introduction of CBAM leads to an increase in the price of fossil-based fertilisers imported into the EU. Many farmers remain highly dependent on these inputs and face limited short-term alternatives. This situation creates immediate cost pressures, particularly for agri-food operators active on international markets, where the ability to pass through additional costs is limited. In this context, suspending the CBAM for the fertiliser sector, as provided by the Article 27a proposed by the Commission is not a solid answer since it brings about an enormous uncertainty for investors and companies investing in the decarbonisation of the fertiliser industry within the EU. It is the wrong answer to a real problem.

However, the impact on agriculture is real, and looking to offset the additional cost for the exporting part of our agriculture while investing in our own EU and decarbonised fertiliser industry makes a lot of sense. It is therefore justified to extend access to the Fund to certain agri-food operators in that perspective, notably those producing export-oriented cereals such as wheat and barley. These sectors are directly exposed to competitiveness losses resulting from increased upstream carbon costs. For these operators, conditionalities should be specifically tailored. Rather than imposing immediate and potentially unrealistic decarbonisation requirements, support should prioritise measures that contribute to reducing fertiliser use in the short term. This approach should be understood as a transitional measure, addressing immediate competitiveness challenges, and should not substitute for the broader structural objective of reducing fertiliser dependency in European agriculture and fostering the development of a competitive market for low-carbon and European-produced fertilisers. Finally, it should be highlighted that carbon price is only a fraction of the additional cost related to energy prices surge and that the long-term solution is to decrease our level of dependency on carbon intensive imports.

Conclusion

With these adjustments, the Rapporteur considers that the Temporary Decarbonisation Fund can deliver genuine added value within the EU's climate and industrial policy framework. By improving its scope, speed, and predictability, the Fund can strengthen the effectiveness of the CBAM, support the decarbonisation of European industry, and contribute to enhancing the sovereignty, resilience, and strategic autonomy of the European economy.

ANNEX: DECLARATION OF INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he included in his report input on matters pertaining to the subject of the file that he received, in the preparation of the draft report, from the following interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register¹, or from the following representatives of public authorities of third countries, including their diplomatic missions and embassies:

| 1. Interest representatives falling within the scope of the Interinstitutional Agreement on a mandatory transparency register |
|--|
| Eurofer |
| Arcelor Mittal |
| Riva group |
| France Industrie |
| Fertilizer Europe |
| Cement Europe |
| Gravithy |
| Stegra |
| Interfer |
| Ecocem |
| Hydnum Steel |
| Vicat |
| WWF EU |
| Can Europe |
| Sandbag |
| EEB |
| ECOS |
| Bellona |
| Carbon Market Watch |
| 2. Representatives of public authorities of third countries, including their diplomatic missions and embassies |
| - |

The list above is drawn up under the exclusive responsibility of the rapporteur. Where natural persons are identified in the list by their name, by their function or by both, the rapporteur declares that he has submitted to the natural persons concerned the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>)

¹ Interinstitutional Agreement of 20 May 2021 between the European Parliament, the Council of the European Union and the European Commission on a mandatory transparency register (OJ L 207, 11.6.2021, p. 1, ELI: http://data.europa.eu/eli/agree_interinst/2021/611/oj).