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E-001417/2025

Answer given by Mr Hoekstra
on behalf of the European Commission
(23.5.2025)

Member States already report yearly on the use of revenues in compliance with Article 19(2) of Regulation (EU) 2018/1999. These reports are publicly available on the European Environment Agency website¹. In addition, the Commission publishes yearly an analysis of the use of revenues by Member States in the Carbon Market Report² and in the Climate Action Progress Report³.

Accurate and timely reporting under Regulation (EU) 2018/1999⁴ is essential to allow the Commission to assess Member States' compliance with the Emissions Trading System (ETS) Directive⁵, in particular in view of the obligation introduced in 2023 to use all the ETS auction revenues for the climate-related purposes⁶.

Article 10(3), fifth subparagraph of the ETS Directive now requires that the reporting on auction revenues be sufficiently detailed to enable the Commission to assess the Member States' compliance.

In 2023, Cyprus received EUR 113.6 million in auction revenue to be spent on the purposes listed in Article 10(3). In 2024, Cyprus reported having disbursed 91 %, primarily in the area of public transport. Other projects financed by Cyprus relate to the area of land use and forestry, research and development and energy efficiency.

¹ See here for 2024: <https://reportnet.europa.eu/public/dataflow/1226>.

² See here Chapter 8 in the 2024 report: https://climate.ec.europa.eu/document/download/92ec0ab3-24cf-4814-ad59-81c15e310bea_en?filename=2024_carbon_market_report_en.pdf.

³ See here Chapter 7 in the 2024 report: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52024SC0249>.

⁴ <https://eur-lex.europa.eu/eli/reg/2018/1999/oj/eng>.

⁵ <https://eur-lex.europa.eu/eli/dir/2003/87/oj/eng>.

⁶ Concretely, to use auction revenues that are not attributed to the EU budget in the form of own resources, or the equivalent financial value of such auction revenues, for the climate-related purposes listed in Article 10(3). This obligation does not apply to the ETS auction revenue used for the compensation of indirect carbon costs.