

(English version)

**Question for written answer E-002270/26
to the Commission
Mathilde Androuët (Pfe), Marie-Luce Brasier-Clain (Pfe)
(3 June 2026)**

Subject: Temporary Decarbonisation Fund and impact of EU climate policy on industry

The Temporary Decarbonisation Fund proposed by the Commission ⁽¹⁾ aims to support certain carbon-intensive sectors, including steel, aluminium and fertilisers, that are at risk of carbon leakage during the phase-out of free allocation under the EU emissions trading system (ETS) and the gradual introduction of the Carbon Border Adjustment Mechanism (CBAM).

However, Opinion 13/2026 of the European Court of Auditors ⁽²⁾ stresses that this fund is based on retroactive payments linked to production taking place in 2026 and 2027, with funds only disbursed in 2028 and 2029. The Court also notes that this type of payment limits the influence of the awarding authority over the actions that are actually funded and poses risks to sound financial management.

In view of the above:

1. Does the Commission acknowledge that this fund corrects the negative impact on European industry created by its own ETS and CBAM architecture?
2. How can retroactive payment serve as a genuine reindustrialisation and decarbonisation strategy?
3. Does the Commission intend to slow down the phase-out of free allowances for strategic sectors, such as fertilisers, in order to safeguard European industrial and agricultural sovereignty?

Submitted: 3.6.2026

**Answer given by Mr Hoekstra on behalf of the European Commission
(22 July 2026)**

The Carbon Border Adjustment Mechanism (CBAM) ⁽¹⁾ addresses carbon leakage risks on the EU internal market, but not the remaining carbon leakage risk on third-country markets.

If agreed by the co-legislators, the Temporary Decarbonisation Fund will provide temporary decarbonisation support to EU producers of certain CBAM goods to reduce their exposure to a remaining carbon leakage risk.

This addresses the competitiveness loss in third-country markets where EU goods might be supplanted by cheaper, more emission-intensive alternatives, potentially increasing global emissions.

The Commission stands ready to support co-legislators in finding a swift agreement on the proposed fund. The earlier this agreement is reached, the earlier eligible operators can factor this support into their investment decisions. This will contribute to planning certainty, which is key for avoiding carbon leakage and fostering decarbonisation.

The Commission has been consulting stakeholders on its upcoming review of the EU Emissions Trading System (ETS) ⁽²⁾. The review will address, among other things, the effectiveness of the ETS Directive ⁽³⁾ as a whole, including all relevant parameters of its functioning such as free allocation in promoting reductions of greenhouse gas emissions in a cost-effective and economically efficient manner.

This covers CBAM sectors, including fertilisers.

¹ Proposal for a regulation of the European Parliament and of the Council establishing the Temporary Decarbonisation Fund, COM(2025) 990 final, 17 December 2025, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025PC0990>.

² Opinion 13/2026 (pursuant to Article 322, TFEU) concerning the proposal for a regulation of the European Parliament and of the Council establishing the Temporary Decarbonisation Fund, COM(2025) 990 final, <https://www.eca.europa.eu/en/publications/op-2026-13>.

⁽¹⁾ <https://eur-lex.europa.eu/eli/reg/2023/956/oj>.

⁽²⁾ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14549-EU-emissions-trading-system-for-maritime-aviation-and-stationary-installations-and-market-stability-reserve-review_en.

⁽³⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02003L0087-20240301&qid=1783324817806>.