

(English version)

**Priority question for written answer P-000018/26
to the Commission
Daniel Attard (S&D)
(6 January 2026)**

Subject: Social and territorial fairness of the Emissions Trading System's impacts on island Member States such as Malta

The extension of the EU Emissions Trading System (ETS) from 2026, including its full application to maritime transport, will lead to higher transport and energy costs across the EU. For island Member States such as Malta, which are permanently dependent on maritime and air connectivity and lack viable modal alternatives, these costs are unavoidable and risk being passed directly onto households and workers through higher prices.

In such cases, ETS price signals do not drive behavioural change but instead risk increasing inequality, inflationary pressure and a loss of competitiveness, raising concerns about internal carbon leakage and compliance with the obligations under the EU Treaties to promote economic, social and territorial cohesion. From a social justice perspective, climate ambition must go hand in hand with fairness and political sustainability.

1. How does the Commission assess the social and territorial impacts of ETS implementation on island Member States, and will it commit to integrating island-specific impact assessments in future ETS reviews?
2. What measures will the Commission take to ensure that ETS revenues and compensation mechanisms, including state aid flexibility and the Social Climate Fund, adequately protect island economies, workers and households during the green transition?

Submitted: 6.1.2026

**Answer given by Mr Hoekstra on behalf of the European Commission
(20 February 2026)**

Reducing emissions from fossil fuel-dependent sectors is pivotal for competitiveness. The EU Emissions Trading System (ETS) recognises the challenges faced by islands and includes specific derogations to preserve their connectivity. The Commission also assesses regularly the ETS social and economic impacts on their aviation and maritime sectors.

93% of flights departing from Malta Airport in 2024 were subject to EU ETS costs ⁽¹⁾.

Compared to 2019, the number of passengers has increased, highlighting the limited impact of increasing ETS costs on connectivity over the same period and limited risk of internal carbon leakage.

ETS-financed support is available under the Innovation Fund scheme and airlines using eligible sustainable aviation fuel (SAF) on flights departing from the island are eligible for higher financial support, to cover 100% of the price differential between SAF and fossil kerosene.

The 2021 impact assessment for extending the EU ETS to maritime transport indicated that commodity prices increase would be less than 1% by 2030, with low impact on demand.

A 2024 analysis by the Central Bank of Malta estimated modest increases in consumer prices in Malta linked to ETS-related costs for shipping companies, of between 0.11% and 0.25% ⁽²⁾.

It should also be noted that Malta, due to its large maritime sector, receives additional allowances to support decarbonisation of maritime activities.

Finally, protection for island economies, workers, and households is ensured through the targeted use of ETS2 revenues, notably the Social Climate Fund.

The Commission is currently assessing Malta's Social Climate Plan and will apply provisions, such as Article 8(6)(p) ⁽³⁾, to ensure that national geographic specificities are duly considered.

⁽¹⁾ Including intra-EEA (European Economic Area) flights and flights to UK and Switzerland (Source: Eurocontrol).

⁽²⁾ Depending on the EU ETS carbon price. The study considered EU ETS C-prices of EUR 90/tCO₂, EUR 150/tCO₂ and EUR 200/tCO₂. Current carbon price is around EUR 90/tCO₂.

⁽³⁾ REGULATION (EU) 2023/955 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060.