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'I/A' ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2021/1119 as regards the setting of a Union intermediate climate target for 2040 **(first reading)**
- Adoption of the legislative act
= Statements

France has requested that the following statement be entered in the Council minutes

France supports the provisional agreement reached in trilogue on 10 December 2025 on the revision of the European Climate Law, which reflects French priorities on climate ambition and European competitiveness and remains fully in line with the agreement reached in the Council by environment ministers on 5 November 2025.

It welcomes this as a major step forward in terms of Europe's climate policy.

Nevertheless, France would like to draw attention to one aspect concerning the Emissions Trading System (ETS). In this regard, it reiterates the importance, already emphasised in recent months during negotiations, of protecting the integrity and effectiveness of the ETS by excluding the use of international credits for compliance within the trading system. Any clarification in this regard would therefore be welcome.

Hungary has requested that the following statement be entered in the Council minutes

Hungary cannot support the 90% net emission reduction target, therefore we cannot support the adoption of the legislation. Such a level of ambition is not compatible with the objective to strengthen Europe's competitiveness and economic resilience. Without realistic and effective enabling conditions, there is a serious risk that European companies will relocate their production and emissions outside the Union, leading to deindustrialisation, job losses and increased dependence on external actors, while at the same time undermining emission reduction efforts.

The proposal is not underpinned by an updated impact assessment that would reflect recent major geopolitical and economic developments. No Member State-level analysis has been presented, which means the differentiated impacts on Member States remain unknown. The situation is therefore similar to the adoption of the Fit for 55 package, the European economy needs to adapt to climate measures, and not vice versa.

Although we support climate ambition, we call for a realistic, down-to-earth approach and we believe the wise choice would be to start from a lower target level, reflecting our economic realities. Our commitment to ambition is also demonstrated by our achievements, Hungary has already achieved 48% net emission reduction compared to 1990, well above the EU average. At the same time, a number of Member States have not made comparable progress, raising the question how the collective target can be met in a fair and balanced way. We all bear responsibility for our citizens. In that sense we urge that Member States who with their votes drew the attention of the Council to the unfeasibility of the 90% target should not be held liable for an eventual failure of the 2040 EU target. Early achievements should be duly recognised in the upcoming framework.

Furthermore, given the significant uncertainties in the LULUCF sector and the rate of uptake of technological carbon removals, it is not appropriate to base binding net emission reduction target on assumptions about sinks.

Although we note some improvements in the compromise text, particularly on the revision/review clause, these changes remain insufficient. There are still many open questions regarding the methodology, implementation and robustness of the framework.

Furthermore, measures such as ETS2 are expected to aggravate the situation by raising costs for households and small businesses, risking social backlash and diminishing public support for climate policy, while it does not lead to significant emission reductions. Although we appreciate the postponement of the introduction of ETS2 by one year, it does not diminish the significant negative impacts it poses on our households and small businesses. Further adjustments would be needed within the upcoming ETS review.

Finally, we regret that the negotiations of such a fundamental file were conducted under considerable time pressure, which is not appropriate for a decision of such long-term strategic importance. A balanced, evidence-based and credible approach is necessary to ensure that the 2040 framework remains realistic, socially acceptable and consistent with Europe's competitiveness objectives.

Malta has requested that the following statement be entered in the Council minutes

Malta remains steadfast in its support for the Union's collective climate goals. However, the implementation of the European Climate Law must reflect a fundamental reality: our unique geographical context and our already low-emissions starting point.

Malta maintains that the Climate Law should distinguish the specific realities of Island Member States to ensure that future climate targets remain fair, proportionate, and consistent with the EU's commitment to a Just Transition.

As a small island nation, our status is not a temporary hurdle but a permanent structural reality that dictates our capacity to decarbonize, often at a different pace than mainland Europe.

To ensure success, any post-2030 framework must be grounded in robust, localized Member state-level impact assessments that recognize these differentiated starting points. Without a calibrated approach that respects national specificities, particularly Malta's reliance on aviation and shipping, where emissions are predominantly international but the resulting costs and compliance pressures are felt domestically, effort allocation risks becoming detached from genuine abatement potential. Such a disconnect would create a burden that is neither cost-effective nor equitable.

Malta welcomes the Climate Law's emphasis on flexibility, this must serve as the operational backbone of the 2040 framework rather than a mere theoretical concept. For small island states, flexibility is the essential bridge between high ambition and practical feasibility. We require a credible pathway that effectively manages overlaps between regulatory instruments to prevent a cumulative burden on the same core sectors.

Finally, a fair contribution requires equitable access to funding. Because current EU financial instruments often favour large-scale infrastructure, small markets and smaller-scale projects are left at a structural disadvantage. Malta calls for tailored finance mechanisms that are truly accessible to small island economies, ensuring our transition is supported by investment that fits our scale.

Commission has requested that the following statement be entered in the Council minutes

The Commission recalls that the right of initiative accorded to it under the Treaties includes the right to decide whether or not to submit a legislative proposal and, as the case may be, to determine the subject-matter, objective, content and timeline of such proposal and/or related action. The provisions of the Regulation which request the Commission to prepare proposals must thus be understood as being without prejudice to the Commission's right of initiative under the Treaties.