



President
Kumitat Permanenti dwar
l-Affarijiet Barranin u Ewropej

Chairman
Standing Committee on
Foreign and European Affairs

23 February 2026

The Standing Foreign and European Affairs Committee ('the Committee'), meeting 11th February 2026, discussed the *Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Decision (EU) 2015/1814 as regards the market stability reserve for the buildings, road transport and additional sectors – COM (2025) 738*.

The Committee reaffirms its support for the EU's climate objectives and for continued investment in clean and sustainable energy.

The Committee recognises the role of the Market Stability Reserve within the EU Emissions Trading System and its contribution to managing the supply of emission allowances. Nevertheless, the Committee highlights the importance of ensuring that consumer protection remains a central key consideration, particularly for vulnerable households and small enterprises.

As the ETS2 implementation approaches, it will be important to remain attentive to its potential direct and indirect impacts on citizens and businesses. Malta's geographical position presents specific challenges, including a strong reliance on imports, including food and energy. Consequently, any increase in carbon pricing, particularly affecting Liquefied Petroleum Gas (LPG) and other fuels, may have a proportionately greater impact on households and small businesses.

The Committee also notes that some transport users may continue to face affordability barriers in transitioning to electric vehicles, despite existing incentives.

The Committee acknowledges the objectives of the Social Climate Fund and welcomes measures that support fair and inclusive transition. Nevertheless, ETS2 will similarly impact enterprises that depend on fuels for transport, processing, heating, cooling and other operations. For many Maltese businesses, particularly micro-enterprises, already facing high transport and import costs, these changes may add further pressure.

In this context, the Committee encourages continued attention to the diverse circumstances of Member States during implementation, based on a balanced approach that supports competitiveness, social fairness, and economic resilience, while advancing the Union's climate ambitions.

A handwritten signature in blue ink, appearing to read 'Edward Zammit Lewis'.

Edward Zammit Lewis M.P.