



Do not let ETS revenues go to waste, reinvest them in clean shipping!

Opinion

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#Sustainability

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Nowadays, we put a price on more and more things. CO₂ is no exception. With the expansion in 2024 of the European emissions trading system (EU-ETS +) to shipping, our sector has also received a price tag on the emissions from seagoing ships operating from, to, or between European ports.

For each ton of CO₂ emissions, an emission allowance must be purchased and surrendered. At the time of writing, the price for an allowance is around 80 euros. For an average ship consuming 20 tons of marine diesel per day, this results in an additional cost of 5000 euros per day. In a year with 250 sailing days, this amounts to more than one million euros annually. Shipowners logically pass this ETS bill to the rest of the chain, to cargo owners, charterers, or other contractors of sea transport.

The principle of EU-ETS is that the polluter pays. However, this raises the question: what happens with the collected money?

A system that incentivizes but does not yet assist in decarbonization

The total revenues from all sectors covered by EU-ETS (in 2025, this was 43 billion euros) end up through a complicated allocation key to as many as 7 digits, at the different EU member states and European funds. In 2023, it has been legally established in the EU that 100% of ETS revenues must be used for climate goals. In theory, that sounds good, but unfortunately, practice is more stubborn. Much of the money that goes to the individual member states flows to general climate goals or, in some extreme cases, even contrary to European agreements, to general funds, according to the European Commission itself. It is a missed opportunity that these revenues are currently (largely)

not being invested in the sustainability of the relevant sector. This undermines the goal, the reduction of greenhouse gases in shipping, among others!

Shipowners - which serves European ports - are expected to pay about 10 billion euros in ETS costs this year, but are not rewarded when they operate on cleaner ship fuels. This while the maritime sector faces an enormous challenge to further reduce greenhouse gas emissions worldwide. International shipping - which transports 90% of all goods globally - currently accounts for about 3% of global CO₂ emissions. In 2023, global shipping committed through the International Maritime Organization (IMO) to move towards (almost) zero by 2050.

Alternatives to fuel oil and marine diesel, such as sustainably produced marine fuels and new onboard technologies, are among the most expensive and high-risk investments in the shipping energy transition. Some cleaner marine fuels can be up to four times more expensive than conventional fuels. While lower ETS costs for shipowners operating cleaner vessels are a positive step, they remain insufficient to close the price gap with cheaper fossil alternatives or to trigger a genuine shift to sustainable fuels.

In addition, the supply of clean fuels remains limited. Increasing production and accelerating the scale-up of sustainable alternative fuels and energy carriers is therefore critical. This is not something shipowners can achieve alone. A logical next step would be to reinvest ETS revenues from the maritime sector into improving the availability and scaling of clean fuels and technologies.

Brussels appears receptive to calls from Dutch and European shipping

Recent developments make us optimistic. For example, our call for investing ETS revenues in the sustainability of the maritime sector is increasingly recognized in publications by the European Commission. We also receive similar signals in our contacts with the European Commission. The Commission seems to realize that the revenues are needed for scaling up clean ship fuels in European ports on one hand, and on the other hand to narrow the price gap between ship fuels. This can be done, for example, through the European Innovation Fund by targeted stimulation of green-produced ship fuels and realizing the necessary infrastructure for scaling up.

Additionally, in the recently published European Industrial Maritime Strategy (EIMS), the European Commission calls on EU member states to use more national ETS resources for the decarbonization of shipping. Countries like France and Estonia have already set up or announced programs with which they will make tens of millions of euros available for further greenifying shipping. Together with all relevant stakeholders in the Dutch maritime sector, the KVNR is working hard to invest ETS revenues in the Netherlands for the sustainability of the maritime sector.

Rewarding the green innovators

The ETS is based on the "polluter pays" principle, but it is crucial that this principle is extended to rewarding the green innovators.

For shipping, this means:

- accelerating the production, scaling, and rollout of clean fuels;
- investments in ship technology and retrofit for emission reduction;
- and support for first movers.

Deploying ETS revenues for this purpose makes the system not only fairer but also more effective. Therefore, KVNR aims for the ETS system not to be a complicated form of taxation, but instead the engine of the fuel transition in shipping! In this way, it contributes to the purpose for which EU-ETS was brought into existence: reduction of greenhouse gas emissions.

Using shipping as a cash cow by not letting ETS funds flow back into the sector, but solely to fill the state coffers will not contribute to cleaner shipping. In that case, it will contribute to a higher price tag for the 90% of goods transported by sea. And who pays that price without greening taking place? You guessed it, the consumer.

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