

UK ETS scope expansion: Emissions from international maritime voyages

Department for Energy Security and Net Zero

UK National Clean Maritime Research Hub's response 20 January 2026

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The UK National Clean Maritime Research Hub is focusing on research at lower technology readiness levels to inform future research, development and deployment. Through collaboration with stakeholders from across the maritime sector, the Hub aims to drive forward innovation and transformation, establishing the UK's competitive advantage by setting a global benchmark for excellence.

Website: <https://www.clean-maritime-research-hub.org/>

Scope of the Proposal

1. *Do you agree with our proposal to include 50% of emissions from international voyages within the UK ETS from 1 January 2028?*

Yes. Alignment with the EU ETS is beneficial because it reduces administrative complexity and compliance costs for operators engaged in UK–EU voyages. Harmony between the two schemes reduces the risk of routing behaviour intended to avoid EU ETS obligations by diverting to UK ports.

However, our research indicates that some degree of carbon leakage from international voyages is likely under either the EU ETS or the UK ETS due to uneven global regulatory environments.

Nevertheless, joint leadership by the UK and EU strengthens international pressure on others such as China, Japan and Canada to extend their own emissions trading systems to cover shipping. This supports wider global decarbonisation efforts in the absence of an internationally agreed net-zero framework. A phased introduction of international voyage coverage creates greater regulatory certainty, improving the conditions for investment in green technologies and low-carbon fuels.

Reference: Shangguan Y., Song, D.P. and Wang, S. (2026). *Firm-Level Operational Responses and Carbon Leakage in Partially Regulated Maritime Transport*. [Working paper]

2. *Do you think that the emissions from voyages to and from Crown Dependencies and Overseas Territories should be included in the scope of the scheme? Will it lead to any gaming, avoidance or adverse impacts if they were exempted?*

Yes, ideally. Including CDs and OTs within the UK ETS geographical scope would reduce the risk of carbon leakage, competitive distortions, and avoidance behaviours. Exempting these areas increases the likelihood of operators restructuring their routes or using transshipment strategies to minimise ETS exposure. However, other factors may need to be considered, such as the complexity of policy implementation and the scale of adverse impacts resulting from their exemption from the UK ETS.

3. *Do you agree that offshore ships should be included in the scope of the expanded scheme? Will it lead to any gaming, avoidance or adverse impacts?*

Yes. Including offshore support and service vessels reduces opportunities for avoidance, including the potential reclassification of regulated activities as offshore operations. It also ensures equitable treatment across vessel categories and consistency too given that offshore renewable energy infrastructure is already contributing to decarbonisation. Including offshore ships therefore strengthens policy coherence and aligns with the broader decarbonisation objectives of the maritime sector.

4. *Do you agree with the intention to not provide a 5% reduction in allowance surrender for ice class vessels?*

Yes. Maintaining consistency with the EU ETS is the most effective way to avoid competitive distortions and ensure a uniform approach to emissions pricing across the sector. Introducing a special reduction for ice-class vessels would complicate scheme administration while offering limited decarbonisation benefit.

5. *Does the scope of the scheme as outlined in the main Authority Response need to be further amended in light of proposals to include international voyages?*

Yes. There is a clear need to refine definitions, coverage rules, and enforcement to prevent misalignment with EU ETS practices regarding international voyages. In particular, terms such as international voyage, domestic voyage, and the treatment of technical stops or transshipment calls should be clarified, as these may otherwise be exploited for routing games.

6. *Do the regulatory provisions as outlined in the main Authority Response need to change in light of proposals to include international voyages? For example, does the requirement for a Document of Compliance need to be reinstated, or further regulatory powers such as port bans or expulsion need to be added?*

Yes. The regulatory framework should be strengthened, including reinstating a Document of Compliance for maritime ETS purposes. This would support inspections and simplify enforcement. Additional enforcement powers, including port bans or expulsion for persistent non-compliance, would ensure that the scheme is credible and enforceable. Clear measures to deter artificial technical stops or sham transshipment activity are also necessary to avoid undermining the scheme.

Cap adjustment

7. *Do you agree with our proposal to adjust the cap using the net zero consistent trajectory as set out in the more up to date published trajectory at the point of the Authority Response to this consultation?*

We recommend aligning the cap trajectory as closely as possible with the EU ETS to avoid competitive distortions. Although a UK-specific trajectory is consistent with domestic climate targets, divergence from the EU ETS cap could have unintended impacts on competition or leakage.

Future Review

8. *What measures should the UK Government undertake to ensure that both the UK ETS and the IMO's Net Zero Framework, following adoption, can effectively support the decarbonisation of the UK maritime sector?*

There is current uncertainty as to when the IMO's Net Zero Framework (NZF) will be adopted and implemented and in what form. The proposed IMO NZF utilises GHG Fuel Intensity (GFI) as its key metric, reflecting a "well-to-wake" lifecycle approach closer to the EU FuelEU Maritime Regulation than the UK ETS. This means the UK ETS, as currently designed, is not aligned with the NZF.

To strengthen future alignment with global and regional measures, the UK Government should consider:

- Introducing complementary regulation focused on GFI for greater consistency with the IMO NZF and FuelEU Maritime.
- Supporting the development and uptake of alternative fuels and propulsion technologies.
- Providing clear long-term policy signals to industry.
- Continuing to push for early adoption and strong ambition within the IMO.

Impacts

9. *Do you agree with our understanding of the impacts of including international voyages in the UK ETS?*

Yes. There is recognition of decarbonisation benefits, distributional impacts, and carbon leakage risks. Ensuring alignment with EU practice and clear MRV guidance will help mitigate compliance costs and leakage. Excluding international voyages in the UK ETS, operators could shift emissions-intensive activity to international routes.

10. *Do you think that the proposed expansion to international maritime voyages could lead to any adverse impacts?*

Yes. Several adverse impacts may arise:

1. **Higher operational costs:** These may be passed to consumers through higher freight rates or carbon surcharges, as already observed under the EU ETS.
2. **Operational adjustments:** Operators may alter sailing speeds or optimise routing to minimise ETS exposure, leading to unintended carbon leakage. This result has been confirmed by our research (reference in the answer to question 1).
3. **Modal shifts:** Increased freight rates may reduce the competitiveness of maritime transport relative to other modes, potentially increasing overall emissions if shifting to road or air transport. Although evidence is emerging, additional research is needed, particularly on modal shift effects.

11. *Do you think we need to take any action against gaming, transshipment, or evasion if the UK ETS extends to cover emissions from international maritime voyages?*

Yes. The UK ETS should take proactive anti-avoidance measures when extending to international maritime voyage, e.g. explicit definitions of international voyage, domestic voyage, technical stop, and transshipment call, and aligned definitions and interpretations with EU/IMO practice.

12. *Would changes to the global carbon pricing landscape (e.g. the IMO NZF or EU ETS) affect the impacts of the proposed UK ETS expansion to international maritime voyages? If so, how?*

Yes. If the UK ETS aligns with the EU ETS, it essentially expands the coverage of the EU ETS. However, this still creates uneven regulatory environments for international shipping voyages, which can lead to carbon leakage. The ideal solution for reducing global shipping emissions is the implementation of the IMO's Net Zero Framework (NZF). A global carbon pricing landscape would eliminate opportunities for carbon leakage.

Welsh language impacts

13. *What, in your opinion, would be the likely effects of increasing the scope of the UK ETS to include international maritime voyages on the Welsh language?*

14. *In your opinion, could increasing the scope of the UK ETS to include international maritime voyages be formulated or changed so as to:*

- a. *have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or*
- b. *mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?*

For both question 13 and 14: There might be minor positive effects arising from promoting the use of Welsh in compliance, communication, and stakeholder engagement.