



EU MRV, ETS AND FuelEU REVIEW: KEY MARITIME IMPLICATIONS

The European Commission's recent proposal [COM\(2026\) 616](#) with its annexes sets out a comprehensive revision of the European Union Emissions Trading System (EU ETS), including important updates to the regulatory framework for maritime transport. These amendments are intended to align the sector with the EU's climate ambitions, supporting its decarbonization while taking international developments into account.

Complementing these changes, the related proposal [COM\(2026\) 620](#) introduces amendments to the EU MRV and FuelEU Maritime Regulations aimed at further streamlining the regulatory framework for shipping. In particular, the proposal seeks to align compliance cycles across the EU MRV, EU ETS and FuelEU Maritime regimes, minimize duplication and regulatory divergences, and strengthen the “monitoring-and-reporting-only-once” principle. Collectively, these measures are expected to reduce the associated administrative burden and costs for shipping companies. The key proposed changes are summarized below.

KEY NOTES

Proposed updates to the regulatory framework:

- Extension of EU MRV to certain categories of smaller vessels from 2029
- Extension of EU ETS to certain categories of smaller vessels from 2031
- Single Monitoring, Reporting and Verification Framework for EU MRV, EU ETS and FuelEU Maritime
- Alignment of compliance timelines and responsible entity under EU MRV, EU ETS and FuelEU Maritime
- New SMAP Mechanism to reinvest ETS revenues in maritime decarbonization
- Potential IMO deduction mechanism to avoid double payment if a global GHG pricing measure is adopted

EU MRV REGULATION

1. Extension of the Scope to Smaller Vessels

From 1 January 2029, the Commission proposes extending the EU MRV Regulation to additional vessel categories between 400 GT and 5,000 GT, including:

- Oil tankers
- Chemical tankers
- Gas carriers
- LNG carriers
- Ro-pax ships
- Passenger ships

General cargo ships and offshore vessels in this size range are already covered by the MRV Regulation since 2025.

2. Ships performing or supporting offshore operations

The proposal replaces the current vessel-type approach with a broader activity-based framework covering vessels performing or supporting offshore operations in connection with an offshore worksite situated in the **territorial sea, the EEZ, the continental shelf or the continental shelf sea of a Member State**. Key changes include:

- New definitions of **"offshore operations"** and **"offshore worksite"**
- Removal of the existing list of offshore ship categories from Annex I
- Expansion of the definition of **"port of call"** to include offshore worksites

3. Single Monitoring, Reporting and Verification Framework

The proposal seeks to establish a unified MRV framework that covers both GHG emissions and the energy used on board by ships supporting compliance under EU MRV, EU ETS and FuelEU Maritime. The expanded MRV framework would include:

- Well-to-wake GHG emissions data
- Fuel and energy consumption data
- Additional FuelEU-related parameters

Shipping companies would submit a single monitoring plan and a single MRV report for each ship under their responsibility.

4. Harmonization of Verification and Administration

Additional amendments include:

- Harmonization of verification procedures across MRV, EU ETS and FuelEU Maritime.
- Establishment of a single accreditation framework, whereby FuelEU verifiers must hold accreditation under the MRV Regulation.
- Clarification of the role and responsibilities of the administering authority through the introduction of a new Article 4a in the MRV Regulation and establishing an attribution mechanism for any shipping company falling within the scope of the MRV Regulation.
- Alignment of enforcement and compliance oversight provisions between MRV and FuelEU Maritime.
- Designation of the same administering authority for MRV, EU ETS and FuelEU Maritime obligations.

These changes are intended to support the principle of "monitoring -and -reporting -only -once" by creating a single monitoring, reporting, verification and administrative framework for MRV, EU ETS and FuelEU Maritime compliance.

FuelEU MARITIME REGULATION

1. Integration into the Common MRV Framework

FuelEU-specific monitoring requirements would be incorporated into the revised MRV framework. Consequently, verified MRV data would also be used for FuelEU compliance purposes, eliminating duplicate reporting obligations.

2. Alignment of Compliance Timelines

To synchronize FuelEU with the MRV and EU ETS compliance cycle, the proposal requires companies, by **28 February** of the verification period, to submit the following to the verifier:

- the **MRV Report**, containing GHG emissions, energy-use and other relevant monitoring data; and
- the **Compliance Balance Report**, containing the ship's FuelEU calculations, including the yearly average GHG intensity and the ship's compliance balance.

This alignment forms part of the proposed "monitoring -and -reporting -only -once" approach, under which MRV, EU ETS and FuelEU Maritime would operate through a common monitoring, reporting and verification framework.

3. Alignment of Responsible Entity

The proposal would align the entity responsible under FuelEU Maritime with the company responsible under the EU MRV and EU ETS frameworks.

This would remove the current divergence between compliance entities and establish a single accountable company across all three regimes.

EU ETS DIRECTIVE

1. Extension of the Scope to Smaller Vessels

Building upon the proposed MRV expansion, the Commission proposes extending the EU ETS from 1 January 2031 to certain vessel categories between 400 GT and 5,000 GT that become subject to MRV requirements from 2029.

Ro-pax and passenger ships below 5,000 GT are excluded at this stage and would be subject to a future assessment.

2. Offshore Operations

Vessels performing or supporting offshore operations would become subject to the EU ETS from 2031, provided that they fall within the categories and activities covered by the amended MRV Regulation and ETS Directive.

3. Avoidance of Double Payment

The Commission seeks to improve coherence between the EU ETS and any future IMO global GHG pricing mechanism. Accordingly, the proposal strengthens the maritime review clause by requiring a specific assessment of potential double payment and other interactions between the two systems. The proposal also contemplates the introduction of an **IMO deduction mechanism**, under which shipping companies could be permitted to surrender fewer EU ETS allowances to the extent that the same emissions are effectively subject to a carbon price under a future IMO measure.

4. Sustainable Maritime Alternative Propulsion (SMAP) Mechanism

A newly established Sustainable Maritime Alternative Propulsion (SMAP) mechanism would reinvest ETS revenues to support the decarbonization of the maritime sector. For this purpose, up to **110 million allowances would be reserved** from the first year following the entry into force of the revised Directive until 2040 to support the uptake of sustainable maritime fuels (SMF) and the deployment and operation of zero-emission propulsion technologies (ZEPT).

The reserved allowances would be used to cover all or part of the remaining price gap between SMF and fossil fuels, and to offset part of the additional costs associated with the deployment and operation of ZEPT. To qualify for support, SMF must be produced, and ZEPT must be manufactured, in:

- the EU;

- a third country with an emissions trading system linked to the EU ETS; or
- a third country supported by the EU under “ETS as a service”.

Shipping companies may apply annually for an allocation of allowances based on the quantity of SMF used or the emissions reductions achieved through ZEPT during the previous calendar year. The Directive proposes specific support rates, such as:

- 55% for advanced biofuels and biogas;
- 90% for renewable fuels of non-biological origin (RFNBOs);
- 80% for low-carbon hydrogen and low-carbon fuels; and
- 90% of the additional cost of zero-emission propulsion technologies.

These percentages can be increased in certain circumstances (e.g., island routes, EU-sourced feedstocks, or technology installed in EU shipyards).

5. Extension of Existing Derogations

The proposal extends **until 2035** existing derogations for:

- Ice-class ships
- Voyages involving outermost regions
- Voyages involving small islands without a fixed land connection
- Certain passenger transport services operated under public service obligations (PSOs) or public service contracts (PSCs)

The extension reflects the continuing challenges associated with the large-scale deployment of low- and zero-emission technologies and fuels on vessels providing essential connectivity services, as well as the specific technical constraints faced by ice-class ships.

6. Containership-Specific Measures

The proposal introduces additional measures to reduce the risk of evasive port calls and the relocation of transshipment activities outside of the EU. To support this objective:

- The list of neighboring container transshipment ports would be reviewed annually rather than every two years.
- The existing criterion would be broadened to include non-EU ports located within 300 nm of an EU port where container transshipment exceeds 50% of its total container traffic (reduced from the current 65% threshold).
- A new criterion would include non-EU ports located within 150 nm of an EU port with specific terminal capacities (draught >11m, berth >250m, and suitable ship-to-shore cranes).

In addition, a temporary derogation until 31 December 2035 would allow shipping companies to **surrender fewer allowances** for incoming voyages (from a non-EU port to an EU port) exceeding 300 nm when performed by large containerships of 10,000 TEU and above.

7. Emissions Reduction Trajectory

To align the system with the Union’s 2040 climate target of a 90% net reduction in emissions, the proposal adjusts the EU ETS reduction trajectory from 2031 onwards by adjusting the Linear Reduction Factor (LRF):

- 3.7% annually from 2031-2035
- 1.7% annually from 2036 onwards reflecting the proposal's assumption that up to 260 million high-quality international credits may contribute to achieving the Union's 2040 climate target. If such credits are not available, the LRF would revert to 2.7% from 2036

As a result, the emissions cap would decline at a slower pace after 2035 and allowances would continue to be issued into the 2040s.

In addition, the proposed extension of the EU ETS to certain smaller vessel categories between 400 GT and 5,000 GT from 1 January 2031 would be accompanied by a corresponding increase in the Union-wide emissions cap.

NEXT STEPS

Both legislative proposals, [COM\(2026\) 616](#) (EU ETS) and [COM\(2026\) 620](#) (EU MRV/FuelEU Maritime), will proceed through the ordinary legislative procedure and require adoption by both the European Parliament and the Council before entering into force. The "One Europe, One Market" Roadmap identifies the first quarter of **2027** as a target for agreement on the EU ETS review. Given that COM(2026) 620 is designed to complement and align with the ETS review, the two proposals are expected to be negotiated in parallel. Both acts would enter into force 20 days after publication in the Official Journal.

For the MRV/FuelEU package, the main provisions are expected to apply from **1 January 2029**, delivering a single MRV, ETS and FuelEU compliance framework, including a common reporting cycle, harmonized verification rules and a single administering authority structure. Certain Commission empowerment provisions would apply earlier to allow the development of delegated and implementing acts.

For the EU ETS proposal, maritime-related implementation would be phased in. Key provisions such as the new Sustainable Maritime Alternative Propulsion (SMAP) mechanism, enhanced anti-evasion measures for container transshipment and the extension of existing derogations for ice-class ships, outermost regions, small islands and certain public service passenger services are expected to apply from **1 January 2029**. The further extension of ETS scope to offshore vessels and certain additional vessel categories between 400 GT and 5,000 GT, together with a corresponding increase in the maritime emissions cap, is expected to apply from **1 January 2031**.

ABS SUPPORT AND GUIDANCE

ABS is closely monitoring international and regional implementations and updating Rules, Guides and approval procedures. For additional information or assistance in assessing compliance with these requirements and amendments, please contact your local ABS office.

REFERENCES

Document	Title
COM(2026) 616	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2003/87/EC and Decision (EU) 2015/1814 as regards driving competitiveness and cost-effective decarbonisation
COM(2026) 620	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2015/757 and (EU) 2023/1805 to simplify and streamline monitoring, reporting and verification and to align with revisions of the EU Emissions Trading System

WORLD HEADQUARTERS

1701 City Plaza Drive | Spring, TX 77389 USA

P 1-281-877-6000 | F 1-281-877-5976

ABS-WorldHQ@eagle.org

www.eagle.org

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