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UK looks at adding shipping to its emissions trading system

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Ocean Rebellion

The splinterisation of shipping environmental rules could accelerate with the election of Donald Trump in the US and news that the UK is looking at adding the sector to its emissions trading system (ETS) from 2026.

The UK is carrying out a review of its ETS with a view to adding shipping in a little over a year's time. The European Union has included shipping in its own ETS from the start of this year.

On January 1, the FuelEU Maritime regulation will come into force also whereby vessels will be hit with a penalty of €2,400 per tonne of VLSFO-equivalent for failing to meet the initial 2% reduction target in terms of greenhouse gas (GHG) intensity relative to a 2020 baseline.

"The FuelEU Maritime regulation will significantly impact the shipping industry, even more so than the EU emissions trading system," said Nicholas Fell, chair of BIMCO's documentary committee last week.

Bureaucrats at the International Maritime Organization (IMO) can expect greater headwinds in pushing through green legislation as a result of last month's historic Trump win in the US presidential election.

"The work currently ongoing at the IMO to get new regulations and set targets globally might hit a dead end," warned analysts from Sea-Intelligence. "This, in turn, would accelerate a trend, where regulation regarding decarbonisation of shipping, would have to be made locally, and not globally."

Failure to reach a consensus agreement in the IMO will likely lead to a path of more such localised legislation as seen in the EU, making it much "more complex" to navigate the green requirements going forward, Sea-Intelligence suggested.

Anais Rios, shipping policy officer at Seas At Risk, argued: "The IMO process does not hinge on who sits in the White House. Africa, Latin America, Asia, along with Europe and North America can – and indeed must – agree next year on an ambitious carbon levy and a strong fuel standard, in order to deliver on their historic promise: decarbonise shipping in an equitable way by 2050. With a clear majority of governments already onboard, both inside and outside the IMO, the course is set."