MAMII Position Paper

Safetytech Accelerator

Revision of the EU Emissions Trading System (EU ETS) Delivering a Technology-Neutral Investment Framework for Maritime Decarbonisation, October 2026

Executive Summary

MAMII welcomes the European Commission's proposal to revise the EU Emissions Trading System (EU ETS) through the creation of the Sustainable Maritime Alternative Propulsion (SMAP) mechanism and the proposed reinvestment of at least 50% of Member States' maritime ETS revenues into maritime decarbonisation.

These proposals represent one of the most significant public investment opportunities ever created for the European maritime sector. By coupling carbon pricing with targeted investment, the Commission recognises that achieving climate neutrality in shipping requires not only market incentives, but also strategic support for innovation, deployment and industrial competitiveness.

MAMII strongly supports this direction.

The proposal, however, presents an important opportunity to ensure that the final legislative framework fully reflects the Commission's own policy objectives.

While the recitals recognise that maritime decarbonisation will require investment in fleet retrofitting, clean technologies and technologies enabling the use of sustainable maritime fuels, the proposed legal provisions establishing the SMAP mechanism focus specifically on eligible sustainable maritime fuels and zero-emission propulsion technologies.

As the proposal progresses through negotiations in the European Parliament and the Council, and subsequently through delegated and implementing legislation, MAMII invites the European Parliament, the Council and the European Commission to consider how the final legislative framework and its implementation can ensure that the full potential of available decarbonisation solutions is realised.

Methane abatement and reduction technologies, including improved engine technologies, are one important example. Such solutions can deliver measurable greenhouse gas reductions from vessels operating today and complement, rather than compete with, the longer-term transition towards sustainable fuels and zero-emission propulsion.

MAMII therefore calls for eligibility under SMAP to be based on verified climate performance, supported by robust lifecycle greenhouse gas accounting and transparent monitoring, reporting and verification, rather than on predefined technology categories alone.

Such an approach would maximise climate impact, strengthen European competitiveness, encourage innovation and ensure that public investment delivers the greatest possible environmental return.

1. A Landmark Investment in Maritime Decarbonisation

The European Commission's proposal to revise the EU ETS marks an important evolution in European climate policy.

Alongside strengthening the carbon market, the proposal establishes a new Sustainable Maritime Alternative Propulsion (SMAP) mechanism through proposed Article 3gaa of Directive 2003/87/EC. The mechanism would reserve up to 110 million EU ETS allowances to support the deployment and operation of eligible sustainable maritime fuels and zero-emission propulsion technologies.

At current allowance prices, this represents approximately €8–10 billion of potential investment in maritime decarbonisation.

In parallel, the Commission proposes that at least 50% of maritime ETS revenues retained by Member States should be reinvested in measures supporting the decarbonisation of the maritime sector.

Taken together, these proposals represent a fundamental shift in European maritime climate policy. Rather than relying solely on carbon pricing, the Commission proposes to recycle ETS revenues into the sector to accelerate technological deployment, industrial development and emissions reductions.

MAMII welcomes this strategic direction. It demonstrates that decarbonisation and competitiveness should be pursued together and recognises the scale of investment required to transform the maritime sector.

2. Aligning the Legal Framework with the Commission's Objectives

The Commission's proposal presents a coherent vision for the future of European shipping.

Recital 19 recognises that achieving maritime decarbonisation will require significant investment in fleet retrofitting and the deployment of clean technologies.

Recital 20 further clarifies that SMAP should support the additional costs associated with deploying and operating eligible zero-emission propulsion technologies, as well as technologies required to use eligible sustainable maritime fuels once those fuels are in operation. While this reflects the Commission’s recognition that the maritime transition will require investment beyond the fuel itself, the current scope remains focused on specific technology pathways. As the legislative process progresses, MAMII believes there is an opportunity to ensure that the final framework also recognises other technologies capable of delivering independently verified greenhouse gas reductions, including methane abatement technologies, where they contribute to the objectives of the EU ETS.

These recitals acknowledge an important reality.

The transition to climate-neutral shipping will not be achieved through a single technology. It will require a portfolio of complementary solutions deployed across vessels with different operational profiles, investment cycles and fuel pathways.

However, the legal provisions establishing SMAP are currently drafted more narrowly.

Proposed Article 3gaa provides that funding shall be reserved for the deployment and operation of eligible sustainable maritime fuels and zero-emission propulsion technologies, including electric and wind-assisted propulsion systems.

While these technologies are essential components of maritime decarbonisation, the current drafting creates uncertainty regarding the eligibility of other technologies capable of delivering substantial, independently verified greenhouse gas reductions.

MAMII believes there is an opportunity during the legislative negotiations—and subsequently through the delegated and implementing acts—to ensure that the Commission's broader policy objectives are fully reflected in the final funding framework.

This is not a question of changing the Commission's ambition. It is a question of ensuring that the legislation fully delivers that ambition.

3. A Performance-Based Approach to Maritime Decarbonisation

The EU ETS is fundamentally a performance-based climate instrument.
Its purpose is to reduce greenhouse gas emissions by rewarding measurable environmental performance rather than prescribing specific technological pathways.

MAMII believes that the associated investment mechanisms should reflect the same principle.
Eligibility for public support should therefore be determined primarily by the ability of technologies to deliver independently verified greenhouse gas reductions consistent with the objectives of the ETS.
Such an approach would reinforce three long-standing principles of European climate policy: technology neutrality, environmental integrity through robust monitoring, reporting and verification and lifecycle greenhouse gas accounting as the basis for comparing climate performance.

A performance-based framework would stimulate innovation, encourage competition and enable the market to identify the most effective decarbonisation solutions while maintaining high environmental standards.

4. Methane Abatement: Delivering Immediate Climate Benefits

Reducing methane emissions is widely recognised as one of the fastest opportunities to reduce near-term global warming.

Within the maritime sector, commercially available methane reduction technologies, including improves engine technologies and other methane abatement solutions, can already deliver significant reductions in greenhouse gas emissions from vessels operating today.

These technologies are capable of being deployed immediately across the existing fleet, producing measurable climate benefits while the transition towards alternative fuels and zero-emission propulsion systems continues over the coming decades.

For MAMII, methane abatement should not be viewed as an alternative to sustainable fuels. Nor should it be considered an alternative to zero-emission propulsion. Instead, it should be recognised

as a complementary solution capable of accelerating emissions reductions during the transition. Supporting immediate reductions from existing vessels alongside investment in future technologies represents a pragmatic, cost-effective and environmentally ambitious pathway towards maritime decarbonisation.

5. Maximising Europe's Industrial and Climate Leadership

The Commission's proposal consistently links climate ambition with innovation, industrial competitiveness and strategic investment.

Europe already possesses globally recognised expertise in methane emissions measurement, retrofit technologies, emissions monitoring, maritime engineering and greenhouse gas verification.

Ensuring that funding frameworks recognise all technologies capable of delivering verified greenhouse gas reductions would strengthen European technology developers, accelerate commercial deployment and reinforce Europe's leadership in practical maritime decarbonisation.

It would also maximise the value generated by public investment by supporting technologies capable of delivering emissions reductions across both existing and future fleets.

A technology-neutral funding framework is therefore not only an environmental objective, but also an industrial and competitiveness objective fully aligned with the Commission's broader strategy.

6. MAMII's Recommendations

MAMII welcomes the Commission's proposal and highlights the importance of ensuring that the final legislative framework and its implementation:

a. Maintain a technology-neutral investment framework

Ensure that eligibility for SMAP reflects the Commission's wider policy objective of supporting the technologies necessary to accelerate maritime decarbonisation.

b. Reward verified greenhouse gas reductions

Base eligibility on demonstrated lifecycle greenhouse gas performance rather than predefined technology categories wherever consistent with the objectives of the EU ETS.

c. Explicitly recognise methane reduction technologies

Clarify through the legislative text and subsequent delegated and implementing acts that methane abatement technologies—and other technologies capable of delivering independently verified greenhouse gas reductions—may be eligible for support where they contribute to the objectives of the EU ETS.

d. Apply robust environmental safeguards

Ensure that funding decisions are underpinned by robust lifecycle greenhouse gas accounting together with transparent monitoring, reporting and verification requirements. Where possible, the methodologies used to demonstrate emissions performance for SMAP eligibility should align with the EU MRV, EU ETS and Fuel EU Maritime frameworks, enabling independently verified improvements in actual emissions performance to be recognised consistently and supporting the uptake of methane-reduction technologies.

e. Maximise emissions reductions across the entire fleet

Design both SMAP and complementary national funding mechanisms to support emissions reductions from existing vessels alongside investment in future propulsion technologies and sustainable fuels.

Conclusion

The proposed revision of the EU ETS represents a landmark opportunity to accelerate the decarbonisation of European shipping.

MAMII strongly supports the Commission's ambition to combine carbon pricing with strategic investment and welcomes the creation of the Sustainable Maritime Alternative Propulsion mechanism as a major new instrument for maritime innovation.

As negotiations continue, there is an opportunity to ensure that the final legislation fully reflects the Commission's broader policy objectives by adopting a genuinely technology-neutral and performance-based funding framework.

Supporting all technologies capable of delivering independently verified greenhouse gas reductions—including methane abatement technologies—alongside sustainable fuels and zero-emission propulsion will maximise the environmental, industrial and economic value of this historic investment.

By rewarding verified climate performance, the European Union can accelerate emissions reductions, strengthen European competitiveness and reinforce its position as the global leader in practical, effective and science-based maritime decarbonisation.