The right tools for the job

by Alexa Ivy

The global ferry industry stands at a critical crossroads. While the sector is eager to lead the maritime transition to net-zero, current European policy risks draining the very capital needed to achieve it. Interferry, representing the ferry industry worldwide, asserts that for sustainable shipping to succeed, the EU must fundamentally adjust its Emissions Trading System (EU ETS) to earmark funds raised for maritime projects and secure the sector's competitiveness.

The industry's position is clear: the transition to green technology – specifically electrification, provision of onshore power supply (OPS), and access to alternative fuels – requires massive, targeted investment. However, as the EU ETS surrendering obligation jumped from 70% to 100% in 2026, ferry operators are seeing vital funds diverted from the maritime industry's energy transition. This financial drain comes at a moment when the sector needs every available euro to bridge the gap between ship-side innovation and shore-side infrastructure.

Interferry has been calling for an immediate halt to the further phasing-in of the EU ETS for the maritime industry. This is not a retreat from climate goals, as its representatives declare, but a pragmatic adjustment to a shifting global and domestic landscape.

Funding a modal backshift?

The initial acceptance of the EU ETS by the ferry sector was predicated on two assumptions: that a global market-based measure from the International Maritime Organization (IMO) was imminent, and that a level playing field would be maintained within the European transport sector. Both assumptions have been challenged by recent events.

In October 2025, the IMO postponed the adoption of a global greenhouse gas pricing mechanism for at least 12 months. This delay means EU ferry operators face a regional tax without any obvious benefit for the industry, and with no clear timeline for a global solution. Almost at the same time, the EU decided to postpone the ETS-inclusion of road transport, further undermining the financial position of ferry service providers, who often are in direct competition with road transport.

"The lack of a global pricing mechanism and its default purpose to help fund the maritime green transition leaves EU ferry operators in a difficult position," says Mike Corrigan, CEO, Interferry. "We are being taxed for our carbon emissions without any certainty of what happens with the money or when global regulation will come into force. This drains vital capital away from the very companies that are trying to lead the green transition. We are not asking for a handout; we are asking for the reinvestment of the funds we provide."

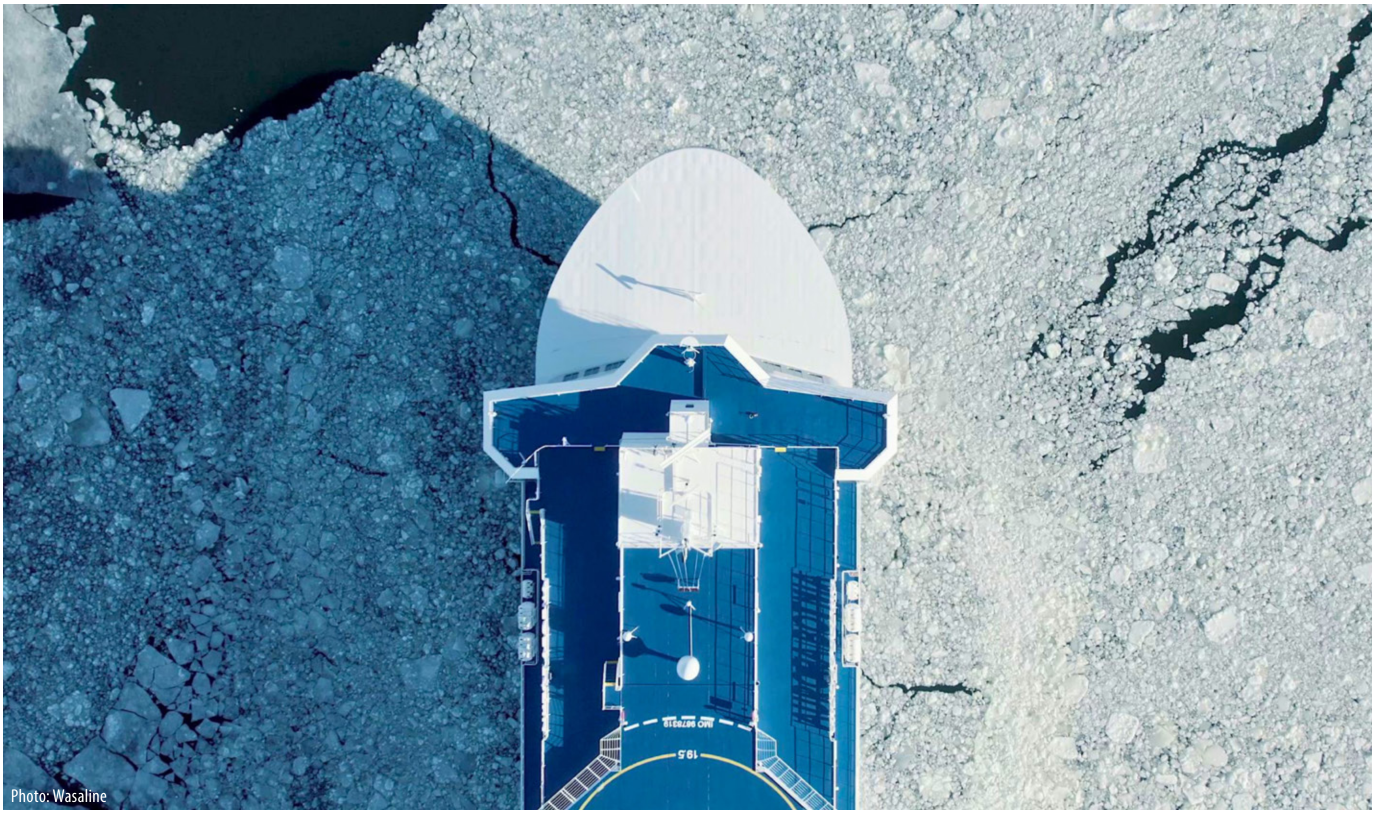
He is seconded by Inteferry's Director of Regulatory Affairs, Johan Roos, who emphasises the importance of the sector's competitiveness. "The exemption for road transport creates an adverse incentive. As it stands, the ETS pushes goods and passengers back onto already congested European roads because ferry costs are artificially inflated. This directly contradicts decades of EU policy aimed at shifting transport from road to sea. Every freight rate increase on a ferry risks pushing volumes back to the road."

The land must follow

But what about the actual main objective of the EU ETS policy, which is to create incentives for greener shipping? The ferry industry is uniquely positioned to lead the charge in maritime electrification. With many routes lasting under two hours, the sector is the low(est)-hanging fruit for zero-emission operations.

However, the technology on the ship is only half the equation. The primary hurdle is the availability of power at the pier and the funds required to install it. "Ferry operators are already the prime trailblazers in adopting battery propulsion," says Corrigan. "But to meet ambitious targets, the land side must follow suit. We urgently need investment in high-capacity OPS infrastructure that can actually charge propulsion batteries, not just power the hotel load while at berth."

Interferry argues that the roughly €10 billion collected annually through the maritime EU ETS should be strictly ring-fenced. These funds are essential for two specific pillars. First, electrification and OPS. An infrastructure gap stalls the transition to battery-electric vessels. Currently, OPS deployment lags behind on-board battery technology by nearly a decade. Though OPS investment is the critical link in enabling ferries to reach their full emissions-reduction potential, governments and utilities are often reluctant to invest aggressively in port-side infrastructure, creating a bottleneck.



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Second, the development of green bunker production. For longer routes where full electrification is not yet feasible, the industry must transition to alternative fuels such as e-methanol or bio-methane. The development and production of these bunkers require substantial support to reach commercial viability.

Reinvesting revenues to green the lifelines

Despite the friction regarding the EU ETS timeline, Interferry has welcomed the European Commission's recent policy publications, the EU Ports Strategy and the EU Industrial Maritime Strategy, launched in March 2026. These explicitly recognise the strategic importance of the maritime industry and acknowledge that the sector faces annual financing needs for fleet decarbonisation between €2.4 billion and €8.5 billion.

Notably, the Commission is now encouraging Member States to reinvest EU ETS revenues into maritime decarbonisation. This includes the proposal for a dedicated EU mechanism to provide shipping companies with allowances for the uptake of sustainable fuels and clean propulsion. "The Commission is moving in the right direction by suggesting ETS funds stay within the maritime sector," Roos notes. "However, the funding must target the existing industry and fleet. We do not need 'prestige' innovation projects that lack broad impact. We know what we need to do: we need practical support for electrification and alternative fuels that can be deployed right now."

Europe's ferry fleet facilitates the movement of 400 million passengers and 200 million freight units annually. In many regions, such as the Baltic Sea or the Mediterranean islands, ferries are the only viable lifeline for many communities. Recent studies by environmental associations have highlighted the potential for ferry electrification, noting that ferry emissions in certain European ports are significant. Interferry shares this vision but stresses the need for context. "Ferry services are high-capacity, shared infrastructure," underlines Roos. "In places like Barcelona or Dublin, they provide essential services that keep the economy moving. Taxing these links without providing the infrastructure to green them only serves to penalise the communities that rely on them. We must balance climate ambition with the financial reality of our industry." The Baltic, on its part, has already shown that it's possible to electrify shorter but also longer ferry services (either fully or in a hybrid mode, with newbuilds or retrofits).

Pounding the message

The ferry industry remains fully committed to the goal of net-zero emissions. The technology is ready, and the will is there. However, for this transition to be successful, it must be supported by an economic framework that preserves the industry's ability to invest.

Ring-fencing EU ETS funds for a sustainable transition of ferry shipping is the most pragmatic way to secure this future. It allows the industry to retain the capital necessary for electrification, OPS, and retrofitting, while ensuring that ferries remain competitive against road transport.

As the European Commission prepares its review of the ETS Directive in Q3 2026, Interferry will continue to pound this message: use the funds where they are collected, secure the level playing field, and give the ferry industry the tools it needs to finish the job. □

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Representing the Ferry Industry Worldwide

Interferry is a highly respected global ferry trade association with consultative status at the IMO and similar influence at the EU, as well as with many other maritime governance authorities. Speaking on behalf of more than 280 companies and representing 2,200+ individuals in over 40 countries, its primary purposes are to represent the ferry industry on regulatory and policy matters, including safety and sustainability, and to facilitate networking and communications among its members. Ferry to **interferry.com** to learn more.