Shipping ≠ shipping

by Celine Audenaerdt, *Head of Environmental and Technical Affairs, Royal Belgian Shipowners' Association (KBRV)*[1]

Offshore shipping is a cornerstone of Europe's energy transition. It enables the installation of wind farms, subsea cables, and marine infrastructure essential to decarbonisation. Companies such as DEME and Jan De Nul are globally recognised leaders in this field, directly supporting EU climate ambitions. Yet, despite this contribution, the sector faces regulatory misalignment under the EU Emissions Trading System (EU ETS). Designed for traditional cargo shipping, it's now being applied to a fundamentally different operational model. The result is a growing concern that climate policy may unintentionally penalise the very actors driving the transition.

The EU ETS relies on the Monitoring, Reporting, and Verification (MRV) framework as the backbone for emissions reporting. Central to this framework is the concept of a "port of call," which determines how voyages are defined and, consequently, how emissions are allocated.

In the MRV system, a voyage is typically understood as a movement between two ports of call, and emissions are reported based on these port-to-port journeys. In addition, reporting obligations include information on cargo carried and/or passengers transported, as these elements are fundamental to conventional commercial shipping activity and are used to contextualise emissions performance.

However, this structure does not translate well to offshore shipping. Vessels here do not operate on standard port-to-port transport routes but instead perform project-based activities such as installing wind turbines, laying cables, or dredging seabeds. These operations often involve ships remaining stationary or operating within a confined offshore area for extended periods, without transporting cargo or passengers between ports in the traditional sense. As a result, a reporting framework built around port calls, voyages, and cargo/passengers metrics fails to capture the operational reality of offshore shipping, leading to ambiguity, misreporting risks, and regulatory inefficiencies.

An uneven playing field

The MRV framework is not only creating practical and administrative headaches for offshore operators; with the entry into force of the EU ETS for offshore beginning in 2027, these challenges also translate into direct financial consequences.

First of all, the misalignment creates contractual challenges. Emission reports generated under the MRV framework are difficult to translate into project-based billing structures, as a "port of call" does not necessarily correspond to the start or end of offshore activities or contractual milestones. As a result, operators may struggle to allocate ETS-related costs to clients transparently, complicating contract negotiations and cost recovery.

[1] *The main body of this article was completed prior to the publication of the European Commission's EU ETS maritime review in mid-July 2026. The analysis and recommendations reflected the regulatory framework and stakeholder positions available at the time of writing. The article was then amended in the* EU ETS under review – policy recommendations *section.*


Photo: DEME

These issues are further exacerbated by competitive distortions. For example, an EU-based operator departing from an EU port for offshore wind installation is subject to ETS costs, while a non-EU operator performing the same work from a non-EU port may not face the same obligations. This creates an uneven playing field and makes it harder for EU companies to compete in tenders. Combined with uncertainty in forecasting carbon costs, this can affect pricing, delay investment decisions, and ultimately shift offshore activity away from the EU.

EU ETS under review – policy recommendations

To ensure the system supports rather than hinders the offshore sector, targeted refinements are essential. The July 2026 review provides a critical opportunity.

The current definition of an "offshore ship" leaves room for interpretation of what actually qualifies as one. To reduce ambiguity, it should shift from a vessel- to an activity-based approach, supported by a clear negative list of excluded activities.

Next, to mitigate the risk of unfair competition between EU and non-EU operators, offshore project zones should qualify as a "port of call" through the introduction of a virtual port of call based on where the offshore activities are performed, ensuring equal treatment in EU waters.

KBRV also advocates for implementing a temporary 'Stop the Clock' of the EU ETS for offshore until the regulatory issues are resolved, as well as for working towards a global level-playing field via the International Maritime Organization.

With the publication of the Commission's proposal on the 17th of July, KBRV is pleased to see that two of its key recommendations have been reflected: the introduction of an activity-based approach for defining offshore vessels and the recognition of an offshore worksite within the regulatory framework. These are important steps on a path to a more workable and fair EU ETS regime for the offshore sector.

However, further analysis of the proposal is necessary to fully understand its practical and economic impact, identify any remaining ambiguities, and determine where additional optimisation may be required to ensure the legislation effectively supports offshore operations.

Logic that fails to capture differences

Offshore shipping is indispensable to Europe's decarbonisation. Yet, its operational characteristics differ fundamentally from those of traditional ship-borne trade. The current EU ETS framework, rooted in conventional transport logic, fails to capture these differences adequately. Consequently, the sector faces regulatory uncertainty, competitive disadvantage, and potential disruption – despite its critical role in delivering climate objectives.

The July 2026 EU ETS review and further refinements offer a unique opportunity to correct these shortcomings. By introducing activity-based definitions, rethinking the "port of call" concept, ensuring a level-playing field, and aligning with international frameworks, policymakers can create a system that is both environmentally effective and economically fair.

A well-calibrated system will not only reduce emissions but also enable offshore shipping to continue driving Europe's energy transition forward. ■