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27 February, 2026

Dear Secretaries of State,

Cc: Rt Hon Rachel Reeves MP, Rt Hon Peter Kyle MP, Keir Mather MP

Joint letter: Call to retain the July 2026 extension of the ETS to domestic and port maritime emissions

We are writing to urge the UK Government to retain the 1st of July 2026 date for the extension of the UK Emissions Trading Scheme (UK ETS) to domestic shipping and port emissions. Delaying the extension of the UK ETS to domestic shipping and port emissions would delay the only currently planned policy to tackle emissions from the sector.

Unlike cars, vans, and trucks, shipping is not currently subject to fuel or emission charges, while road users paid nearly [£25 billion](#) in fuel duty in 2024/25. The estimated [£250 million](#) of annual revenue from the ETS is a fraction of the £1 billion annual cost to the sector if fuel duty were applied to shipping. The extension of the ETS is therefore important for ensuring tax fairness across transport modes and providing the right signals for the sector to decarbonise.

Crucially, the extension of the ETS provides an important revenue generation opportunity of [£250 million](#) annually, which could be used to fund public services or invested in the sector's decarbonisation. This includes onshore power and green fuels powered by domestic renewables, supporting the Government's clean energy mission and improving energy security by weaning the sector off imported fossil fuels.

The UK should not be allowed to fall further behind the EU in this regard. The EU ETS already covers domestic and international shipping and is expected to raise [~£8.7 billion per year](#), with plans to mobilise [£2.5 billion](#) to scale up green fuel production by 2027.

The impact on consumers is expected to be [minimal](#); for example, increased costs associated with Irish Sea crossings are estimated to be less than [2%](#), not the [6%](#) heard in other estimates. Overall, adding just pence to the costs of large goods such as TVs and refrigerators.

The shipping sector has already had [four years](#) to prepare for this change and already monitors its emissions under the UK Monitoring, Reporting and Verification scheme. The [adjustment period](#) provided until April 2028 provides ample time for operators to familiarise themselves with the scheme.

We therefore urge the Government to retain the 1 July 2026 date for the extensions of the UK ETS to domestic shipping and port emissions.

We would welcome the opportunity to discuss this further and stand ready to support both Departments in the extension of the UK ETS to domestic shipping emissions.

Kind Regards,

