



NETWORK INSULAR CHAMBRERS OF COMMERCE OF THE EUROPEAN UNION

Feedback on EU Emissions Trading System – Maritime Review [\(COM\(2026\)620\)](#)

- Formal Written Submission on Behalf of INSULEUR -

Date: October 5th, 2026

Feedback on EU Emissions Trading System – Maritime Review (COM(2026)620) Formal Written Submission on Behalf of INSULEUR

1. Introduction

INSULEUR represents the Chambers of Commerce of Europe's islands - territories home to 20.5 million EU citizens and more than 2,400 inhabited islands. Island economies depend entirely on maritime transport for territorial continuity, supply chains, and access to essential goods and services. As the document states, *"maritime transport is the only means of connectivity"* for island communities.-

INSULEUR welcomes the opportunity to provide feedback on the Commission's adopted proposal COM(2026)620, amending Regulations (EU) 2015/757 and (EU) 2023/1805 to simplify and streamline monitoring, reporting and verification and to align with revisions of the EU Emissions Trading System.

While supporting the EU's climate ambition, INSULEUR stresses that ETS Maritime must be designed in a way that does not undermine territorial cohesion, penalise island residents and SMEs, or compromise the viability of island economies.

This submission should also be considered in the context of the forthcoming EU Strategy for Islands, which offers an important opportunity to strengthen the recognition of insularity across EU policies. The Maritime ETS review must align with this broader policy direction, ensuring that decarbonisation measures take account of islands' structural dependence on maritime connectivity, their specific economic constraints, and the need to safeguard territorial cohesion.

2. Key Concerns for Island Regions

2.1 Maritime connectivity is essential for Islands

Island connectivity depends on both maritime and air links, each serving different needs. The ETS proposal extends obligations to additional ship categories and integrates energy-use reporting under a unified MRV system. However, for islands:

- maritime transport is indispensable for territorial continuity, freight and the essential goods supply;

- ETS-driven cost increases directly affect food prices, construction materials, SME competitiveness, and household affordability;
- island communities cannot shift to lower-carbon modes because no substitutes exist.

This creates a structural asymmetry: mainland regions can adapt; islands cannot.

2.2 ETS currently functions as a cost-raising mechanism, not a decarbonisation tool

In the absence of viable alternative fuels, ETS Maritime acts primarily as a revenue-generating measure rather than an effective decarbonisation instrument.

Island routes — often low-volume, low-margin, and essential for territorial continuity — are disproportionately exposed to:

- fare increases,
- reduced frequency of services,
- higher freight costs,
- and risk of service withdrawal.

2.3 Risk of undermining Article 174 TFEU

Article 174 TFEU requires the EU to pay “particular attention” to territories with permanent natural disadvantages, including islands. The ETS, as currently designed, risks contradicting this obligation by:

- increasing the cost of living on islands,
- weakening SME competitiveness,
- accelerating demographic decline,
- and undermining territorial cohesion.

2.4 Remote Islands and Outermost Regions Face Exponential Vulnerability

Remote islands and the EU’s outermost regions (Azores, Madeira, Canary Islands, Mayotte, Réunion, Martinique, Guadeloupe, Saint-Martin) experience even stronger structural constraints than continental islands. As the document notes, *“island economies depend entirely on maritime transport for territorial continuity, supply chains, and access to essential goods and services”* - a dependency that is absolute in remote and ultra-peripheral territories.

For these regions:

- **Distances are significantly longer**, amplifying ETS-driven cost increases.
- **Freight dependency is total**, with no possibility of modal shift or mainland back-up supply chains.
- **OPS and alternative fuels infrastructure is largely absent**, making compliance costs unavoidable.
- **Low-volume routes are structurally unprofitable**, increasing the risk of service withdrawal.
- **Cost pass-through is unavoidable**, intensifying inflation in essential goods.

In outermost regions, ETS Maritime risks becoming a **double penalty**: higher transport costs combined with already elevated living costs due to remoteness. This contradicts Article 349 TFEU, which requires tailored measures for outermost regions, and reinforces the concerns highlighted under Article 174 TFEU.

3. INSULEUR’s Proposals

3.1 Establish a “Major Islands Transition Fund” financed by ETS revenues

A dedicated fund should support:

- decarbonisation of island maritime routes,
- OPS deployment in island ports,
- renewable energy microgrids,
- island-based energy communities,
- and compensation for ETS-driven cost increases.

A fixed share of ETS revenues must be allocated to island regions.

3.2 Protect territorial continuity routes

ETS should include:

- differentiated application for island routes,
- compensation mechanisms for essential passenger and freight services,
- fare-increase caps for routes serving islands with fewer than 200,000 inhabitants.

INSULEUR also proposes a mandatory **Island Impact Assessment**, similar to the SME Test and Rural Proofing, evaluating impacts on-connectivity, cost of living, SME viability, and demographic sustainability.

3.3 Dedicated Measures for Remote Islands and Outermost Regions

To address the amplified vulnerabilities of remote islands and outermost regions, INSULEUR proposes:

- **A reinforced territorial continuity safeguard** for long-distance routes essential for outermost regions.
- **A specific compensation window** within the Major Islands Transition Fund for ultra-peripheral routes.
- **Priority OPS deployment** in outermost ports, where infrastructure gaps are widest.
- **A Remote & Outermost Islands Impact Module** within the Island Impact Assessment, evaluating long-distance freight exposure, cost-of-living inflation, and demographic fragility.
- **Flexibility mechanisms under Article 349 TFEU**, allowing adapted timelines and obligations for routes serving outermost regions.

3.4 Ensure global alignment and shared responsibility

INSULEUR calls for a single global IMO framework, phasing out regional measures once a binding global system is in place, and distributing obligations across the entire maritime ecosystem — including fuel suppliers, ports, and energy producers.

Island shipowners and island communities cannot bear disproportionate burdens when alternative fuels and OPS infrastructure are not yet available.

4. Conclusion

INSULEUR urges the European Commission, Parliament, and Council to ensure that the ETS Maritime accelerates decarbonisation without undermining territorial cohesion, penalising island SMEs, or compromising the viability of Europe's island communities.

Europe's islands — including remote islands and outermost regions — stand on the front line of climate vulnerability and territorial fragility. A fair ETS must recognise this reality and support a just, territorially balanced, and globally aligned transition.

INSULEUR remains ready to contribute constructively to the legislative process and to work with all stakeholders