



Sustainability in Ocean Freight

November 2023

Shipping becomes part of the EU Emission Trading System



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- **The EU ETS will be extended to maritime transport emissions as of Jan 2024 to help Europe achieve the goal** of a net emission reduction
- With the EU ETS, the government **sets the maximum amount of emissions allowed**
- In practice, shipping lines will have to purchase and surrender (=use) EU ETS emission allowances for each tonne of reported CO₂e emissions and pass on these costs to their customers



- Vessels of **5000+ gross tonnage**
- **entering/leaving EU ports**
- **regardless of the flag**



- The system covers **100%** of emissions that occur **between two EU ports** as well as **50%** of emissions from voyages **starting or ending outside of the EU**
- Also applies for ports located less than **300 nautical miles outside the EU**



- Phase-in period: **starting with 40% for verified emissions from 2024**, 70% of emissions in 2025 and **100% for 2026**



- Emission allowances can be purchased in the **primary market through auctions**, but there is also a **secondary market** in which allowances can be sold bilaterally or through various derivatives provided by financial institutions. Currently, the **EU ETS price stands at ~90 Euro** per tonne of CO₂ (Sep '23)

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