



**CUSTOMER ADVISORY** | January 3rd, 2024

# New European Union Emissions Trading System Rules Taking Effect in 2024

Effective January 1, 2024, the European Union Emission Trading System (EU ETS) has been extended to cover emissions from all larger ships (5,000 gross tons and above) calling at European ports. The EU ETS is an integral component of the European sustainability plan aimed at achieving climate neutrality by 2050. We want to inform you about the key aspects of this new regulation and its implications for container shipping:

## 1. System Coverage:

- 50% of emissions from journeys starting or ending outside the EU.
- 100% of emissions between two EU ports and when ships are in EU ports.
- CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O emissions (the latter two starting in 2026).

## 2. Cap-and-Trade System:

- Sets a cap on greenhouse gas emissions for shipping companies.
- Companies can buy and sell allowances within the cap.
- Expected to encourage the use of alternative fuels.



A member of the **KWE** Group

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**3. Transition Period for Allowances:**

- 2025: 40% of emissions reported in 2024.
- 2026: 70% of emissions reported in 2025.
- 2027 onwards: 100% of reported emissions.

**4. Additional Surcharge for Voyages to EEA and EFTA Regions:**

- Effective January 1, 2024, ocean carriers will impose an additional surcharge on voyages to the European Economic Area (EEA) and European Free Trade Association (EFTA) regions.
- Costs will be updated quarterly.

Please note that this surcharge may also apply to UK ports in the event of joint vessel rotations.

We anticipate this change to impact rate agreements universally, regardless of the agreement finalization date.

If you wish to acquire further information on this topic or engage in a broader discussion regarding sustainability, please visit [the European Commission's press release webpage](#) or contact your local representative.