資料36-12

# EU ETS – Emissions Trading System

Overview EU ETS Compliance EU Allowances (EUAs)

## What is the EU ETS?

The EU ETS is an emission cap-and-trade system that aims to reduce greenhouse gas (GHG) emissions by setting a limit, or cap, on GHG emissions for certain sectors of the economy.

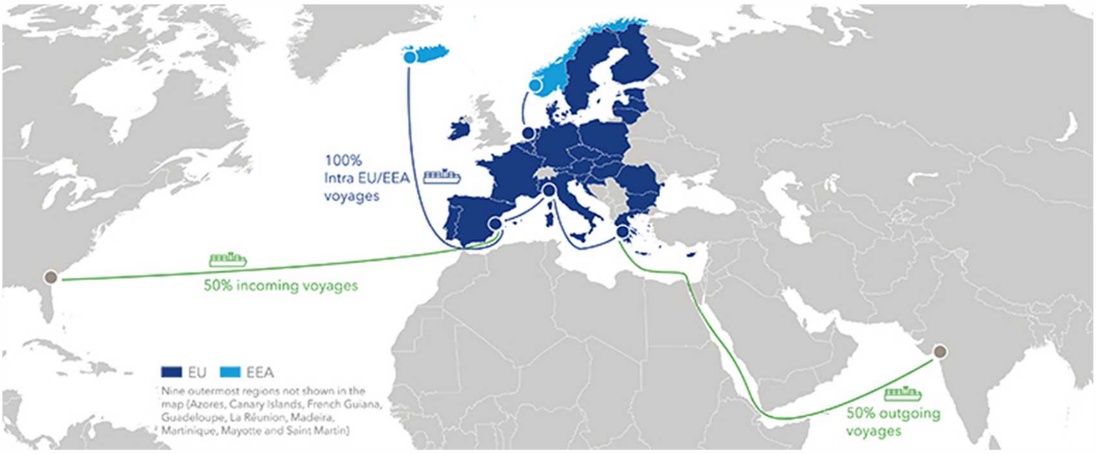
Each year, a limited amount of EU Allowances (EUAs) is made available for trading in the market and this is reduced yearly in order for the EU to meet its target of a 55% reduction in GHG emissions by 2030 relative to 1990, and net zero by 2050.

Each EUA gives companies the right to emit GHG emissions equivalent to the global warming potential of one tonne of $CO_2$ equivalent.

## EU ETS impact on shipping

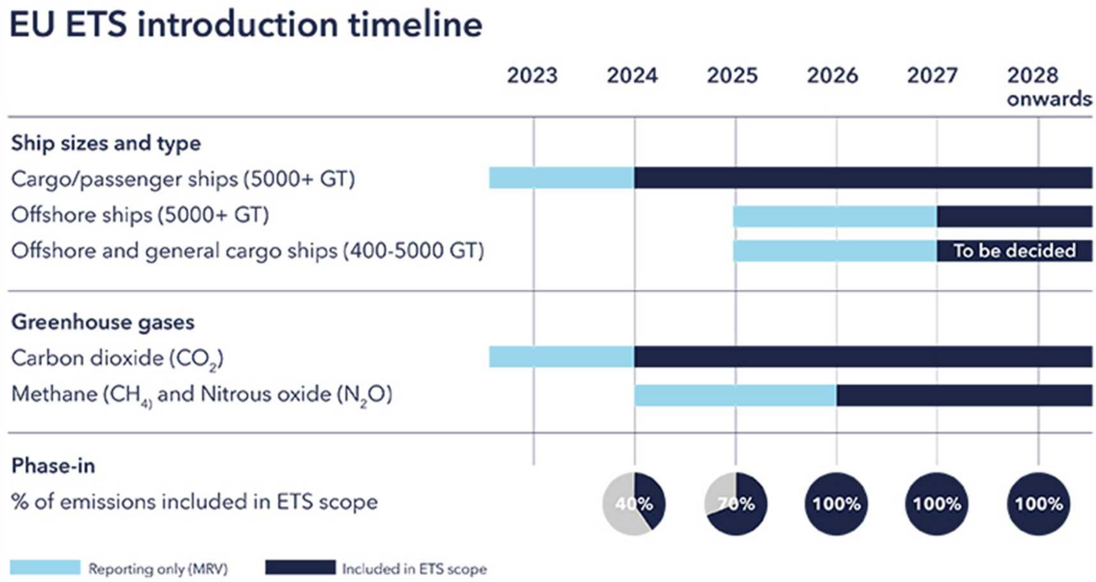
The EU’s legislative bodies have adopted a revision of the EU ETS directive to include shipping from 2024.

This entails a three-year phase-in period, increasing in scope from 40% of emissions in 2024 to 70% in 2025 and 100% in 2026. It applies to cargo and passenger ships above 5000gt from 2024 and offshore ships above 5000gt from 2027. The EU ETS will initially cover **$CO_2$ emissions** and be widened to include **methane** and **nitrous oxide** from 2026. Offshore ship and general cargo ships between 400 and 5000 GT will also be required to report emissions and may be included in the EU ETS at a later stage.




*EU ETS based on percentage of emissions on voyages*

All 100% of emissions on voyages and port calls within the EU/EEA, and 50% of emissions on voyages into or out of the EU/EEA, are subject to the EU ETS. To avoid evasive behaviour, container ships stopping in transshipment ports outside the EU/EEA but less than 300 nm from an EU/EEA port, need to include 50% of the emissions for the voyage to that port as well, rather than only the short leg from the transshipment port. The EU will provide a list of transshipment ports.




*EU ETS introduction timeline*

Shipping companies with ships operating to or from ports in the **EU** or **EEA** will be required to hold sufficient EUAs for the GHG emissions from ships under their control and surrender these allowances to the authorities each year. These companies are required to monitor, report and verify the GHG emissions on an annual basis under the EU MRV regulation and this information is used to determine the allowances they need to surrender.

## EU ETS cost implications for shipping

The cost of purchasing allowances under the EU ETS can be a significant expense for shipping companies and this is likely to have implications for pricing and other terms of contractual agreements between parties across the value chain, including charterers and cargo owners.

This will necessitate a common and trusted basis of emissions performance data for voyage verification for all parties to manage substantial tax cashflows across the value chain.

Overall, the EU ETS will have an impact on operations, costs and contractual agreements. It is designed to encourage shipping companies to reduce emissions through measures such as **operational efficiencies, investments in low-carbon technologies and adopting alternative fuels**.

https://www.dnv.com/maritime/insights/topics/eu-emissions-trading-system/index.html