

From 1 January 2024, the EU ETS comes into force.

First, a brief explanation of what the EU ETS is; The EU's system for trading emissions rights, EU ETS, is a control tool for cost-effectively reducing emissions of greenhouse gases. The system is based on common EU rules and covers all member states as well as Norway, Iceland and Liechtenstein. The EU ETS also has cooperation agreements with the national trading systems in Switzerland and Great Britain. The EU ETS operates using a cap-and-trade principle. A limit (restriction) is set for the total amount of greenhouse gas emissions that can be emitted by factories, power plants, ships and other entities included. Over time, this limit is reduced, resulting in a gradual reduction in total emissions. Within the limit, the different units buy permits that they can trade with each other. At the end of each year, all units must submit permits corresponding to their emissions. In this, each condition counts as one ton of CO₂. Since both the greenhouse gas emissions permitted within the limit and the greenhouse gas emissions coming from the units are not fixed numbers, the price per permit is not fixed but varies according to market demand and the supply of emission permits. In the European Commission's ETS proposal, shipping is included in the EU's emissions trading system.

This means that shipping companies will have to monitor and report their emissions and submit a permit for every ton of CO₂e they emit. This is part of the EU's Fit for 55 package, which aims to reduce greenhouse gas emissions by at least 55% by 2030.

What does this mean for us who use sea freight as a means of transport:

1. Increased costs as shipping companies will have to buy in emission rights.
2. Increased focus on conversion to more environmentally friendly fuels in the form of biofuel and replacement of engines and ships.

What do we as transport buyers need to think about:

1. The first question is how or if you as a company are affected by emission rights. If this is the case, you probably already have control over your CO₂ emissions and a plan to reduce the impact.
2. Be clear in your request how widely you want to use transport alternatives with low CO₂ impact.
3. How do you compensate for the climate today or what opportunities do you have?

We are happy to help but find alternatives that suit your business.