



Dear Valued Customers,

The EU Commission has decided to expand the European Union Emission Trading System (EU ETS) to cover maritime transport. As this will bring a substantial impact to the shipping operation, this message serves to provide EU ETS background information and the tariff quantum for reference.

The European Union Emission Trading System (EU ETS) is a program established in 2005 to reduce greenhouse gas (GHG) emissions. Initially targeting various industries and aviation transportation, the EU Commission will then expand the scope of EU ETS to include maritime transport, **effective from January 1, 2024.**

Under this expansion, cargo ships traveling within and to/from the European Economic Area (EEA), which encompasses the 27 EU nations, Iceland, Liechtenstein, and Norway, will be subject to the regulations of the EU ETS as follows:

- For intra-EU voyages: 100% of the emissions at EU ports and 100% of the emissions on voyages between EU ports.
- For voyages to/from EU: 50% of the emissions on voyages between EU ports and non-EU ports

This is a phased-in arrangement for the implementation of EU ETS:

- 2024: 40% of the total emissions will be subject to EU ETS.
- 2025: 70% of the total emissions will be subject to EU ETS.
- 2026 and onwards: 100% of the total emissions will be subject to EU ETS.

To comply with these regulations, shipping carriers must surrender EU Allowances (EUAs) equivalent to their emissions. The price of EUAs is variable and carriers are required to obtain them through auctions or the second-hand market.

## Sharing of Cost

Given the costs associated with the EU ETS will be significant, effective January 1, 2024, this cost will be compensated with the following tariff quantum. This will be applicable to various service routes, including Asia-Europe, Intra-Europe, Trans-Atlantic, Europe-Latin America and Europe-West Africa. **The quantum will be subject to monthly reviews** to responds to the latest EUA price and additional costs incurred in relation to EU ETS.

Below is the tariff quantum for AET, IET and TAT, Europe-Latin America and Europe-West Africa, Australia-Europe, subject to change:

Trade	Trade	Tariff Quantum			
		Dry (in EUR) per TEU	Dry (in EUR) per FEU	Reefer (in EUR) per TEU	Reefer (in EUR) per FEU
AET	AET E (N. Europe)	17	34	26	51
	AET W (N. Europe)	27	54	41	81
	AET E (Mediterranean)	10	20	15	30
	AET W (Mediterranean)	19	38	29	57
IET	IET (North Europe to North Europe)	29	58	44	87
	IET (South Europe to South Europe)	10	20	15	30
	IET (North Europe to/from South Europe)	29	58	44	87
TAT	TAT E (Canada)	9	18	14	27
	TAT E (US)	15	30	23	45
	TAT W (Canada)	23	46	35	69
	TAT W (US)	46	92	69	138
LAT	LAT S (Europe to West Africa)	21	42	32	63
	LAT N (West Africa to Europe)	21	42	32	63
	LAT W (Europe to Mexico)	30	60	45	90
	LAT E (Mexico to Europe)	30	60	45	90
	LAT W (Europe to South America)	11	22	17	33
	LAT E (South America to Europe)	11	22	17	33

\*\*AUT Australia to / from Europe refers to AET W/E Bound quantum

\*The table illustrates our tariff quantum with EU phase-in approach where 40% of the reported CO2 emission will be charged in 2024.

Our teams are available for further information if needed.

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