

Customer Advisory – ETS surcharge implementation with effect from 1st January, 2024

10th November, 2023

Dear Valued Customers:

In response to climate change and global warming, European Union (EU) have implemented a phased plan “EU Emissions Trading System (ETS)” to reduce greenhouse gas emissions. The EU ETS will apply to shipping industry from 1st January, 2024 for a vessel over 5,000 GT sailing between and to/out EU ports.

Shipping industry is therefore obligated to submit allowances for the following emissions:

- 100 % of emissions from vessels sailing between EU ports;
- 100 % of emissions from vessels berthing at EU ports; and
- 50 % of emissions from vessels departing from an EU port to a non-EU port and vice versa.

The EU ETS will be implemented in shipping industry in three phases by year starting from 2024 as outlined below:

- in 2024, companies must submit allowances for 40% of their emissions;
- in 2025, companies must submit allowances for 70% of their emissions; and
- from 2026 onwards, companies must submit allowances for all their emissions.

We (Yang Ming) have dedicated to environmental sustainability through energy saving and emission reduction for years. In addition to efficient use of natural resources, preventing pollution and protecting marine environment, we actively comply with international conventions and environmental laws/regulations.

To satisfy the requirements of the EU ETS, the “ETS surcharge” on European trade (including ports specified by EU) will be effective from 1st January, 2024. For more details, please refer to the Q&A.

Trade Lane	DRY (EUR per TEU)	REEFER (EUR per TEU)
Asia to North Europe	24	35
North Europe to Asia	11	15
Asia to Mediterranean	18	26
Mediterranean to Asia	8	12
Europe to North America	27	40
North America to Europe	12	18
Intra Europe	36	53

※ Remarks:

- 1) European Union Allowance (EUA) is a financial instrument under the EU ETS, giving the holder the right to emit carbon dioxide (CO₂), other powerful greenhouse gases, nitrous oxide (N₂O) and perfluorocarbons (PFCs).
- 2) The table shows ETS surcharge which is based on EUA of EUR 90 with the phased in 40% of total verified emissions in 2024.

Should you have any questions, please feel free to contact our local sales representative for further information.

Sincerely,

Yang Ming Marine Transport Corp.

- ※ For matters mentioned in this notice, Yang Ming reserves the right, at its sole discretion, to change, modify, add or remove any part of this notice, at any time in accordance with actual operation strategy. If there is any ambiguity or conflict in this notice, the interpretation of Yang Ming shall prevail.



Q&A

1. When will the ETS surcharge go into effect?

- The ETS surcharge will be effective from 1st January, 2024 based on shipment on board date.

2. Will the ETS surcharge be different by trade lanes?

- Yes, as greenhouse gases emission is different based on different trade lanes.

3. What are the calculation parameters of ETS surcharge?

- Vessel's greenhouse gases emission
- Market prices for EU Allowances (EUA)
- Related costs incurred in response to EU ETS application

4. What container type and kind of cargo does the ETS surcharge apply to?

- The ETS surcharge applies to all container types and all kinds of cargo.

5. How to collect the ETS surcharge?

- ETS surcharge will follow ocean freight payment term.

6. How often will the ETS surcharge be reviewed?

- The ETS surcharge will be reviewed on a quarterly basis.

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