Dear valued Customer,

**What is the EU ETS?**

On 14 July, as part of the 'Fit for 55' package, the Commission published a legislative proposal for a revision of the EU Emissions Trading System (EU ETS), to align it with the target of a 55 % reduction of EU net greenhouse gas (GHG) emissions by 2030, compared to 1990 levels. The EU ETS is a mandatory regime, which requires annual reports of greenhouse gas emissions and other data to verify regulatory compliance.

The EU ETS operates on a 'cap and trade' concept. The cap is a limit set on the total quantity of GHG that can be emitted by the ship installations covered by the system. The cap goes down each year in accordance with the EU's climate target, making sure that emissions reduce overtime. Since 2005, the EU ETS has helped decreasing emissions from power and industry plants by 37%.

The cap is expressed in emission allowances, where one allowance gives the right to emit one ton of CO2eq (carbon dioxide equivalent). For every year, companies must submit enough allowances to fully account for their emissions, otherwise they are at the mercy of penalties.

EU ETS is to cover CO2 emissions from maritime transport, specifically from large ships above 5000 gross tonnages, and will cover emissions from journeys within EU waters as well as between the EU and third countries. The requirement to surrender allowances would be gradually phased-in during 2023-2025.

This new regulation will directly impact the maritime sector as of January 1st, 2024, always depending on the port pair combination.
What are the next steps?

As always, DHL Global Forwarding is seeking to provide 100% transparency when it comes to helping our customers face their logistics and decarbonization challenges.

Since the new regulation and reporting procedures will take place in a couple of months, we will communicate our surcharge levels per trade in the next few weeks.

Should you need further information, please feel free to contact your local sales or customer service representative.

Your sincerely,

DHL Global Forwarding Ocean Freight-Team