

Shipping starts shelling out for EU Allowances

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Piet Sinke / Maasmond Maritime

The largest regional green regulations in the history of shipping came into effect yesterday with the industry included in the European Union's emissions trading system (EUETS), a market-based measure that sets a cap on allowed emissions.

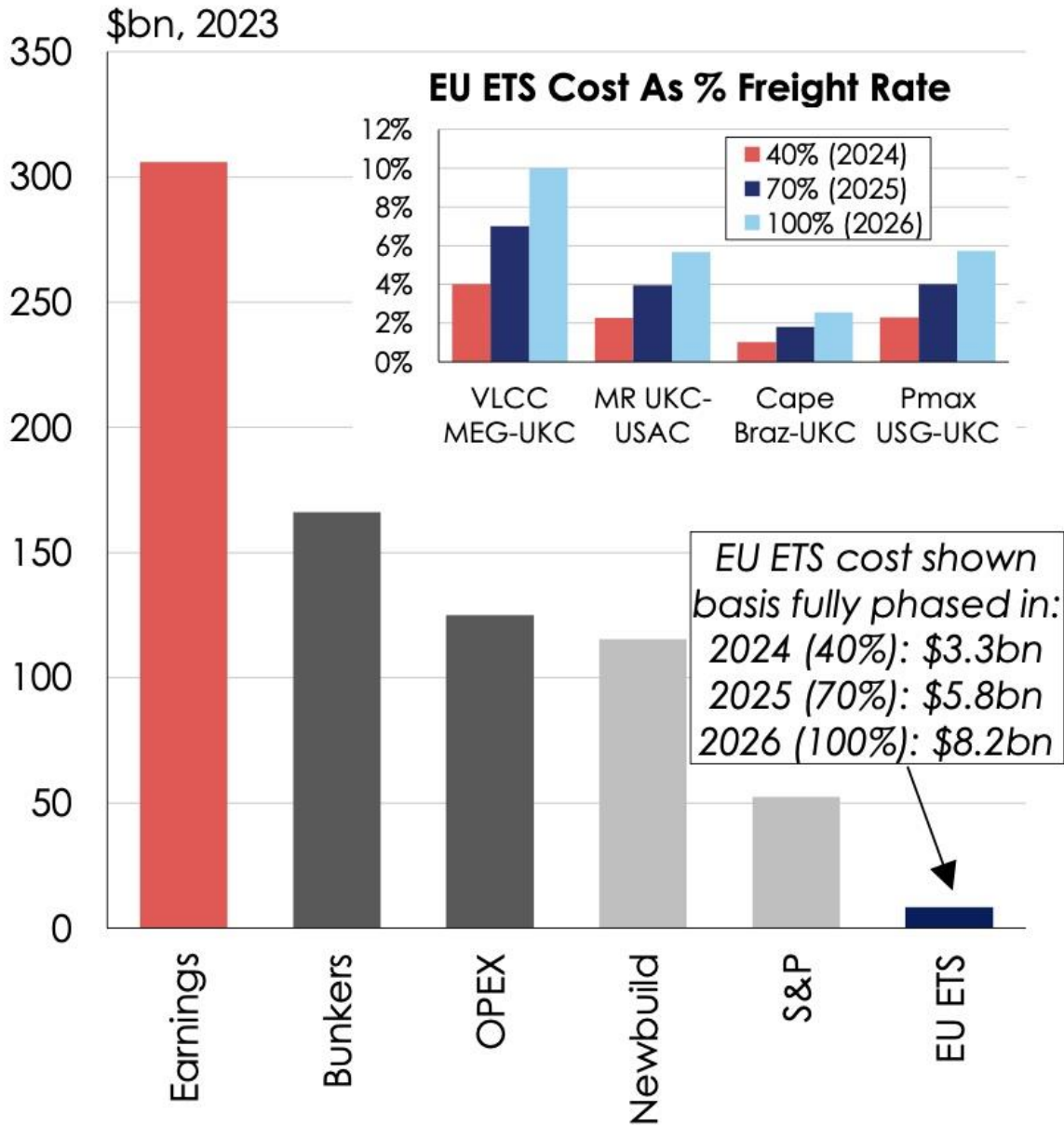
From yesterday, vessels visiting EU ports will be required to offset their applicable CO2 voyage emissions through the purchase of an equivalent number of EU Allowances (EUAs).

Clarksons Research has put together a graph estimating EU ETS costs for certain ship types on the basis of this year's average EUA price of \$90 per tonne of CO2 and 2022 trading patterns.

The data shows that for a VLCC heading from Ras Tanura to Rotterdam EU ETS costs will be around \$200,000 per voyage next year equivalent to 4% of today's freight cost, increasing to \$0.5m and 10% in 2026 when the regulation is fully phased in at 100%.

The new regulations were branded as "bullshit" and "a complete waste of effort" by one of Greece's largest shipowners, George Procopiou, while speaking at an event in Cyprus in October.

"We always go to the shipyard, and we try to improve — through air lubrication and new engines, for example. Although our ships are 11 years old, we order a huge number of assets because the new models are 35% or 40% better in consumption. These are the little steps. The rest is just bullshit," Procopiou said.



Source : Clarksons Research