FAQs – EU ETS estimator

Q1: Which routes are impacted by the introduction of shipping into the EU Emissions Trading Scheme?

Routes which are directly affected are those routes which include an EU port call in the description, whether this is a load or discharge port. As voyages both in and out of the EU are subject to a carbon tax, provision is made in the calculator to include or exclude the ballast voyage origin inside or outside the EU.

Q2: What is the output provided by the EU ETS estimator?

On the right-hand side is the reference for the Baltic standard ship; on the right you will find the output for the nominated vessel based on the input entered. The cost estimate is based on the input price for EUA's specified, the $/ton refers to the added compliance cost per tonne transported, and the Fuel/ ton is the estimate of the compliance cost for every tonne of fuel consumed.

Q3: Given EU ETS is a regulatory requirement from 1 Jan 2024, why is this added compliance cost not simply incorporated into standard freight indices for EU routes?

- For tankers, 90% of the market routes are assessed using Worldscale. Worldscale has just completed a market consultation and concluded that they will exclude EU ETS costs in their flat rate until further notice. The Baltic Exchange will follow the preference expressed by the majority of the market.

- For dry bulk routes, the Baltic Exchange will consult with members and the market to ensure we reflect the market preference. The lack of clarity from the EU on who will be responsible for buying the EUA's complicates the conversation.