

# IMO sets out path to decarbonize shipping after 'contentious' climate talks



*The IMO's London headquarters was host to the 83rd meeting of the closely watched Marine Environment Protection Committee this week. Photo credit: cktravels.com / Shutterstock.com.*

**Greg Knowler, Senior Editor Europe | Apr 11, 2025, 1:26 PM EDT**

The International Maritime Organization (IMO) Friday approved a proposal creating a global greenhouse gas (GHG) pricing measure, but delegates at the Marine Environment Protection Committee (MEPC) meeting in London were unable to agree on a “polluter pays” universal levy on all carbon emissions.

In a debate described by attendees as “contentious and difficult,” the IMO managed to reach a compromise agreement on a two-tier pricing regulatory approach that will be finalized and adopted in October.

“We are on track to decarbonize by around 2050, and this is another step in that process,” IMO Secretary-General Arsenio Dominguez told reporters, adding, however,

that many challenges remain.

Despite reaching an agreement on the GHG pricing measure, the MEPC meeting exposed deep divisions among member states, with the US delegation walking out and threatening to retaliate against any member state charging emissions fees on US ships.

“My next step is to work with the member states in understanding further the concerns they have and how to bring them to the table for the next round of discussions, then we will move into the implementation side,” Dominguez said.

Bryan Wood-Thomas, vice president for environmental policy at the World Shipping Council (WSC) and the WSC’s lead IMO representative, welcomed the GHG agreement as a crucial next step on the road to decarbonization. But he said there was considerable work ahead to ensure the shipping industry had the rules and guidance necessary to use the low- or zero-carbon fuels that would power the world’s fleet in future years.

“These regulations are a critical starting point that gives us the needed regulatory structure to address this critical issue that impacts every corner of the globe,” Wood-Thomas said in a statement Friday.

## **Two-tier regulatory system**

Wood-Thomas said the agreement created a two-tiered regulatory measure that would apply emission fees proportional to the GHG intensity of the energy used by a ship, while providing a mechanism that encourages the use of cleaner zero- and near-zero-emission fuels and energy sources.

A GHG fuel standard and framework will be established that, if adopted, will require continuous reduction in GHG fuel intensity beginning in 2028, with ongoing reductions to reach a “base” target of 30% and a “direct compliance target” of 43% by 2035.

Under the tier system for non-compliant ships, the Tier 2 price for emissions above the base target would be set at \$380 per ton of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), with the possibility to bank or pool surpluses. Tier 1 for ships that are compliant with the base target but still higher than the direct compliance target would face a charge of \$100 per ton of CO<sub>2</sub>.

While that would constitute a pricing mechanism, Angie Farrag-Thibault, vice president for global transportation at US-based climate campaigner Environmental Defense Fund (EDF), said the IMO had “missed a crucial opportunity to adopt a universal price on all shipping emissions.”

But she was broadly positive about the measures agreed to at MEPC 83.

“This framework allows for the shipping sector to steer away from fossil fuels, with full lifecycle emissions coverage, a greenhouse gas pricing mechanism and some provisions to support climate-vulnerable countries,” Farrag-Thibault said in a statement.

An IMO “Net-Zero Fund” will be created to redistribute revenues from the pricing mechanism that will reward the use of zero or net-zero fuels and support “a just and equitable transition” for developing countries.

## **Deal forces shipping to ‘continue polluting’**

The lack of a universal pricing levy was greeted with deep disappointment by the Pacific islands’ delegation. During the vote to accept the framework agreement, the Pacific islands abstained, refusing to support a measure that did not include a universal carbon levy.

“We cannot support an outcome that does not live up to the agreed strategy,” Manasseh Maelanga, the Solomon Islands’ minister of infrastructure development, said in a statement. “We will seek to improve this deal that, unchanged, will cause greater instability, and force shipping to continue polluting. That, we cannot accept.”

Ralph Regenvanu, Vanuatu’s minister of climate change, blamed Saudi Arabia, the US “and fossil fuel allies” that, he said, “blocked progress at every turn.”

Another criticism of the agreement was that it places the IMO’s interim emissions reduction targets at risk.

Anaïs Rios, shipping policy officer at marine non-governmental organization Seas At Risk, said IMO member states had failed to uphold even the minimum target agreed to just two years ago, with the first benchmark — cutting emissions by 20% by 2030 — looking increasingly out of reach.

“This week’s outcome misses even the IMO’s baseline, leaving the 2030 decarbonization target dead in the water, with potential disastrous long-term impacts for people and the planet,” said Rios.

Dominguez, however, insisted to reporters that the target of reducing GHG emissions from international shipping by at least 20%, while striving for 30% by 2030 compared with 2008 levels, would still be achieved.

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