INTERNATIONAL MARITIME ORGANIZATION

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MARINE ENVIRONMENT PROTECTION COMMITTEE
84th session
Agenda item 7

MEPC 84/7/45
6 March 2026
Original: ENGLISH
Pre-session public release: ☒

REDUCTION OF GHG EMISSIONS FROM SHIPS

How the IMO Net-Zero Framework can help States meet their international legal obligations to reduce the GHG emissions of the global shipping sector

Submitted by Pacific Environment

SUMMARY

Executive summary:	All States face binding legal obligations under numerous international legal instruments to reduce GHG emissions to a 1.5°C-aligned level, to protect and preserve the marine environment, and to fulfil their climate finance commitments. Adoption of the IMO Net-Zero Framework will go some way to discharging States' international legal obligations. Even if States do not adopt the IMO Net-Zero Framework, they remain bound to act to achieve these obligations. Failure to do so may carry significant legal consequences. The IMO Net-Zero Framework offers all States an opportunity to move towards fulfilling these commitments in an efficient and coordinated manner.
Strategic direction, if applicable:	3
Output:	3.2
Action to be taken:	Paragraph 22
Related documents:	MEPC 84/7/28 and MEPC/ES.2/2/19

Background

1 This document is submitted in accordance with paragraph 6.12.5 of the *Organization and method of work of the Maritime Safety Committee and the Marine Environment Protection Committee and their subsidiary bodies* (MSC-MEPC.1/Circ.5/Rev.6) and comments on document MEPC 84/7/28 (Fiji et al.) regarding the composition, non-reopening and adoption of the IMO Net-Zero Framework.

2 The IMO Net Zero Framework is a draft regulatory framework under MARPOL Annex VI that would make significant, urgently needed progress towards decarbonizing the shipping sector through a global fuel standard and a carbon pricing scheme. Revenues from the carbon pricing scheme could provide critical funds to support developing countries with decarbonization and promote a just and equitable transition.

3 The IMO Net-Zero Framework was due to be adopted at MEPC ES.2 in October 2025. However, Member States agreed to suspend the session for a year and thus the vote on adoption.

4 This document summarizes the legal obligations by which States are bound to decarbonize the shipping industry regardless of the adoption or non-adoption of the IMO Net-Zero Framework. Moreover, it illustrates how the IMO Net-Zero Framework would be a tool to help States meet existing legal obligations, rather than an additional climate commitment.

States' legal obligations under international law

5 The International Court of Justice (ICJ) and the Inter-American Court of Human Rights (IACtHR) issued advisory opinions, in July and May 2025, respectively, regarding the obligations of all States with respect to climate change under numerous multilateral instruments and interrelated sources of international law. Furthermore, the advisory opinion from the International Tribunal for the Law of the Sea (ITLOS) of 21 May 2024 outlines the key legal obligations relevant to the shipping sector. Document MEPC/ES.2/2/19 (CSC) offers a full overview and analysis of the legal instruments and States' obligations under each. In summary, these opinions clarified the following matters:

.1 The Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC): the binding temperature goal of the Agreement is 1.5°C, and Parties are bound to produce and publicize "nationally determined contributions" (NDCs), which are capable of achieving this collectively and which cover all sectors, including international shipping. Annex I Parties are bound to provide sufficient climate finance to Non-Annex I Parties to enable them to also achieve 1.5°C-aligned pathways.

.2 Customary international law: this is binding upon all States, regardless of their participation, or lack thereof, in any treaties or international negotiations. Treaty and custom inform each other; therefore all States are recommended to comply with the Paris Agreement to demonstrate compliance with customary international law. All States have a duty under customary international law to prevent significant harm to the environment, including through cooperation. Least developed countries (LDCs) not Parties to the Paris Agreement are still bound by customary law to cooperate internationally, which entails the provision of financial and economic aid to least developed countries to contribute to a just transition. Any State can invoke responsibility for a breach of customary international law obligations.

.3 The United Nations Convention on the Law of the Sea (UNCLOS): this binds Parties to protect and preserve the marine environment, and is thus of particular relevance to the shipping sector. The ITLOS advisory opinion reiterated that Parties to UNCLOS have legal obligations to take "all necessary measures" to prevent and reduce marine pollution caused by GHG emissions. Such measures should be "as far-reaching and efficacious as possible", including regulating the private sector and international emissions. It is notable that States' obligations under UNCLOS to protect and preserve the marine environment are likely more stringent than those under the Paris Agreement.

.4 International human rights law: a healthy environment is a human right and underpins the enjoyment of many other rights. States must take measures to protect the climate and environment to guarantee the effective enjoyment of human rights, which includes the regulation of private actors. Failure to preserve a healthy environment may constitute a human rights violation.

How the IMO Net-Zero Framework can support States to comply with these obligations

6 The IMO Net-Zero Framework is an opportunity for States to take significant steps towards compliance with their binding legal obligations in an internationally coordinated way, enhancing cooperation, leveraging and providing international certainty for the private sector and providing significant efficiency gains vis-à-vis national or regional measures.

7 States' legal obligations with respect to climate change broadly fall into two categories. These are also the same two axes along which the IMO Net-Zero Framework operates, and each axis is outlined in the paragraphs below.

Reducing GHG emissions and preventing environmental harm

8 The IMO Net-Zero Framework's Global Fuel Standard (GFS) and carbon pricing scheme present incentives and opportunities to drive reductions in GHG emissions and other environmental harms, helping States meet these obligations.

9 The GFS sets a cap on the carbon intensity of fuels, which will gradually decrease over time, while the emissions pricing element penalizes vessels using fuels with high emissions intensity. This should incentivize investment in the transition of the maritime industry to net zero.

10 As such, this will mobilize private sector investment in decarbonization, and States may offer incentives to shipowners to transition their fleets to zero or near-zero GHG emission (ZNZ) fuels, technologies or fuels and/or energy sources. States may also invest in infrastructure upgrades necessary to support this transition.

11 Moreover, the progressive nature of the fuel emission intensity targets supports the business case for high ambition from the start, as shipowners will want to avoid ending up with stranded assets. Therefore, they may be incentivized to choose the lowest possible emissions technology for all new investments. However, it also takes into account States' differing realities and the necessity to allow for a gradual transition.

12 The allocation of surplus units (SUs) to ships that are fully compliant under the carbon pricing element also provides a business incentive to reduce emissions as fast as possible, as selling surplus units can become an additional revenue stream for vessels using ZNZ fuels and technologies, helping to offset the cost of investment in the transition.

13 ZNZ fuels also produce lower levels of other pollutants, such as sulphur oxides and Black Carbon, which are harmful to the environment and human health, so transitioning ships to ZNZ fuels and technologies offers benefits beyond GHG emissions reduction.

14 The IMO Net-Zero Framework supports States to meet their legal obligations to take all possible measures to avoid exceeding 1.5°C of global heating. Integrating the IMO Net-Zero Framework into NDCs would also support States' obligations to produce NDCs which are 1.5°C-aligned and cover all economic sectors. It also contributes to States' obligations to protect the marine environment, mobilize the private sector to take climate action, and protect human rights by preserving a healthy environment.

15 The coordinated global nature of these measures through the IMO Net-Zero Framework responds to States' obligations of international cooperation to mitigate climate change and protect the environment. Such global coordination also increases the efficiency of actions and improves outcomes vis-à-vis national or regional measures.

Providing climate finance and support from developed to developing countries

16 Through the carbon pricing scheme and associated IMO Net-Zero Fund, the IMO Net-Zero Framework would support States to meet their obligations related to international climate finance.

17 Revenues generated by the carbon pricing element would be collected into the IMO Net-Zero Fund, to be administered by IMO. These funds would be directed towards supporting developing countries to decarbonize shipping, and potentially for climate adaptation more broadly. This supports developed States' obligations to provide climate finance to developing States to assist them in the energy transition and contributes to their just and equitable transition.

18 The IMO Net-Zero Fund may also be able to contribute to UNFCCC Annex I Parties' obligations to provide adaptation finance to Non-Annex I countries and to States' obligations under UNCLOS to protect the marine environment, if funds are directed towards broader mitigation and adaptation activities.

Conclusions

19 Irrespective of the adoption of the IMO Net-Zero Framework, all States face binding legal obligations under numerous international legal instruments to reduce GHG emissions to a 1.5°C-aligned level, to protect and preserve the marine environment, and to fulfil their climate finance commitments. Adoption of the IMO Net-Zero Framework will go some way to discharging States' international legal obligations. Even if States do not adopt the IMO Net-Zero Framework, they remain bound to act to achieve these obligations.

20 The IMO Net-Zero Framework offers States an opportunity to make meaningful progress towards meeting their existing legal commitments to climate action, international cooperation, financing, and human rights in one package.

21 Beyond the adoption of the IMO Net-Zero Framework, further measures are also required to reduce maritime GHG emissions sufficiently to ensure the global shipping sector achieves a 1.5°C trajectory.

Action requested of the Committee

22 The Committee is invited to consider the information provided in this document, and take action, as appropriate.