The Diplomacy Behind Global Shipping Emissions Rules

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International shipping operates through a system of cooperation that few other industries require. Vessels regularly cross-national boundaries, serve multiple markets, and operate under international conventions intended to ensure consistency in safety, environmental protection, and commercial operations. This global character makes international shipping particularly challenging to regulate, especially when national economic interests and shared environmental objectives do not fully align.

The International Maritime Organization (IMO) has spent years developing a common approach to reducing greenhouse gas emissions from international shipping. In 2023, Member States adopted a revised strategy calling for net-zero greenhouse gas emissions by or around 2050, with indicative reduction checkpoints for 2030 and 2040. The strategy established a shared direction, but translating that commitment into binding international requirements has proved considerably more difficult.

In April 2025, the IMO's Marine Environment Protection Committee approved a proposed Net-Zero Framework (NZF), combining progressively stricter greenhouse gas fuel-intensity standards with an economic mechanism intended to encourage compliance and accelerate the adoption of lower-emission fuels. However, when Member States reconvened in October 2025 to consider formal adoption, substantial disagreements remained. The committee adjourned the proceedings for one year, leaving the framework's future unresolved.

With further negotiations scheduled for late November and early December 2026, the debate has become an important examination of international maritime diplomacy. At its center are questions about economic fairness, national sovereignty, regulatory effectiveness, and the responsibilities of international institutions.

The challenge is not simply whether governments can reach agreement on reducing shipping emissions. It is whether they can establish rules that deliver measurable environmental benefits without creating avoidable economic consequences for international trade, particularly in developing economies.

International Maritime Regulation and the Challenge of Collective Action

International shipping presents a collective-action problem: countries share an interest in maintaining an efficient, environmentally responsible maritime transportation system, but the costs and benefits of new regulations are not distributed equally.

An international emissions requirement may influence the operating costs of a vessel registered in one country, owned in another, and serving trade routes between several others. Changes in those costs may subsequently affect cargo owners, importers, exporters, and consumers who have little direct influence over the regulatory negotiations.

For major maritime economies, regulatory decisions may influence fleet competitiveness, energy markets, shipbuilding, and investment in emerging technologies. For smaller economies, the most immediate concern may be the price of essential goods transported by sea. These differences help explain why agreement on broad environmental objectives does not necessarily produce agreement on specific regulatory instruments.

In *Decarbonising the Shipping Industry: A Status Report* (2023), international law scholar Günther Handl examines the evolution of maritime emissions regulation through the principles of adequacy, practicability, equity, and fairness. His analysis highlights the importance of international regulatory consistency while recognizing the different circumstances in which countries participate in global maritime commerce.

The IMO's 2023 greenhouse gas strategy reflects this tension. Its guiding principles recognize both non-discrimination in international shipping and common but differentiated responsibilities and respective capabilities in light of different national circumstances.

These principles arise from different legal traditions. Non-discrimination supports consistent maritime standards across vessels and jurisdictions, while differentiated responsibilities recognize differences in national economic capabilities and historical contributions to environmental challenges.

Reconciling these principles has direct implications for how international emissions regulations are structured, financed, implemented, and enforced.

The Economic and Equity Challenges of Maritime Emissions Pricing

One of the most significant disagreements surrounding the proposed Net-Zero Framework concerns its economic mechanism. The proposal combines fuel-intensity requirements with a system under which ships exceeding specified emissions thresholds would incur compliance costs. The mechanism is intended to encourage the adoption of lower-emission fuels and technologies while generating resources to support the maritime energy transition.

Supporters argue that an economic mechanism could help address the price difference between conventional marine fuels and lower-emission alternatives, providing greater certainty for shipowners, fuel suppliers, and investors. Others have raised concerns about introducing additional costs into an industry that underpins international commerce, particularly for developing economies with limited domestic production capacity or significant dependence on imported goods.

In October 2025, the Center for Ocean Policy and Economics published *How IMO's Proposed "Net-Zero Framework" (NZF) Would Create Inflation for Small Island and Developing States*,

drawing attention to the potential inflationary implications of the proposed framework for economically vulnerable countries.

For small island economies, shipping is frequently the principal means of obtaining essential goods, including food, fuel, construction materials, and manufactured products. Higher transportation costs can create additional pressure on import prices, although the extent of that pressure depends on trade patterns, market conditions, and how costs are passed through the supply chain. These effects may be particularly significant in countries already facing high transportation costs, limited shipping connectivity, or constrained fiscal resources.

A 2021 study published in *Marine Policy*, *The Impacts of Carbon Pricing on Maritime Transport Costs and Their Implications for Developing Economies*, found that the effects of maritime carbon pricing on average transport costs may be relatively limited, while certain small island developing states and least developed countries are more likely to experience disproportionately adverse consequences.

A subsequent 2025 study in *Resources, Conservation and Recycling*, *Island Economies in the Wake: Assessing Increased Shipping Cost Effects from Carbon Taxes on Maritime Trade*, similarly examined differences in countries' exposure to maritime carbon-pricing measures. Its findings suggest that certain developing economies could experience greater economic and sectoral impacts than larger trading nations.

Together, these studies highlight an important distinction: modest costs at the global level can still translate into significant pressures for particular trade routes, industries, or import-dependent economies. Policymakers must therefore consider not only the overall economic impact of proposed measures, but also how those costs would be distributed.

This raises questions about the structure of emissions-pricing mechanisms and the extent to which international regulations should account for differences in national economic circumstances.

In a 2024 article published in the *Review of European, Comparative & International Environmental Law*, Goran Dominioni examines the relationship between carbon pricing for international shipping, equity, and World Trade Organization law. The research considers how measures intended to accommodate developing economies might interact with international trade obligations and the conditions under which differentiated treatment could be legally justified.

Applying a uniform emissions price across the global fleet may simplify regulatory administration, but it does not guarantee equitable economic outcomes. Conversely, introducing exemptions or preferential treatment may help address economic vulnerabilities while creating questions about consistency, legal compatibility, and regulatory effectiveness.

An alternative is to maintain common requirements while providing financial assistance, revenue allocation, or technical cooperation to address disproportionate impacts. Such measures could include investments in port infrastructure, alternative-fuel availability, technology transfer, and maritime workforce development.

The proposed IMO Net-Zero Framework already incorporates elements of this approach. Its proposed Net-Zero Fund is intended to support innovation, infrastructure, and capacity-building initiatives, while also mitigating negative impacts on vulnerable states, including small island developing states and least developed countries.

However, the inclusion of these provisions does not, by itself, establish that the resulting assistance would adequately offset higher transportation costs. Their effectiveness would depend on how revenues are distributed, whether support reaches the countries and sectors most affected, and the extent to which assistance addresses immediate economic pressures as well as longer-term investment needs.

A credible regulatory framework should therefore be informed by comprehensive economic impact assessments and transparent mechanisms for evaluating the effectiveness of proposed mitigation measures. This is particularly important for countries whose dependence on maritime transportation makes them vulnerable to changes in shipping costs.

The objective should be to ensure that environmental progress does not come at the expense of avoidable economic hardship, particularly for countries with limited capacity to absorb additional costs.

The Operational Realities of Maritime Decarbonization

Economic considerations cannot be separated from the practical challenges of transforming the global shipping industry. The adoption of alternative marine fuels requires substantial investment in vessel technology, fuel production, bunkering infrastructure, safety systems, and maritime training.

Commercial vessels often remain in service for decades, meaning investment decisions made today may influence fleet capabilities well into the future. At the same time, the availability of alternative fuels remains uneven across global maritime markets. Major ports and established trade corridors may be better positioned to accommodate new fuel infrastructure, while smaller ports and developing maritime economies may face greater financial and logistical barriers.

According to UN Trade and Development's *Review of Maritime Transport 2025*, international shipping continues to confront elevated operating costs, uncertainty, and supply-chain disruption. The report also highlights the particular vulnerability of developing economies to rising maritime transportation costs.

Against this backdrop, regulatory certainty is essential for long-term investment and planning. Shipowners need to understand which fuels and technologies will meet future requirements. Fuel producers require confidence in long-term demand before committing substantial capital, while ports must determine whether investments in new infrastructure will be commercially viable.

If regulatory requirements advance without sufficient development of alternative-fuel supply chains, compliance may become difficult or disproportionately expensive. Conversely, prolonged uncertainty can discourage investment and slow technological adoption.

The transition also has implications for the maritime workforce. New propulsion systems and fuels introduce additional requirements for seafarer training, operational procedures, emergency response, and technical competencies. Maritime administrations and training institutions will play an important role in ensuring that technological changes are accompanied by appropriate workforce preparation.

Effective emissions regulation must therefore account for the broader maritime operating environment, not simply the emissions characteristics of individual vessels.

The Risk of Regulatory Fragmentation

The difficulties facing the IMO have implications beyond the proposed Net-Zero Framework. In the absence of a comprehensive international agreement, regional and national regulatory systems may continue developing independently.

The European Union has already taken significant steps in this direction. Maritime transportation became subject to the EU Emissions Trading System in January 2024, while the FuelEU Maritime Regulation, which began applying in January 2025, establishes progressively stricter greenhouse gas intensity requirements for energy used by ships calling at European ports.

These initiatives demonstrate how regional authorities can advance emissions reductions while international negotiations remain unresolved. They may also provide valuable regulatory experience and encourage technological development.

However, the emergence of multiple overlapping systems can create additional complexity for companies operating across jurisdictions. A vessel trading internationally may be subject to different emissions-accounting methodologies, reporting obligations, compliance mechanisms, and financial requirements depending on its routes.

For shipowners and operators, this can increase administrative costs and complicate long-term planning.

International shipping has traditionally relied on common standards to support safe and efficient operations. A coherent global framework could provide a more predictable foundation for investment and compliance while reducing the risk of unnecessary regulatory duplication.

Yet international consistency should not be pursued without regard for national economic circumstances. The diplomatic challenge is to establish rules that are sufficiently uniform to

support effective implementation while remaining responsive to the different capabilities and vulnerabilities of participating countries.

The Diplomatic Impasse and the Search for Compromise

The postponement of the IMO Net-Zero Framework in October 2025 demonstrated the difficulty of reaching agreement among countries with differing maritime and economic priorities. It also highlighted the importance of distinguishing between the IMO as an international institution and the positions of its Member States.

The IMO provides the forum through which governments negotiate common maritime standards. The development and adoption of those standards ultimately depend on the willingness of Member States to reconcile their interests and accept binding obligations.

Following the postponement, discussions continued during the Marine Environment Protection Committee's 84th session in April and May 2026. Member States agreed to undertake further consultations, consider proposed amendments, and work toward broader convergence.

Subsequent discussions in September addressed unresolved issues involving greenhouse gas fuel-intensity calculations, compliance arrangements, revenue mechanisms, and practical implementation.

Recent reporting suggests that informal diplomatic efforts may offer another avenue for compromise. On November 4, 2026, *Lloyd's List* reported that a Saudi-led informal group of negotiators, sometimes referred to as the "Risotto Group," had been exploring alternatives intended to bridge disagreements over the proposed framework.

The initiative reportedly involved representatives from governments holding different positions on maritime emissions regulation. While these discussions do not establish that agreement is imminent, they demonstrate the potential role of informal diplomacy in identifying common ground beyond established negotiating positions.

Such engagement can be valuable when formal negotiations become constrained by procedural complexity or persistent disagreements. However, any compromise will ultimately require sufficiently broad support among IMO Member States and must address the substantive economic and regulatory issues that contributed to the original impasse.

Revising terminology or restructuring a financial mechanism will have limited value if the underlying consequences remain unresolved.

The next formal negotiations, scheduled for November 23–27, will precede the Marine Environment Protection Committee's 85th session from November 30 to December 3. The postponed extraordinary session may resume on December 4, subject to confirmation.

These meetings provide an opportunity to reconsider both the design of the proposed framework and the conditions necessary for its successful implementation.

A Pragmatic Approach to Global Maritime Emissions Policy

A workable international framework should be evaluated through several interconnected considerations.

- **Environmental effectiveness.** Regulations must establish credible incentives and requirements capable of producing measurable reductions in greenhouse gas emissions, supported by transparent methodologies and reliable verification systems.
- **Economic proportionality.** Compliance costs should be assessed across different countries, trade routes, vessel types, and economic sectors, with particular attention to potential inflationary and trade-related effects on small island developing states and least developed countries.
- **Regulatory consistency.** International rules should minimize unnecessary fragmentation while remaining compatible with existing legal obligations. Any differentiated arrangements should be transparent and supported by an appropriate legal rationale.
- **Operational feasibility.** Requirements should reflect realistic expectations concerning alternative-fuel availability, infrastructure development, vessel technology, and maritime workforce readiness.
- **Institutional accountability.** International financing mechanisms should establish clear responsibilities for revenue collection, allocation, oversight, and performance evaluation, with measurable economic and environmental outcomes.

These considerations should not be treated independently. A regulation that establishes strong environmental incentives but imposes disproportionate costs on vulnerable trading economies may face continued diplomatic opposition. Conversely, a framework that accommodates economic concerns without delivering meaningful emissions reductions may fall short of its intended purpose.

A pragmatic approach requires policymakers to examine how proposed regulations will function under actual economic and operational conditions. This includes acknowledging uncertainty, assessing competing policy instruments, and adjusting regulatory design when credible evidence identifies unintended consequences.

For COPE°, this approach reflects the broader relationship between maritime policy and the economic systems it governs. International shipping supports global commerce, economic development, and the movement of essential goods. Regulations affecting its cost and availability can produce consequences far beyond the maritime sector.

Those consequences must be considered from the outset, rather than addressed only after new requirements have been adopted.

Conclusion: Diplomacy Must Lead to Workable Policy

The negotiations surrounding the IMO Net-Zero Framework illustrate the difficulty of developing common international rules in an economically interconnected but politically diverse world. For an industry as dependent on international cooperation as shipping, the consequences of prolonged regulatory uncertainty extend well beyond the negotiating table.

The IMO remains an essential institution for facilitating that cooperation. However, the credibility of any resulting agreement will depend on whether its requirements are economically sustainable, operationally achievable, and capable of delivering measurable environmental benefits.

COPE°'s earlier examination of the proposed Net-Zero Framework highlighted the potential inflationary pressures facing small island and developing states. Those concerns remain relevant as governments consider alternative approaches, particularly when determining how compliance costs will be distributed across the global trading system.

The next stage of negotiations offers an opportunity to address these questions more directly. An effective agreement will require compromise, but the value of that compromise should ultimately be measured by its implementation and outcomes, rather than the achievement of consensus alone.

The objective should be a framework that supports meaningful environmental progress while recognizing the economic realities of international maritime transportation. Achieving that balance will be among the most important tests of maritime diplomacy in the years ahead.

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