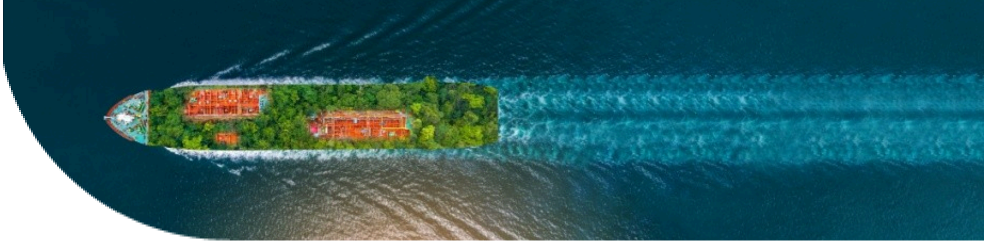

Net-Zero Regulations (MEPC 83) for Greener Shipping

New ventures and regulations aimed at sustainability and cleaner shipping continue unabated in the maritime sector. One of the latest developments took place at the 83rd session (MEPC 83) of the International Maritime Organisation (IMO) held on 7–11 April 2025. At this session, MARPOL Annex VI was amended, and an agreement was reached on a Net Zero Framework to incorporate binding emission standards and a carbon pricing system into maritime law. With this decision, emissions will no longer be considered externalities but will become enforceable obligations under new rules that will enter into force in 2027.

Who is Affected?

The regulations target ocean-going ships over 5,000 GT, collectively responsible for approximately 85% of CO_2 emissions from international shipping. Under the new scheme:

1. Fuel Intensity Standard: Shipowners must calculate and report annual GHG Fuel.
2. Intensity (GFI)—measuring emissions per unit of energy—from a well-to-wake perspective.
3. Two-level Carbon Pricing:
    1. Ships above the Base Target pay $380/t$CO_2$e (Tier 2 remedial units).
    2. Those between the Base and Direct Compliance Target pay $100/t$CO_2$e (Tier 1).
    3. Vessels outperforming targets generate Surplus Units, which they may bank or trade.

For the first time in the sector's history, carbon emissions will carry a financial cost. In other words, ships that emit above the threshold values defined in the application will be required to purchase carbon credits at a price starting from $100 per tonne of CO_2. This creates a drive for stakeholders in this sector to switch to cleaner

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fuels and technologies.

Legal Integration and Enforcement

A key legal feature of this framework is its integration into MARPOL Annex VI, making the new rules binding under international law. Unless objected to, these standards will enter into force in March 2027, with reporting commencing in 2028.

This means after this date, flag states will be required to ensure compliance and will be supported by port state control, which has the authority to detain non-compliant ships. From a maritime law perspective, this Net Zero Framework introduces a new layer of compliance obligations, contractual risks and due diligence requirements. Charterparty clauses, emission reporting and ship financing arrangements should be carefully reviewed. Shipowners, particularly those operating in markets with carbon regulations such as the EU, may be subject to stricter scrutiny under ESG frameworks.

Compliance, Contracts & ESG

The Net Zero Framework introduces novel legal considerations:

- Contractual Risk: Charterparties will need to account for carbon pricing - allocating costs for emissions overage, fuel types, and compliance strategies.
- Financing & Securities: Shipping financiers must integrate regulatory risk into vessel finance, especially for high emission assets.
- Documentary Compliance: Carbon intensity reporting and well to wake certification will likely become mandatory under flag state surveys and port inspections.
- ESG Alignment: As ESG obligations mature, compliance with IMO standards becomes a legal and reputational necessity—especially in carbon regulated markets (e.g. EU ETS, FuelEU Maritime).

Conclusion

The adoption of the MEPC 83 Net Zero Framework marks another important shift towards greener shipping. For the first time, international shipping emissions will be legally priced and regulated. Shipowners, charterers, financiers, and regulators now have no alternative but to navigate a completely new legal maritime environment where environmental performance is a matter of law, economics, and enforceable responsibility. This

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development also places a significant responsibility on legal professionals. As maritime trade moves towards more sustainable trade, legal professionals will play an important role in helping clients navigate this transition, ensuring compliance, managing risk and supporting innovation.

Contact

Discover more about our specialised services for the shipping and logistics sector, or reach out to us at lamarine@la-law.com for expert guidance.

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