# Countries agree on historic carbon pricing for international shipping



Countries attending the United Nations' shipping talks in London on Friday have reached a significant agreement that will impose a carbon pricing mechanism on international shipping, an industry known for its substantial contribution to global greenhouse gas emissions. This decision marks the first instance of an entire global sector being subjected to a dedicated pricing framework for carbon emissions.

Set to be implemented starting in 2028, the mechanism will require vessels to pay fees for emissions that exceed certain predetermined limits. The overarching aim of this initiative is to progressively reduce shipping emissions to net zero by approximately 2050. Shipping, which accounts for roughly 3 per cent of the world’s total greenhouse gas emissions, is comparable in its impact to that of countries like Germany or Japan. The existing Paris climate agreement did not previously include provisions for regulating shipping emissions, making this agreement particularly noteworthy.

However, while the move has been hailed as historic, many experts and representatives from climate-vulnerable nations express concerns that it may not go far enough to achieve meaningful reductions in the near term. Emma Fenton, senior director of climate diplomacy at Opportunity Green, remarked, "This is the first global, industry-wide fee on greenhouse gas emissions," indicating a pivotal shift toward enhanced global climate governance. Nevertheless, she cautioned that the provisions agreed upon fall short of ensuring sufficient emissions reductions and financial support necessary for a just and equitable transition away from fossil fuels.

The implemented pricing mechanism includes two tiers of emissions thresholds. Ships that exceed a lower baseline will incur a fee of $100 per tonne for excess emissions, while those surpassing a more stringent threshold will face a fee of $380 per tonne. Revenue generated from these fees, projected to total between $30 billion and $40 billion by 2030, is earmarked to support the maritime industry's transition to cleaner fuels. However, there was no solid commitment made to allocate these funds specifically towards assisting the most vulnerable countries in their adaptation and mitigation efforts.

During the negotiations, over 60 countries, including numerous Pacific island nations, advocated for a straightforward carbon tax, which would have provided predictability and fairness in emissions pricing. In contrast, countries like China, Brazil, South Africa, and Saudi Arabia favoured a credit-trading system, which would allow vessels emitting less than a set quantity of emissions to sell credits to those emitting more. Critics of this approach argued that it could enable wealthier companies to circumvent meaningful emissions reductions through financial means.

Ultimately, a compromise solution was achieved, with 63 nations voting in favour, 16 against, and 25 abstaining. Among those abstaining were several small island nations, such as Tuvalu, Vanuatu, Fiji, and the Marshall Islands, who expressed discontent over being excluded from critical discussions and raised alarm over the compromise reached, particularly the absence of assured support for a fair transition.

Ralph Regenvanu, Vanuatu’s climate minister, stated, “Let us be clear about who has abandoned 1.5C,” attributing the dilution of the agreement’s effectiveness to the influence of countries like Saudi Arabia and the US, which he accused of hindering progress.

Additionally, while the United States did not participate directly, its prior pressure on other nations to reject any pricing mechanism that might impact American vessels was noted as a key factor that influenced negotiations. Andreas Sieber, associate director of global policy and campaigns at 350.org, remarked on the persistence of wealthier nations in slowing down the discussions, while also commending the small island nations for their diplomatic efforts in pushing the deal forward despite opposition.

Apart from carbon pricing, the International Maritime Organisation (IMO) designated the North East Atlantic as a new Emission Control Area aimed at reducing air pollution from ships and took preliminary steps to designate marine reserves in Peru as Particularly Sensitive Sea Areas. However, the failure to develop stronger near-term fuel efficiency standards has raised alarm among environmental groups, who view this as a missed opportunity for more assertive action against climate change.

Sam Davin, marine shipping lead at WWF, described the situation as a setback for climate-vulnerable communities, stating, “More efficient ships burn less fuel, produce less underwater noise, and reduce the risk of whale strikes. The IMO missed an opportunity to take bold action.” He emphasised that while the newly agreed targets could have a positive impact on marine protection, they remain modest in the face of the urgent need for significant climate action.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.carbonbrief.org/qa-nations-agree-carbon-pricing-system-to-steer-shipping-towards-net-zero/> - This article explains the international agreement to introduce a carbon-pricing system for international shipping, aiming for net-zero emissions by 2050, and details the negotiations and challenges faced at the IMO meeting in London.
* <https://www.independent.co.uk/climate-change/news/shipping-emissions-carbon-tax-b2731601.html> - The article discusses the UN's approval of a global emissions fee for shipping, starting in 2028, as part of a plan to reach net-zero emissions by around 2050, and notes the limitations and concerns surrounding the agreement.
* <https://www.independent.co.uk/climate-change/news/shipping-emissions-carbon-tax-b2731601.html> - It highlights the proposed emissions thresholds and fees for ships exceeding them, with revenue expected to support the transition to cleaner fuels, though critics argue it doesn't ensure sufficient emissions reductions or equitable transition support.
* <https://valorinternational.globo.com/environment/news/2025/04/09/un-agency-imo-debates-ship-emissions-global-carbon-pricing.ghtml> - This piece describes the negotiations on global carbon pricing for shipping at the IMO, including various proposals and concerns from different countries, and outlines the challenges and impacts of implementing such measures.
* <https://www.carbonbrief.org/qa-nations-agree-carbon-pricing-system-to-steer-shipping-towards-net-zero/> - It provides insights into the proposal for a credit-trading system versus a universal carbon tax, and the role of countries like Saudi Arabia and the U.S. in shaping the negotiations and agreement.